# FRANCHISE DISCLOSURE DOCUMENT

**Mora Development, LLC**
a Washington limited liability company
22195 Viking Ave. NW
Poulsbo, Washington 98370
(206) 855-1112
www.MoraIceCream.com
www.MoraFranchising.com
Franchising@MoraIceCream.com

The franchise described in this Disclosure Document is to operate a retail store that sells ice cream, sorbet, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, frozen desserts, beverages and associated products under the "Mora Iced Creamery" name. Currently, we are only offering area developer franchises in most regions (for a minimum of three Shops to be developed).

The estimated initial investment required for the establishment of a Mora Iced Creamery Shop ranges from $94,500 to 293,575 for a Mini Mora, $175,025 to 398,700 for a Mid-Size Mora, or $196,250 to $435,850 for a Full-Size Mora. This estimate applies separately to each Shop to be developed under an Area Development Agreement (minimum of three Shops). This includes the Initial Franchise Fee, which ranges from $6,000 to $20,000 (depending upon the number of Shops to be developed) and includes items that must be purchased from us or our Affiliate, which range from $3,700 to $6,450. Please see Items 5 and 7 for additional details.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jim Rowell, our Director of Franchise Development, at 22195 Viking Ave. NW, Poulsbo, WA 98370, (206) 855-1112, ext. 410.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600

Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

**Issuance Date: March 10, 2017**

## STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN WASHINGTON STATE. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN WASHINGTON STATE THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE STATE OF WASHINGTON GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

**STATE EFFECTIVE DATES**

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates (not approved if blank):

| | |
|---|---|
| California | pending |
| Florida | December 8, 2016 |
| Hawaii | pending |
| Illinois | |
| Indiana | |
| Kentucky | |
| Maryland | |
| Michigan | |
| Minnesota | |
| Nebraska | |
| New York | |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Texas | December 8, 2015 (no annual renewal requirement) |
| Utah | December 8, 2016 |
| Virginia | |
| Washington | pending |
| Wisconsin | |

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of March 10, 2017.

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**<u>Exhibits</u>**

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

The Franchisor is Mora Development, LLC. For ease of reference, Mora Development, LLC is referred to as "we", "us", "Mora Iced Creamery" or "MODE" in this Disclosure Document. We will refer to the person or entity who signs the Franchise Agreement or Area Development Agreement as "you" throughout this Disclosure Document. If you are a corporation or other legal entity, certain provisions of the Franchise Agreement and Area Development Agreement apply to your "Owners" and "Principal Owners" (defined below) and will be noted.

We are a Washington limited liability company. We do business under our corporate name and under the name "Mora Iced Creamery". Our principal business address is 22195 Viking Ave. NW, Poulsbo, WA 98370. We grant franchises for the operation of retail establishments known as Mora Iced Creamery Shops ("Mora Iced Creamery Shops" or "Shops"). We have no other business activities and we have never offered franchises in any other line of business. We do not own or operate a business of the type being franchised. We have offered franchises since December 2015.

Our agents for service of process in the states that require franchise registration are disclosed in Exhibit A.

**Our Parents, Predecessors and Affiliates**

Our parent is Mora Holdings LLC, a Washington limited liability company headquartered at our address ("Parent"). Our Parent does not directly own or operate a business of the type being franchised, and our Parent will not guaranty our performance. Our Parent has never offered franchises in this or any other line of business.

Our predecessor is Mora Development Company, LLC, a Washington limited liability company formerly headquartered at our address ("Predecessor"). Our Predecessor was dissolved October 2015. Our Predecessor registered in the state of Washington to offer Mora Iced Creamery franchises from February 2013 to February 2014. However, our Predecessor did not offer or sell any franchises. Instead, our Predecessor continued its focus on laying the groundwork for franchising. Our Predecessor has not offered franchises in any other lines of business.

Our affiliate is Mora LLC, a Washington limited liability company also headquartered at our headquarters and a wholly owned subsidiary of our Parent ("Affiliate"). Our Affiliate has not offered franchises in this or any other business. Our Affiliate supplies "Proprietary Products" (defined below) to our franchisees. Our Affiliate owned and operated three Mora Iced Creamery Shops in Bainbridge Island, Washington (opened June 2006), Kingston, Washington (opened May 2009) and Poulsbo, Washington (opened April 2010). Our Affiliate sold these Shops to a new franchisee December 2016.

**The Franchise**

As of the date of this disclosure document, we are only offering Area Developer franchises in most regions (for a minimum of three Shops to be developed). As of the date of this disclosure document, we are offering single unit franchises only in the greater Seattle, Washington metropolitan area. We may change franchise offerings in various regions at our discretion.

We retain the right to operate or to license others to operate, at our discretion, Mora Iced Creamery Shops at Non-Traditional Sites (defined in Item 12). We anticipate that we typically will not grant franchises for Non-Traditional Sites unless to an Area Developer who anticipates opening traditional unit franchise locations as well.

The Area Developer franchise is described in more detail in this Item 1, below. Our single unit Franchise Agreement is attached to this Disclosure Document as **Exhibit B**. Our Area Development Agreement is attached to this Disclosure Document as **Exhibit C**.

Mora Iced Creamery Shops are retail Shops specializing, as of the date of this Disclosure Document, in the sale of proprietary ice cream, sorbet, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, and frozen desserts ("Proprietary Products"), together with beverages and other complementary products (the "Other Products"). Many of our proprietary ice creams are reduced fat ice creams, according to FDA guidelines, and do not meet the FDA's definition of "ice cream" due to their lower fat content. At your Mora Iced Creamery Shop, you must clearly identify certain of our ice creams as reduced fat. Mora Iced Creamery Shops use certain trademarks, service marks, and commercial symbols, including the mark "Mora Iced Creamery", a certain Shop design, décor and image developed for Shops which we own (the "Trade Dress") and certain associated logos (collectively the "Marks"), all of which we may modify periodically during the term of your Franchise Agreement. The Marks are owned by our Parent, who has licensed them to us so we may sub-license them to our franchisees.

We offer three different sizes of franchises: (1) "Mini Mora" franchises are 200 to 600 square feet and offer 20 to 30 flavors of ice cream; (2) "Mid-Size Mora" franchises are 500 to 1,000 square feet and offer 30 to 40 flavors of ice cream; and (3) "Full-Size Mora" franchises are 700 to 1,200 square feet and offer 40 to 50 flavors of ice cream. The square footage, number of flavors, and availability of these options are as of the issuance date of this disclosure document and are subject to change.

We may recommend that our franchisees offer delivery service in compliance with standards that may be outlined in the Franchise Owner's Manual. We may choose to allow delivery service only in designated regions. If we authorize delivery service from Mora Iced Creamery Shops in your region, then you may participate in the delivery program. If you decide to participate, then you must purchase any required equipment (such as portable coolers and vehicle signage) and incur other expenses, such as those related to relevant insurance. We may attempt to negotiate discounted rates with third-party delivery services. If you desire to use a third-party delivery service, it must first be approved by us. If authorized, delivery service will be limited to your Territory.

We will offer to you the right to enter into an Area Development Agreement to develop multiple franchised Shops to be located within a specifically described geographic territory (the "Area Development Agreement"). We will determine the territory before you sign the Area Development Agreement and it will be included in the Area Development Agreement (the "Development Area"). The Area Development Agreement requires you to establish a minimum of three Shops within the Development Area according to a development schedule, and to enter into a separate Franchise Agreement for each Shop established under the Area Development Agreement. The Franchise Agreement for the first Mora Iced Creamery Shop developed under the Area Development Agreement will be in the form attached as **Exhibit B** to this Disclosure Document. For each additional Shop developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, except that the initial franchise fee and any continuing fees payable to us shall be the same as contained in your first Franchise Agreement. The size of the Development Area will vary depending upon local market conditions and the number of Shops to be developed (see Item 12). You may not open a Shop for business until a fully executed Franchise Agreement is in place for the Shop and all initial fees have been paid to us.

The person or entity signing the Area Development Agreement is referred to as the "Area Developer." The Area Development Agreement contains concepts similar to the Franchise Agreement involving the Area Developer's Principals, Controlling Principals of Area Developer, and an Operating Principal of Area Developer. For purposes of this Disclosure Document, the terms your Principals, Controlling Principals and Operating Principal include those persons having similar obligations identified in both the Area Development Agreement and Franchise Agreement, and the terms you, your, and Franchisee also include the Area Developer under the Area Development Agreement, unless we have noted otherwise. Any reference to the "Agreements" means the Area Development Agreement and the Franchise Agreement, as applicable.

## Definitions

As used in the Franchise Agreement, the Area Development Agreement and in this Disclosure Document the term "Owner" means all persons or entities holding direct or indirect, legal or beneficial ownership interests in you as specified in the applicable agreement. The term "Owner" also refers to any person who has any other direct or indirect property rights in you, the Franchise Agreement, the Area Development Agreement, the Franchise or the Shop. Certain provisions of the Franchise Agreement and Area Development Agreement apply only to certain Owners who are designated as "Principal Owners." A Principal Owner is an Owner having an equity ownership interest in you of 5% or more, regardless of whether the Owner is entitled to a vote, and any other Owner who is designated a Principal Owner. Certain provisions of the Franchise Agreement, the Area Development Agreement and other agreements restrict you and/or your Principal Owners from participating in certain "Competitive Businesses." As used in those agreements and in this Disclosure Document, a Competitive Business is any food service business other than a Mora Iced Creamery Shop that: (a) features frozen dessert products of any kind or nature for sale as primary items; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a food service business described in clause (a).

A "Controlled Affiliate" as used in this Disclosure Document, the Franchise Agreement and the Area Development Agreement refers to a person or an entity other than you, which may be permitted to sign a Franchise Agreement under the Area Development Agreement. That entity must meet our then-applicable standards and requirements for franchisees including financial requirements, limits on total number of holders of equity interests and requirements for owners of non-controlling ownership interests. You must own at least 75% of the voting interests in any Controlled Affiliate.

## Market and Competition

The market for the ice cream and frozen dessert products is highly competitive, as is the market for obtaining locations in high traffic venues. However, we believe our competitive position is enhanced by our operational format and by the proprietary frozen dessert products offered by the Mora Iced Creamery Shops. You can expect competition from retailers including TCBY, Baskin Robbins, Häagen-Dazs and other national and local ice cream and frozen yogurt shops. We plan to continue controlled expansion into areas that we determine can support the Mora Iced Creamery Shops to improve name recognition and the reputation of the System through both franchised businesses and Shops operated by us and/or by our Affiliate. We believe that our competitive position will be improved based on that expansion, and that our concept will be able to attract customers consistently in those markets (see Item 20). The seasonality of sales of our proprietary products depends upon several factors, including climate. The proprietary products typically sell better in warm weather. Therefore, if your Shop is located in a region with consistently cold weather, then you may experience significant seasonality of sales. If your Shop is located in a region with consistently warm weather, then you may experience less seasonality of sales. You should plan for seasonality of sales and maintain sufficient cash reserves.

**Industry Specific Laws and Regulations**

You must comply with all local, state, and federal laws that apply to your Shop's operations, including health, food handling, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. If applicable to your Shop, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc. You must obtain any applicable real estate permits (*e.g.*, zoning), real estate licenses, and operational licenses. You must comply with any federal, state, county, municipal, or other local laws and regulations that may apply to your Shop.

Among the other licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Frozen Dessert Retailer License, Food Service License, Health Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, and Wastewater Discharge Permits. There may be other laws, rules or regulations that affect your Shop, including minimum wage and labor laws along with ADA, OSHA and EPA considerations. We recommend that you consult with your attorney for an understanding of these laws.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Shop. It is solely your responsibility to comply with all applicable laws. For example, it is solely your responsibility to comply with federal and state wage and hour laws with respect to your employees. You must properly pay your employees in compliance with such laws. Consider retaining the services of a qualified labor relations/human resources consultant of your choice. Consider retaining third-party providers of your own choosing for payroll and accounting services.

## ITEM 2
## BUSINESS EXPERIENCE

**President – Jerry Perez**

Mr. Perez has been our President since our inception, and has held a similar position with our Affiliate since its inception in September 2004. Since its inception in August 2011, Mr. Perez has also been President of our Parent. We, our Affiliate and our Parent are headquartered in Poulsbo, Washington.

**Vice President – Ana Orselli**

Ms. Orselli has been our Vice President since our inception and has held a similar position with our Affiliate since its inception in September 2004. Since its inception in August 2011, Ms. Orselli has also been Vice President of our Parent. We, our Affiliate and our Parent are headquartered in Poulsbo, Washington.

**Director of Franchise Development – Jim Rowell**

Mr. Rowell has been our Director of Franchise Development since November 2014. We are headquartered in Poulsbo, Washington. Mr. Rowell served as Development Services Manager for FASTSIGNS International, Inc. in Carrollton, Texas from September 2013 to October 2014. From May

2011 to September 2013, Mr. Rowell served as New Store Development Manager for Seven Eleven, Inc. in Dallas, Texas.

## 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

### Unit Franchise

You must pay us an Initial Franchise Fee of $20,000 for the operation of one Mora Iced Creamery Shop. This includes traditional unit franchises and Non-Traditional Sites. Our current discounted Initial Franchise Fee for a second (or later) Shop is $12,500. The Initial Franchise Fee is payable in a lump sum when you sign the Franchise Agreement and is not refundable. As of the issuance date of this disclosure document, the opportunity to purchase a single franchise is available for the Seattle, Washington metropolitan area. We will determine the availability of the opportunity to purchase a single franchise outside of such area on a case-by-case basis. Except as otherwise provided in this Item, the Initial Franchise Fee is imposed uniformly on all franchisees.

### Area Development Franchise

There is no area development fee. However, you must pay the relevant Initial Franchise Fee for each Shop you must develop under the Area Development Agreement as described below. If you commit to develop at least three Shops (the minimum development size), you will pay the following Initial Franchise Fees on the due dates described in the table notes:

| | **3, 4, or 5 Unit Area Developer** | **6+ Unit Area Developer** |
|---|---|---|
| **Shop #** | **Franchise Fee** | **Franchise Fee** |
| **1** | $20,000 | $20,000 |
| **2** | $10,000 | $8,000 |
| **3** | $10,000 | $8,000 |
| **4** | $10,000 | $8,000 |
| **5** | $10,000 | $8,000 |
| **6** | $10,000 | $6,000 |

| | 3, 4, or 5 Unit Area Developer | 6+ Unit Area Developer |
|---|---|---|
| **7** | $10,000 | $6,000 |
| **8** | $10,000 | $6,000 |
| **9** | $10,000 | $6,000 |
| **10+** | $10,000 | $6,000 |

Table Notes:

1. *Standard Area Development Agreement: Timing for Payment of Initial Franchise Fees.* Upon execution of the initial Area Development Agreement and Franchise Agreement, you will pay the full Initial Franchise Fee for the first Shop, and one-half of the Initial Franchise Fee for all additional Shops to be developed per your Development Schedule. The remaining one-half payments are due upon signing the Franchise Agreement for each Shop. If you open a Shop by the deadline in your Development Schedule, or you are making best efforts to do so (as determined by franchisor in its sole discretion), then we will waive the remaining Initial Franchise Fee payment owed under the relevant Franchise Agreement. If we determine that you are not making best efforts to comply with your Development Schedule, then the remaining Initial Franchise Fee payment will be due at the time of execution of the relevant Franchise Agreement.

2. *Revised Development Schedule.* If you wish to upgrade to a higher level of investment after executing a Franchise Agreement or Area Development Agreement by purchasing the right to open two or more additional Shops simultaneously, then, subject to our prior approval, you will sign a revised Development Schedule. After signing the revised Development Schedule, you will still pay the Initial Franchise Fee for your remaining Shops to be developed under your *original* Development Schedule at the rate stated in the above spreadsheet for the investment level you originally agreed to when you executed your Area Development Agreement and initial Franchise Agreement. Then, for each additional Shop beyond those included in the original Development Schedule, you will pay the Initial Franchise Fees at the new development level in accordance with our then-current Initial Franchise Fees for Area Developers.

3. *Revised Development Schedule: Timing for Payment of Initial Franchise Fees.* If we agree to revise the Development Schedule (per Note 2, above) to add *more than one* additional Shop to your Development Schedule, then you will pay one-half of the Initial Franchise Fee for all such additional Shops upon signing the revised Development Schedule. The remaining one-half payments for such additional Shops are due upon signing the Franchise Agreement for each Shop.

4. *Additional Franchises Purchase One-At-A-Time: Timing for Payment of Initial Franchise Fees*. If we agree in writing to permit you to open additional Shops beyond those required to be developed per your Development Schedule on a *one-at-a-time* basis, then the Initial Franchise Fee for each such additional Shop will be paid in full upon signing the Franchise Agreement such additional Shop. The amount of the Initial Franchise Fee for each such additional Shop will be based on the Initial Franchise Fee level for the last Shop opened under the Development Schedule, but adjusted based on our then-current Initial Franchise Fee schedule for Area Developers. For example, if you initially enter into an Area Development Agreement to develop three Shops, then after opening your third Shop, we may permit you to purchase a

fourth (and additional) unit franchise at our then-current Initial Franchise Fee for the third Shop for a 3-Unit Area Developer.

The Initial Franchise Fees are not refundable. The method of calculating these fees is imposed uniformly on all Area Developers, but each Area Developer’s actual total Initial Franchise Fees will vary depending on the number of Shops to be developed.

You will sign the Franchise Agreement for the first Shop at the time you sign the Area Development Agreement. You will sign separate Franchise Agreements for each subsequent Shop to be developed before you sign a commercial real property lease for each Shop.

**Training Expenses Reimbursement**

For your first franchise, we will reimburse up to $500 of your transportation, meals and lodging expenses total for initial training at our headquarters. We will pay this reimbursement only after your Shop opens for business. We reserve the right to modify or cancel this reimbursement program at any time.

**Product Purchases**

For your first franchise only, we will provide a partial initial inventory of 200 buckets of ice cream at no cost to you for product or shipping costs. We will pick the flavors and the product will be delivered to your Shop. For your second and each additional franchise, you will order the initial inventory of ice cream from a local distributor we approve and will be responsible for all costs. We reserve the right to modify or cancel this incentive program at any time.

Except and described above, you must purchase your initial supply of ice cream, sorbet and other related products, gift and loyalty cards and uniforms from our Affiliate before your Shop opens for business. We estimate the cost of your initial supply of gift and loyalty cards will be between $450 and $1,550; uniforms will be between $350 to $650; and proprietary items (such as cups, containers, posters and other items) will be between $2,900 to $4,250.

**Franchisee Referral Incentive Program**

Currently, we offer a monetary incentive to existing franchisees of $1,000 in exchange for referring new franchisees to us. We would make only a single payment of $1,000 to you regardless of the number of franchises purchased by a franchisee you refer to us. For you to qualify for this incentive, the candidate you refer must purchase a franchise, the candidate must not have been in contact with us before the referral, and the candidate must not have been referred to us previously by another party. We reserve the right to modify or discontinue this program at any time in our discretion. We reserve the right to offer this program in some states but not others. Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of some states (including the State of Washington).

There are no other initial payments to or required purchases from us or our Affiliate before your Mora Iced Creamery Shop opens.

**ITEM 6**
**OTHER FEES**

| Name of Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 5% of Gross Revenue | Payable weekly on Wednesdays | We require this fee to be paid via electronic funds transfer, which is set up when you sign your Franchise Agreement. We will debit your account on Wednesday of each week for the Royalty and Advertising Fund contributions. Funds must be made available in your account for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions. See Notes 2 and 3 |
| Brand Development Fee | 1% of Gross Revenue | Payable weekly with Royalty Fee | May increase to 2% at our discretion upon 90 days' advance notice. See Item 11 for a discussion of the Brand Development Fund |
| Local Advertising (Recommended but Not Required) | We recommend you spend 2% of your Gross Revenues on local advertising | Paid directly to local advertising suppliers as expenses are incurred | All advertising you propose to us must be pre-approved by us. Within 30 days of our request, you must provide us with evidence of your local advertising expenditures, including copies of advertising conducted |
| Local Advertising Cooperative | As established by Cooperative, but not more than 2% of Gross Revenue | As designated by Cooperative | See Note 4. See Item 11 for a further discussion of advertising cooperatives. |
| Transfer Fee (Franchise Agreement) | 50% of our then-current initial franchise fee, if to an existing franchisee in the System<br><br>75% of our then-current initial franchise fee, if to a new franchisee for the System | Before completion of transfer | Payable when the Franchise Agreement, or a Principal Owner's interest or a controlling interest in you is transferred. We do not impose a fee for a one-time transfer to a corporate entity you form for the convenience of ownership. |

| Name of Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Renewal Franchise Fee | 20% of our then-current initial franchise fee | Before renewal | If the renewal relates to a franchise purchased pursuant to an Area Development Agreement, then the renewal fee is equal to twenty percent (20%) of Franchisor's then-current Initial Franchise Fee Schedule for Area Developers (for the number your renewing franchise represents on your Development Schedule). |
| Inspection and Testing | Reasonable cost of inspection or testing | When billed | If you wish to purchase certain items or purchase from a particular supplier that we have not already approved, we may require you to pay us or an independent laboratory for the cost of inspection or testing of the item or supplier (see Item 8). This does not apply to Proprietary Products, which must be purchased from the sources we designate. |
| Interest | 1.5% per month (but not to exceed the highest legal rate) | As incurred | Payable on all amounts due us or our affiliates that are overdue. Interest accrues from the original due date until payment is received in full |
| Late Reporting Fee | $50 per month, per overdue report | On demand | If you do not provide any of the reports on time, we can charge you a late fee of $50 per month for each report that is overdue |
| Audit Expenses | Cost of audit (anticipated to be between $1,000 and $5,000). You must also pay any understated amount plus interest | 15 days after receipt of inspection or audit report | Payable only if our audit of your books and records reveals an understatement of your Gross Revenue of 2% or more, or if our audit is made necessary by your failure to furnish reports. |
| Costs and Legal Fees | Will vary under circumstances | As incurred | Payable if incurred by us to enforce the Franchise or Area Development Agreement in a judicial or arbitration proceeding or if we must engage legal counsel in connection with your failure to comply with the Franchise or Area Development Agreement. |

| Name of Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| Indemnification | Will vary under circumstances | As incurred | You must reimburse us if we are held liable for certain claims. See Note 5 |
| Insurance Costs | Reimbursement of costs and premium | On demand | Payable if you do not get required insurance and we do so on your behalf. We do not need to obtain insurance for you |
| Initial Training (Additional Trainees Only) | Our then-current training fee per person, plus the trainee's expenses in attending training, including travel, lodging, meals and wages<br><br>Current training fee = $1,500 | Our fee payable before training | We will train up to three people for free. If you wish to send additional trainees to our initial training program, we may charge you a fee for providing this training |
| Additional Training | Our then-current per diem rate plus reimbursement of our costs<br><br>Current per diem rate = $250 | Due upon receipt of invoice | Payable if you request additional training, or we determine it is necessary. If the training is conducted at your location, you will also reimburse our representative's costs, including travel, lodging and meals |
| Shop Refurbishment | See Note 6 | | |
| Prohibited Product or Service Fine | $2,000 for initial infraction and $250 per day of use of unauthorized products or services | If incurred | In addition to other remedies available to us. |
| Gift Card and Loyalty Card Programs | See Note 7 | | |
| Maintenance Fee | Our costs | Within five days of billing | If you fail to maintain the Shop and we must perform the maintenance, repair, cleaning and/or sanitization. Your failure to maintain the Shop is grounds for us to terminate the Franchise Agreement |
| Relocation | 10% of our then-current initial franchise fee | If incurred | Payable if you request to relocate your Shop |

| Name of Fee (1) | Amount | Due Date | Remarks |
|---|---|---|---|
| In-store Music | $40 to $60 per month | Monthly | Payable to our approved supplier. We reserve the right to designate the specific radio stations and/or music genres that you must play at your Shop. |
| In-store Music License Fee | $20 to $60 per month | Monthly | Payable to national licensing agency, the American Society of Composers, Authors and Publishers (ASCAP) |
| POS/Computer System Maintenance | Up to $1,200 | Annually | Payable to the approved supplier |
| Franchise Owner's Manual Replacement Fee | Then-current fee, currently $250 | If incurred | If any part of the Franchise Owner's Manual delivered to you is lost or stolen, then you must pay our then-current fee to replace it. |
| Manufacturer or Supplier Testing Fee | Our reasonable costs for the evaluation and testing, typically ranging from $0 to $500 | If Incurred | If you propose an alternative manufacturer or supplier, then we will have the right to require that our representatives be permitted to inspect the manufacturer's or supplier's facilities, and that samples from the manufacturer or supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You or the proposed supplier must reimburse our reasonable costs for the evaluation and testing. |

1. Except as noted all fees are imposed by and payable to us. All fees paid to us are non-refundable.

2. If you do not report the Shop's Gross Revenue, we may debit your account for 120% of the last Royalty and Brand Development Fee that we debited. If the Royalty and Brand Development Fee we debit are less than the Royalty and Brand Development Fee you actually owe us, once we have been able to determine your actual Gross Revenue, we will debit your account for the balance on a day we specify. If the Royalty and Brand Development Fee we debit are greater than the Royalty and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

3. The term "Gross Revenue" as used in this Disclosure Document and in the Franchise Agreement means gross revenue from the Mora Iced Creamery Shop and from the sale of all products and services by or for you or the Shop in, upon or from the premises of the Shop or through or by means of the business conducted at the Shop whether for cash or credit including any assumed gross revenue calculated for the purpose of an insurance claim for lost profits if the claim is paid by the insurer exclusive of: (a) sales or service taxes collected from customers and paid to the appropriate taxing authority; and (b) all customer refunds, adjustments and credits made by the Shop. We may

modify the definition of "Gross Revenue" in our Franchise Owner's Manual in our reasonable discretion in good faith.

4. We may form a local advertising cooperative ("Cooperative") for geographic areas that encompass two or more Mora Iced Creamery Shops, or we may approve of a Cooperative formed by franchisees located within a geographic area. If a Cooperative is formed for the area that encompasses your Shop, you must participate in a Cooperative and sign any agreements as determined by the Cooperative.

5. You must reimburse us and our affiliates and the shareholders, directors, officers, employees, agents, successors and assignees of both us and our affiliates if we are held liable for (1) all claims, obligations and damages, (2) any and all taxes levied on the Franchise Agreement, the Mora Iced Creamery Shop, you or your property or upon us in connection with your business, and (3) any and all claims and liabilities directly or indirectly arising out of: (a) the operation of the Shop, the use of the Marks, or the transfer of any interest in you, the Franchise Agreement, the Franchise, the Shop, or some or all of the assets of the Shop (other than the sale of inventory items in the ordinary course of business) in any manner not in accordance with the Franchise Agreement; or (b) the Area Development Agreement, the development of any Shops under the Area Development Agreement, the transfer of any interest in you, the Area Development Agreement, any Shops, or the Controlled Affiliate as applicable if the claims, obligations, damages, taxes, losses or liabilities do not arise from our negligence or wrongful conduct.

6. At our request, you must refurbish your Shop, at your expense, so that the Shop conforms to the building design, trade dress, color schemes and presentation of the Marks then in effect for new Shops under the System. Refurbishment of your Shop can include remodeling, redecoration and modifications to existing improvements. Our request will not occur more frequently than once every five years.

7. You must participate in our customer loyalty and gift card programs (collectively "Customer Loyalty Programs") as described in our Franchise Owner's Manual. If used, gift cards will be available for sale and redemption at any Mora Iced Creamery Shop in the System, and the Customer Loyalty Program must be honored at all Mora Iced Creamery Shops.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

### Mini Mora

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| **Initial Franchise Fee** | Initial Franchise Fee (Note 2) | $6,000 - $20,000 | Cash | Upon signing Franchise Agreement for first franchise, or one-half upon signing Area Development | Us |

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| | | | | Agreement (ADA) and one-half upon signing each separate Franchise Agreement under ADA | |

| | | | | | |
|---|---|---|---|---|---|
| **Fixed Costs** | | | | | |
| | Equipment & Appliances (Note 4) | $30,100 - $30,700 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Point of Sale System (Note 6) | $3,250 - $6,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Furniture & Fixtures (Note 4) | $650 - $12,400 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Décor & Branding | $2,800 - $2,100 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Computer Hardware & Software (Note 6) | $2,000 - $2,100 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Office Equipment & Office Supplies (Note 6) | $1,400 - $1,650 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Signage (Note 7) | $900 - $2,750 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Ice Cream & Logistical Costs (See Note 11) | $0 - $6,750 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Edible Items | $600 - $775 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Food Related Supplies | $2,900 - $3,350 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Uniforms (Note 16) | $350 - $500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Gift Cards (Note 16) | $450 - $1,100 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | **FIXED COSTS TOTAL** | **$45,400 - $73,325** | | | |

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| **Variable Costs** | | | | | |
| | Leasehold Improvements (Note 3) | $15,000 - $125,000 | As arranged | As arranged | Lessor or Indpendent contractors |
| | Business Licenses & Permits (Note 5) | $600 - $2,500 | As incurred | As arranged | Local and other state government agencies |
| | Blue Prints & Architectural Design (Note 8) | $1,000 - $5,000 | As incurred | As arranged | Designated architects |
| | Professional Fees (Note 9) | $1,500 - $5,000 | As arranged | As arranged | Service providers and contractors |
| | Security Deposits (Note 12) | $500 - $5,500 | As arranged | As arranged | Lessor, utility companies |
| | Insurance (25% Deposit) (Note 13) | $2,500 - $6,000 | As arranged | As arranged | Insurance providers |
| | Grand Opening Advertising (Note 14) | $1,000 - $5,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Additional Funds (3 to 6 Months) (Note 17) | $20,000 - $40,000 | As needed | As arranged | |
| | Franchisee Training Travel Expenses (Note 15) | $1,000 - $5,000 | As incurred | As arranged | Vendors, Suppliers, and your employees |
| | **VARIABLE COSTS TOTAL** | **$43,100 - $199,000** | | | |
| | | | | | |
| **Optional Costs** (Note 10) | | | | | |
| | Optional Security Package | $0 - $1,250 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | **OPTIONAL COSTS TOTAL** | **$0 - $1,250** | | | |

| | |
|---|---|
| **MINI MORA TOTAL** | **$94,500 - $293,575** |

## Mid-Size Mora

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| **Initial Franchise Fee** | Initial Franchise Fee (Note 2) | $6,000 - $20,000 | Cash | Upon signing Franchise Agreement for first franchise, or one-half upon signing Area Development Agreement (ADA) and one-half upon signing each separate Franchise Agreement under ADA | Us |
| **Fixed Costs** | | | | | |
| | Equipment & Appliances (Note 4) | $30,700 - $38,400 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Point of Sale System (Note 6) | $3,250 - $6,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Furniture & Fixtures (Note 4) | $12,400 - $14,200 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Décor & Branding | $4,750 - $5,700 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Computer Hardware & Software (Note 6) | $2,000 - $2,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Office Equipment & Office Supplies (Note 6) | $1,650 - $1,800 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Signage (Note 7) | $2,500 - $3,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Ice Cream & Logistical Costs (Note 11) | $0 - $9,000 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Edible Items | $775 - $900 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Food Related Supplies | $3,350 - $3,700 | As arranged | As arranged | Us, our Affiliate or Suppliers |

| Category | (1)<br>Type of Expenditure | (2)<br>Amount | (3)<br>Method of Payment | (4)<br>When Due | (5)<br>To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| | Uniforms (Note 16) | $500 - $650 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Gift Cards (Note 16) | $450 - $1,550 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | **FIXED COSTS TOTAL** | **$62,325 - $87,900** | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Variable Costs** | | | | | |
| | Leasehold Improvements (Note 3) | $64,700 - $190,000 | As arranged | As arranged | Lessor or Indpendent contractors |
| | Business Licenses & Permits (Note 5) | $1,500 - $3,500 | As incurred | As arranged | Local and other state government agencies |
| | Blue Prints & Architectural Design (Note 8) | $3,500 - $12,000 | As incurred | As arranged | Designated architects |
| | Professional Fees (Note 9) | $1,500 - $5,000 | As arranged | As arranged | Service providers and contractors |
| | Security Deposits (Note 12) | $1,000 - $5,500 | As arranged | As arranged | Lessor, utility companies |
| | Insurance (25% Deposit) (Note 13) | $2,500 - $6,000 | As arranged | As arranged | Insurance providers |
| | Grand Opening Advertising (Note 14) | $2,000 - $5,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Additional Funds (3 to 6 Months) (Note 17) | $30,000 - $5.0,000 | As needed | As arranged | |
| | Franchisee Training Travel Expenses (Note 15) | $1,000 - $5,000 | As incurred | As arranged | Vendors, Suppliers, and your employees |
| | **VARIABLE COSTS TOTAL** | **$107,700 - $282,000** | | | |
| | | | | | |
| **Optional Costs** (Note 10) | | | | | |
| | Optional Seating Package (0-8 Seats) | $0 - $3,300 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Optional Outdoor Package (0-8 Seats) | $0 - $4,250 | As incurred | As arranged | Us, our Affiliate or Suppliers |

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| | Optional Security Package | $0 - $1,250 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | **OPTIONAL COSTS TOTAL** | **$0 - $8,800** | | | |

| | |
|---|---|
| **MID-SIZE MORA TOTAL** | **$176,025 - $389,900** |

### Full-Size Mora

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| **Initial Franchise Fee** | Initial Franchise Fee (Note 2) | $6,000 - $20,000 | Cash | Upon signing Franchise Agreement for first franchise, or one-half upon signing Area Development Agreement (ADA) and one-half upon signing each separate Franchise Agreement under ADA | Us |
| **Fixed Costs** | | | | | |
| | Equipment & Appliances (Note 4) | $38,400 - $45,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Point of Sale System (Note 6) | $3,250 - $6,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Furniture & Fixtures (Note 4) | $14,200 - $15,900 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Décor & Branding | $5,000 - $6,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Computer Hardware & Software (Note 6) | $2,000 - $2,500 | As arranged | As arranged | Us, our Affiliate or Suppliers |

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| | Office Equipment & Office Supplies (Note 6) | $1,650 - $1,800 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Signage (Note 7) | $2,500 - $3,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Ice Cream & Logistical Costs (See Note 11) | $0 - $13,500 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Edible Items | $900 - $1,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Food Related Supplies | $3,700 - $4,250 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Uniforms (Note 16) | $500 - $650 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Gift Cards (Note 16) | $450 - $1,550 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | **FIXED COSTS TOTAL** | **$72,550 - $102,050** | | | |
| **Variable Costs** | | | | | |
| | Leasehold Improvements (Note 3) | $64,700 - $200,000 | As arranged | As arranged | Lessor or Indpendent contractors |
| | Business Licenses & Permits (Note 5) | $1,500 - $3,500 | As incurred | As arranged | Local and other state government agencies |
| | Blue Prints & Architectural Design (Note 8) | $3,500 - $15,000 | As incurred | As arranged | Designated architects |
| | Professional Fees (Note 9) | $1,500 - $5,000 | As arranged | As arranged | Service providers and contractors |
| | Security Deposits (Note 12) | $1,000 - $5,500 | As arranged | As arranged | Lessor, utility companies |
| | Insurance (25% Deposit) (Note 13) | $2,500 - $6,000 | As arranged | As arranged | Insurance providers |
| | Grand Opening Advertising (Note 14) | $2,000 - $5,000 | As arranged | As arranged | Us, our Affiliate or Suppliers |
| | Additional Funds (3 to 6 Months) (Note 17) | $40,000 - $60,000 | As needed | As arranged | |

| Category | (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payments are Made (Note 1) |
|---|---|---|---|---|---|
| | Franchisee Training Travel Expenses (Note 15) | $1,000 - $5,000 | As incurred | As arranged | Vendors, Suppliers, and your employees |
| | **VARIABLE COSTS TOTAL** | **$117,700 - $305,000** | | | |
| | | | | | |
| **Optional Costs** (Note 10) | | | | | |
| | Optional Seating Package (0-8 Seats) | $0 - $3,300 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Optional Outdoor Package (0-8 Seats) | $0 - $4,250 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | Optional Security Package | $0 - $1,250 | As incurred | As arranged | Us, our Affiliate or Suppliers |
| | **OPTIONAL COSTS TOTAL** | **$0 - $8,800** | | | |

| | | | | |
|---|---|---|---|---|
| **FULL-SIZE MORA TOTAL** | **$196,250 - $435,850** | | | |

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

**Explanatory Notes**

1. General – We do not impose or collect the fees or costs described in this Item, except for the items noted with "Us" in the column labeled "To Whom Payment is to be Made." Our estimates in this Item are based on our current prototype for Mora Iced Creamery Shops, our Affiliate's experience in developing and operating Shops, and our knowledge of business practices and conditions in the general marketplace.

2. Initial Franchise Fee – This table lists the Initial Franchise Fee for your first Shop. Initial Franchise Fees are not refundable. See Item 5 for further details regarding these fees. We do not provide financing for any of these fees.

3. Leasehold Improvements – You will need to employ a qualified licensed general contractor to construct the improvements to, or "build out," the premises which we will approve and at which you will operate the Shop. Our estimates are based on the assumption that the location is between 600 to 1,200 square feet, and that your lessor will provide a shell space that includes a level concrete floor suitable for floor covering, demising walls, and air-conditioning, electricity, gas, sewers, bathroom facilities (compliant with the Americans with Disabilities Act), and water and plumbing

suitable for a retail business. Among other things, you will probably need to arrange for the following items to meet our standard plans and specifications: proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, storefront modifications, painting, cabinetry, and the like. Costs will vary depending upon various factors, including: the geographic location of your business; the size of the premises; the availability and cost of labor and materials; and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. Lessors may, instead of actually doing some of the work, provide you with credits towards your future rent payments and/or a tenant improvement allowance.

4. Furniture, Fixtures and Equipment – As described in Item 8, you must purchase all fixtures, furnishings, equipment, signage and supplies that we specify from our approved suppliers. These estimates include: freezers, our proprietary stainless steel ice cream cabinets, blenders, sink, tables and chairs, smallwares, artwork, security camera system and other décor items. At our option, we may require you to purchase some or all items through us.

5. Business Licenses – These estimates include permits and licensing that may be required by local and state governments. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Shop. You will pay these fees to governmental authorities before starting business.

6. Computer Hardware and Software; Office Equipment and Supplies – You must purchase or lease specified computers and related hardware, including a point of sale system, along with required third party software necessary to operate the Shop. The estimate includes the costs for the items that we currently require. We may periodically require you to update your computer systems to our then-current standards. See Item 11 under the heading "Computer System" for additional information. You must also purchase other office equipment and supplies, including telephone system, music system, fax machine and your initial supply of office supplies.

7. Signage – The estimates include the costs for interior and exterior signage. The cost of signage may vary significantly depending on the location of your Shop, market conditions and local codes. In some instances, the use of additional or larger signage may be possible, with our prior written approval. The costs of these optional items are not included in the line item total above.

8. Blue Prints and Permits – You must use our designated architect to design your initial floor plan layout. You must use either our designated architect or a local architect (subject to our approval) to provide detailed construction blueprints, which must comply with our specifications based on our Affiliate's prototype of a Mora Iced Creamery Shop (see Item 11 for additional information). As described in Item 11, we may periodically develop or approve variations with respect to our prototype locations and plans. Your plans must be approved by us before you may use them. Our review is only meant to verify that the Shop will be built out to our standards, including trade dress and presentation of the Marks. Our review will not verify whether the plans comply with any applicable laws, regulations or building codes, including the Americans with Disabilities Act. You must make sure that your plans are compliant with all applicable laws, regulations and building codes.

9. Professional Fees – The estimate assumes that you will employ an attorney to help you negotiate your lease for the Shop premises. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Shop. You may also form a corporation or other entity to operate the business. Your actual costs may vary

substantially, for example, depending on how much you rely upon your advisors and upon the licensing requirements that may apply to your Shop.

10. Optional Costs – For a Mid-Size or Full-Size Mora, you may choose to have indoor and/or outdoor seating. The low-end estimate in the table is $0 if you choose not to have such seating. We may recommend that you purchase a security alarm system and cameras. You would need high speed internet for a camera system. The low-end estimate in the table is $0 if you choose not to have a security alarm system and/or cameras.

11. Initial Inventory, Logistics and Other Supplies – These expenses include an initial inventory of Proprietary Products, Other Products and related logistics costs to begin operations. You will need to replenish your initial inventory on an as needed basis and food items and other supplies are used. The amount and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the size and anticipated volume of your Shop's sales; the frequency of your orders; and your location, which will impact logistics costs.

    Initial Product Incentive. In the row of the table entitled "Ice Cream & Logistical Costs," the low-end of the estimate is $0 because for your first franchise only, we will provide an initial inventory of 200 buckets of ice cream at no cost to you for product or shipping costs. We will pick the flavors and the product will be delivered to your Shop. For your second and each additional franchise, you will order the initial inventory of ice cream from a local distributor we approve and will be responsible for all costs. We reserve the right to modify or cancel this incentive program at any time.

12. Security Deposits – These estimates are for your deposits on the premises for your Shop as well as deposits for utilities (*e.g.*, gas, telephone, electricity and water).

13. Insurance – Insurance costs will vary depending upon factors such as the size and location of the Shop. Our estimate is for your annual premium. Depending on the practices of the insurance company, your insurance premiums may be payable monthly, quarterly, semi-annually or annually. Your obligations with respect to insurance are more fully described in Item 8.

14. Grand Opening Advertising – This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Shop. This requirement applies to each new Shop you open. Your grand opening advertising campaign must be approved by us before you conduct it. At our discretion, we may require you to give the money to us and we will conduct the grand opening advertising campaign on your behalf. Additional details regarding advertising and promotion can be found in Item 11. We typically do not require grand opening advertising for a Non-Traditional Site, but we may impose this requirement at our discretion.

15. Training Expenses – You will incur expenses associated with our training program. For this training program, we provide instructors and instructional materials at no charge for you and up to two managers, but you must pay for transportation, lodging, food and wages for your trainees (except as described in this note under the heading "Training Expenses Reimbursement"). The low end of the estimate assumes that the trainees are within driving distance to the training location, and the high end assumes that other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training. If you wish to send additional persons to our training program, we may charge you a training fee.

The low-end estimate for a Non-Traditional Site is $0 because training may not be required if you already own and operate one or more traditional unit franchises.

The estimate in this chart also includes between $1,500 and $1,800 in expenses for one of our representatives to assist in the opening of your Shop for a period of up to five days.

Training Expenses Reimbursement. For your first franchise only, we will reimburse up to $500 of your transportation, meals and lodging expenses total for initial training at our headquarters. We will pay this reimbursement only after your Shop opens for business. We reserve the right to modify or cancel this reimbursement program at any time.

16. Uniforms; Gift Cards – You must purchase and have your employees wear the uniforms we designate. You must also purchase your initial supply of Gift Cards and Loyalty Cards if cards are used for our Customer Loyalty Programs.

17. Additional Funds – You will need additional capital to support on-going expenses, such as payroll and utilities, if these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three to six months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. The additional funds you need to support on-going expenses will vary significantly depending on the time of year your Shop opens for business. If your Shop opens between October and May, you will likely need greater additional funds than if your Shop opens during summer months. Your actual costs for your build-out may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Products; the prevailing wage rate; union labor; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established.

We also recommend a business line of credit of at least $25,000 to $50,000.

Rent – If you do not own a location for your Shop, you must purchase or lease a space. Locations for Mora Iced Creamery Shops will typically need approximately 600 to 1,200 square feet. The estimate in the table includes your first three months of rent (in the row entitled “Additional Funds”). The estimate does not include a security deposit or real estate taxes. The requirement to make, and the amount of, security deposits will depend on a variety of factors, including your credit and financial condition. The estimate assume that rent commences upon the Shop’s opening. You will need to lease a space in advance to build-out the Shop, but you may attempt to negotiate an abatement from the lessor for this period.

We anticipate that Mora Iced Creamery Shops will typically be located in retail shopping centers, although free standing and downtown locations will be considered if they are in areas of high traffic in urban and suburban areas, and preferably near large residential communities, office buildings and other commercial areas. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the site for the Shop, the terms of the lease, the desirability of the location, and your ability to negotiate with your lessor.

The estimate assumes that you will lease the premises for your Shop and, therefore, do not include costs related to the purchase of land or the construction of any buildings. If you decide to purchase the property for the location of your Shop, you will incur additional costs that we cannot estimate.

We have not included a separate table for the initial investment if you sign an Area Development Agreement. Other than the initial fee for the Area Development Agreement, actual start-up costs pertaining to the Mora Iced Creamery Shops opened under the Area Development Agreement are as estimated above, subject to potential increases over time or other changes in circumstances. If you sign an Area Development Agreement, your professional fees such as legal and financial may be higher.

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

To insure that the highest degree of quality and service is maintained, you must operate your Shop in strict conformity with the methods, standards and specifications as we may prescribe in the Manual or otherwise in writing. You must not deviate from our methods, standards and specifications without our prior written consent. We may revise the contents of the Manual, and you must comply with each new or changed standard and specification. You must at all times insure that your copy of the Manual is kept current and up to date.

You must maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and use at all times, only the products and ingredients purchased from suppliers designated or approved by us (which may include or be limited to us or our affiliates), and any other ingredients, products, materials, supplies, paper goods, fixtures, furnishings, equipment, signs and menu items as conform with our standards and specifications, and refrain from deviating from those standards and specifications by the use of non-conforming items, without our prior written consent.

You must sell or offer for sale only the Proprietary Products, beverages and other products and services as have been expressly approved for sale in writing by us; you must not deviate from our standards and specifications without our prior written consent; and you must stop selling and offering for sale any Proprietary Products, beverages, products or services which we may, in our discretion, disapprove in writing at any time.

You must purchase your Proprietary Products solely from the approved suppliers we designate in the Manual or otherwise in writing. We may designate a single supplier as the sole approved source of certain items. We or our Affiliate may be a designated supplier for certain items and, if we or our Affiliate are a supplier, we and our Affiliate reserve the right to earn a profit on sales to franchisees.

Currently our Affiliate is the sole approved supplier for the Proprietary Products used in the operation of your Shop, and our Affiliate reserves the right to earn revenue from the sale of the Proprietary Products to our franchisees. During the fiscal year ended December 31, 2016, our Affiliate received such revenue in the amount of $4,328.63. Our Affiliate is a solely owned subsidiary of our Parent, and our officers, Jerry Perez and Ana Orselli, have ownership interests in our Parent. None of our officers has an ownership interest in any other approved supplier.

You must purchase and install, at your expense, all fixtures, furnishings, equipment, décor and signs as we may reasonably direct from suppliers approved or designated by us; and refrain from installing or permitting to be installed on or about the premises of your Shop, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications. For example, you may only use the proprietary stainless steel freezer cabinets we specify.

You must obtain the specific point-of-sale system hardware and software that we designate ("POS System"). This includes a subscription to the POS System software we require. You must purchase the POS System from our designated or approved vendors. The POS System may have multiple PC terminals, depending on the size and layout of your Shop. The POS System is PC-based, but we also require you to have a back office PC or laptop ("Computer System"). You may purchase the Computer System from our approved vendor(s).

Unless we provide otherwise in our Operations Manual: you must use the hosting company(ies) we designate for your electronic mail; you will pay for your electronic mail hosting directly to the provider, but we will own the electronic mail addresses; you will use the minimum number of electronic mail addresses and address names that we designate; you will use such electronic mail addresses for all electronic communications with us; and you will use such electronic mail addresses only in the manner we approve. This may include, for example, at least one email address that includes the name of at least one of Franchisee's Principal Owners (such as, by way of example, John.Doe@moraicecream.com) and at least one email address for your Shop(s) (such as, by way of example, WA1234@moraicecream.com). We may change these requirements at our discretion.

All products sold or offered for sale at the Shop must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all products solely from suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your and other franchisees' needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing.

We may designate a single supplier as the sole approved source of certain items. Subject to the foregoing sentence, if you desire to purchase products from other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier. We will have the right to require that our representatives be permitted to inspect the manufacturer's or supplier's facilities, and that samples from the manufacturer or supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You or the proposed supplier must reimburse our reasonable costs for the evaluation and testing. We will endeavor to notify you in writing of our approval or disapproval of the proposed supplier within 90 days after our receipt of the completed request and completion of evaluation and testing (if required by us). If we do not grant written approval within this timeframe, then we shall be deemed to have disapproved the proposed product or supplier. Our approval will not be unreasonably withheld, but we are not obligated to approve a product or supplier if we believe it is not in the best interests of the System. We reserve the right to re-inspect any product or supplier at any time to make sure that the product or supplier continues to meet our criteria. We are not required to provide you or any manufacturer or supplier the evaluation criteria we use and that we deem confidential.

You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is provided. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that these products or suppliers no longer meet our standards. Upon receipt of written notice of revocation, you must stop selling any disapproved products and stop purchasing from any disapproved supplier.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We are not required to issue our specifications and standards to franchisees or approved suppliers, nor are criteria for supplier approval made available to franchisees.

We estimate that the proportion of your required purchases to all your purchases of goods and services in establishing the Shop will be approximately 80% to 85%, and in operating the Shop will range from 90% to 95%.

There are no purchasing or distribution cooperatives related to Mora Iced Creamery Shop franchises. We do not provide any material benefit to franchisees for use of approved suppliers. We may negotiate purchase arrangements with some of our suppliers (including price terms) for the benefit of our franchisees, but we are under no obligation to do so. We do not currently receive payment, in the form of preferred pricing or rebates, from any suppliers due to the suppliers' transactions with us or our franchisees, but we reserve to do so in the future. If we receive these payments, there are no restrictions on our use of the payments. We did not earn any rebates or other form of payment from any approved supplier during our last fiscal year.

**Insurance**

You must obtain and maintain at your own expense the minimum insurance coverage that we and the Shop's lease periodically require, and you must meet the other insurance-related obligations in the Franchise Agreement. You may elect to purchase more coverage than we require. The coverages listed below reflect only minimum coverage limits for each Shop. As of the date of this Disclosure Document, we require you to maintain the following coverages:

(a) broad form commercial general liability coverage, on an occurrence form, including; premises and operations, products and completed operations, personal & advertising injury, broad form contractual, and employers liability , against claims for bodily injury, personal injury, including death, and property damage with minimum limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate for each coverage;

(b) all risk property insurance including equipment breakdown for the full replacement cost sufficient to cover all business personal property including contents, leasehold improvements, furniture, fixtures, equipment, and signs;

(c) loss of income including extra expense insurance with sufficient limits to cover all ongoing expenses, including, future profits, royalty fees, advertising contributions, ordinary payroll for competent personnel and other fixed expenses for a minimum of 24 months from the date of loss;

(d) loss of business income from dependent properties with a minimum limit of $250,000;

(e) worker's compensation and employer's liability insurance in statutory amounts;

(f) plate glass insurance (if applicable);

(g) blanket employee dishonesty coverage with minimum limits of not less than $50,000;

(h) business automobile liability, including bodily injury and property damage coverage for all owned, non-owned and hired vehicles, with limits of not less than $1,000,000 per occurrence;

(i) monies and securities (crime) coverage with limits of not less than $10,000 inside limit and $5,000 outside limit;

(j) employment practices liability with limits not less than $100,000, with a retro date of the store opening if on a claim made basis.

(k) commercial umbrella liability insurance with limits not less than $4,000,000 each occurrence. The umbrella liability will be on a following form basis of the underlying policies (commercial general liability, premises and operations, products and completed operations, personal and advertising injury, automobile and employers liability);

(l) cyber & privacy liability with minimum limits of $25,000 including, crisis management and data extortion expense; and

(m) unemployment insurance and state disability as required by governing laws.

You shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by your landlord. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including higher liability limits, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy shall: (1) name us and each of our affiliates, directors, agents and employees (as we may specify) as additional insureds on a primary, non-contributory basis and provide a waiver of subrogation rights against us; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Shop is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier.

Certificates of Insurance shall name us, and each of our affiliates, directors, agents and employees (as we may be specify) as additional insureds, and include primary, non-contributory and waiver of subrogation endorsements. Certificates shall provide 30 days' notice prior written notice to us of any material modification, cancellation, or expiration of the policy, and due in our office 30 days prior to expiration and coverages listed above.

**Advertising Materials**

Before you use them, you must send us for approval samples of all advertising, promotional and marketing material which we have not prepared or previously approved. If you do not receive written approval within 15 days after we receive the materials, they are disapproved. You may not use any advertising or promotional materials that we have disapproved. All proposed advertising materials will become our property upon their submission to us.

**Shop Specifications**

You must prepare all required construction plans and specifications to suit the shape and dimensions of the premises and insure that these plans and specifications comply with applicable ordinances, building codes, permit requirements and lease requirements and restrictions. We will furnish you with our mandatory and suggested specifications and layouts for a Mora Iced Creamery Shop, including requirements for dimensions of the premises, design, image, decor, layout, signs, furniture, fixtures, equipment and color scheme. We must review and approve all plans and specifications before you begin to construct the Shop to ensure that they meet our design requirements. Our review of the plans and specifications will not address whether the plans comply with any applicable laws, ordinances or building codes. We may inspect the Shop during its development.

You must use our designated architect to design your initial floor plan layout. You must use either our designated architect or a local architect (subject to our approval) to provide detailed construction blueprints.

**Site Approval**

Your Shop must be at a site that we have approved. We will not unreasonably withhold our approval of a site that meets our minimum criteria for your Shop premises. Any lease or sublease for an approved site must be in a form satisfactory to us and must: (1) provide for notice to us of, and our right to cure, your default under the lease; (2) provide for your right to assign your interest under the lease to us without the lessor's consent; (3) authorize and require the lessor to disclose to us, upon our request, sales and other information you furnish to the lessor; (4) provide that we shall have the right in our sole discretion to assume the lease if the Franchise Agreement expires or if it is terminated without the grant of a successor franchise; (5) provide lessor's consent to your use of signage according to our specifications; (6) provide that the lease may not be materially modified without our consent; and (7) include a signed copy of the Collateral Assignment of Lease which is attached as **Attachment 4** to the Franchise Agreement. You may not sign a lease without our prior written approval. You must deliver a copy of the signed lease to us within 15 days of its signing. You must further agree not to sign or agree to any modification of the lease which would affect our rights without our prior written approval. Under no circumstances will we guaranty your lease with your landlord.

Our approval of the site for the Shop is not a guarantee or warranty that you will be successful at that site. Our approval only means that the site meets our minimum requirements for a Mora Iced Creamery Shop.

**Area Development Agreement**

Except as described in this paragraph, the Area Development Agreement does not require you to buy or lease from us or our designated or approved suppliers, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate. However, you must follow our requirements under franchise agreements for all purchases and leases for the Mora Iced Creamery Shop.

**Insurance – Area Development Agreement**

Under the Area Developer Agreement, in addition to the insurance listed above pursuant to your Franchise Agreements, the policy shall be endorsed with a per location limit of not less than required limits above.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| (a) Site selection and acquisition/ lease | Section 4 of Franchise Agreement; Attachment 2 to Franchise Agreement; Section 6 of Area Development Agreement | Items 7, 8 and 11 |
| (b) Pre-opening purchases/leases | Section 4 of Franchise Agreement | Items 5, 7 and 11 |
| (c) Site development and other pre-opening requirements | Section 4 of Franchise Agreement | Items 8 and 11 |
| (d) Initial and ongoing training | Section 5 of Franchise Agreement | Items 5, 6, 7 and 11 |
| (e) Opening | Section 4 of Franchise Agreement | Item 11 |

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| (f) Fees | Sections 5, 10, 12, 14 and 19 of Franchise Agreement; Section 5 of Area Development Agreement | Items 5, 6, 7 and 11 |
| (g) Compliance with standards and policies/Franchise Owner's Manual | Sections 4, 5.4 and 11 of Franchise Agreement | Item 11 |
| (h) Trademarks and proprietary information | Sections 6, 7, 8 and 9 of Franchise Agreement; Sections 7, 8, 9 and 10 of Area Development Agreement | Items 13 and 14 |
| (i) Restrictions on products/services offered | Sections 11.2 and 11.3 of Franchise Agreement | Items 8 and 16 |
| (j) Warranty and customer service requirements | Sections 5.4 and 11 of Franchise Agreement | Item 11 |
| (k) Territorial development and sales quotas | Section 3 of Area Development Agreement | Item 12 |
| (l) On-going product/service purchases | Sections 11.2 and 11.3 of Franchise Agreement | Item 8 |
| (m) Maintenance, appearance and remodeling requirements | Sections 4.11 and 11.1 of Franchise Agreement | Item 6 |
| (n) Insurance | Section 11.8 of Franchise Agreement; Section 11.4 of Area Development Agreement | Items 6 and 8 |
| (o) Advertising | Sections 4.9, 5.3, 11.6 and 12 of Franchise Agreement | Items 6, 8 and 11 |
| (p) Indemnification | Section 15.4 of Franchise Agreement; Section 3.2 of Attachment 3 to Franchise Agreement; Sections 11.4.5 and 15.4 of Area Development Agreement | Item 6 |
| (q) Owner's participation/management/ staffing | Section 11.7 of Franchise Agreement; Section 11 of Area Development Agreement | Items 11 and 15 |
| (r) Records/reports | Section 13 of Franchise Agreement; Section 11.5 of Area Development Agreement | Items 6, 11 and 17 |
| (s) Inspections/audits | Section 14 of Franchise Agreement; Sections 11.4 and 11.5 of Area Development Agreement | Items 6 and 8 |
| (t) Transfer | Section 16 of Franchise Agreement; Section 12 of Area Development Agreement | Items 6 and 17 |

| Obligation | Section in Agreement | Disclosure Document Item |
| --- | --- | --- |
| (u) Renewal | Section 17 of Franchise Agreement | Items 6 and 17 |
| (v) Post-termination obligations | Section 19 of Franchise Agreement; Section 14 of Area Development Agreement | Item 17 |
| (w) Non-competition covenants | Sections 8, 9, 11.7.3, 16.3, and 19.4 of Franchise Agreement; Form of Confidentiality and Non-Competition Agreement (Exhibit L to FDD); Sections 3.3, 7.2(e), 8 and 14.4 of Area Development Agreement | Item 17 |
| (x) Dispute resolution | Section 20 of Franchise Agreement; Sections 16, 17.4, 17.5, 17.7 and 17.8 of Area Development Agreement | Item 17 |
| | | |

## ITEM 10
## FINANCING

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

We may assist you in obtaining financing through a third party lender. We are unable to estimate whether you will be able to obtain financing for all or part of your investment and, if you are able to finance, we cannot predict the terms of any financing. We have no control over whether a third party lender will offer any financing to you. We do not guarantee your obligations to third parties.

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

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

### Area Development Agreement

Before you open a Mora Iced Creamery Shop under the Area Development Agreement, we will:

(1) Grant you the right to develop and operate a specific number of Shops at locations we approve within your Development Area. If you are in full compliance with the terms and conditions contained in the Area Development Agreement, including the obligation to develop and operate a specific number of Shops, and that you and all your Controlled Affiliates that operate Shops in the Development Area are in full compliance with all of your and their obligations under all Franchise Agreements entered into under the Area Development Agreement, we will grant you franchises to operate the specified number of Mora Iced Creamery Shops in the Development Area. (Area Development Agreement – Section 3.) (See Item 12.)

(2) Consent to sites that meet our requirements. By delivery of written notice to you, we will approve or disapprove proposed sites. We will use our best efforts to deliver notification to you within 15 days after receipt by us of the complete site reports, financial statements and the other materials we reasonably require. If we do not provide our specific approval of the proposed site within this 15 day period, the site is deemed not approved. We will not unreasonably withhold our approval of a site that meets our standards and specifications. If you do not obtain possession of an approved site within 60 days after we approve it, we may withdraw our approval of the site. (Area Development Agreement – Section 6.)

(3) If you are in full compliance with the Area Development Agreement and all franchise agreements, and you or a Controlled Affiliate obtain lawful possession of the site we approve, we will offer to you or the Controlled Affiliate a franchise to operate a Mora Iced Creamery Shop at the approved site by delivering to you the then-current form of franchise agreement in form for signature by you and your Principal Owners or by the Controlled Affiliate and its Principal Owners. If the Franchise Agreement is not fully signed and returned to us along with payment of any fees due us within 15 days, we may terminate our offer to grant a franchise for a Shop at the approved site and withdraw our approval of the site. (Area Development Agreement – Section 6.3.)

(4) We will loan to you for your sole use during the term of the Area Development Agreement one copy of an Franchise Owner's Manual, which may consist of one or more handbooks or manuals as may be periodically added to, replaced or supplemented by us (collectively the "Franchise Owner's Manual" or "Manual"). (Area Development Agreement – Section 11.6.)

**Franchise Agreement**

Before you open the Mora Iced Creamery Shop, we will:

(1) Consent to sites that meet our requirements. You must submit to us a complete site report (containing the demographic, commercial, and other information and photographs as we may reasonably require) for the site at which you propose to establish and operate the Shop. In approving or disapproving any proposed site, we will consider matters as we deem material, including demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area (including other Mora Iced Creamery Shops), the proximity to other businesses, the exclusivity granted to our Area Developers, the nature of other businesses in proximity to the site, the purchase price or lease terms for the proposed site and other commercial characteristics, the size of the premises, appearance, and other physical characteristics of the proposed site. (Franchise Agreement – Section 4.1.)

(2) Approve a lease or purchase agreement for the approved site, if the lease or purchase agreement meets our criteria. If we do not approve a proposed lease or purchase agreement within 15 days, it shall be deemed not approved. (Franchise Agreement – Section 4.2.)

(3) Furnish specifications of our requirements for design, decoration, layout, equipment, furniture, fixtures, color scheme, signs and other operating materials needed for the Shop

to open. We will approve your plans and specifications if they meet our requirements. (See Item 8.) (Franchise Agreement – Section 4.3.)

(4) Loan you for your sole use one copy of the Franchise Owner's Manual. (Franchise Agreement – Section 5.4.)

(5) Train you and your initial manager for the operation of your Shop. (Franchise Agreement – Section 5.) We describe this training later in this Item.

(6) Approve or disapprove the grand opening advertising and promotional program you must conduct for the Shop. (Franchise Agreement – Section 4.9.)

(7) We will provide a representative at your Shop to assist with opening and initial operations. (Franchise Agreement – Section 5). We describe this training later in this Item.

During your operation of the Mora Iced Creamery Shop, we will do the following:

(1) Furnish guidance to you with respect to: (i) specifications, standards and operating procedures utilized by Shops and any modifications of them; (ii) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (iii) development and implementation of local advertising and promotional programs; (iv) administrative, bookkeeping, accounting, inventory control, and general operating and management procedures of Shops; and (v) establishing and conducting employee training programs at the Shop. You are responsible for training your employees. The guidance will, in our discretion, be furnished in the form of the Franchise Owner's Manual, bulletins, written reports and recommendations, other written materials (including e-mail communications), refresher training programs and/or telephonic consultations or consultations at our offices or at the Shop. We will furnish the initial training program and any additional or refresher training programs to assistant managers and subsequently appointed managers at per diem charges we establish and at reasonable times as we designate. (Franchise Agreement – Section 5.3.)

(2) At your request, or if we in our sole discretion deem it necessary, we will provide additional training at the premises of the Shop. You must pay costs we incur for additional training, including our then-current per diem training fee (per trainer) and travel, lodging and meals expenses of our personnel in connection with the training. We may, in our sole discretion as we deem necessary, require any manager or assistant manager of the Shop to attend or to participate in, at your expense, additional or refresher training programs at locations we designate. (Franchise Agreement – Sections 5.1. and 5.2.)

(3) License to you the right to use the Marks and certain copyrighted works and will indemnify you from certain claims relating to your use of the Marks as more fully described in Items 13 and 14. (Franchise Agreement – Sections 6 and 7.)

**Brand Development Fund**

We will institute a national or regional brand development fund (referred to as the "Fund") for any advertising, marketing and public relations programs as we, in our sole discretion, may deem necessary or appropriate to promote Mora Iced Creamery Shops. We will direct all advertising and public relations programs financed by the Fund, with sole discretion over the creative concepts, materials, and endorsements it uses, and the geographic, market, and media placement and allocation of it. The Fund may be used to pay the costs of developing advertising ideas and concepts; developing market research and merchandising programs; preparing advertising campaigns; developing promotional ideas and strategies; preparation of collateral creative materials; preparing of advertisements; preparing public relations campaigns; providing technical and professional advice in connection with any of the above; social media initiatives; and placement of advertising. Monies in the Fund may also be used to cover administrative costs and overhead we may incur including salary costs of employees working exclusively for the Fund and collecting and accounting for Brand Development Fees. You must participate in all advertising and public relations programs instituted by the Fund. The Fund may furnish you with samples of certain marketing, advertising and promotional formats and other materials without charge. All Mora Iced Creamery Shops owned by us or our affiliates will contribute to the Fund and to the local advertising cooperatives in their respective markets on the same basis as you. The required Brand Development Fee that you must pay is 1% of your Shop's Gross Revenue. The Brand Development Fee may be increased to a maximum of 2% of your Shop's Gross Revenue, in our discretion, upon 90 days' advance notice. We will not spend any contributions to the Fund on advertising that is principally a solicitation of new franchisees.

The Fund will be accounted for separately from our other funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Shops to the Fund in that year and the Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. Any monies remaining in the Fund at the end of any year will carry over to the next year.

You authorize us to collect for remission to the Fund any advertising or promotional monies or credits offered by any supplier based upon your purchases. Any advertising or promotional monies or credits we collect from any supplier based upon your purchases will not be credited toward your payment of Brand Development Fees.

An unaudited statement of monies collected and costs incurred by the Fund will be prepared annually by us and will be furnished to you upon written request. We will have the right to cause the Fund to be incorporated or operated through an entity separate from us at any time as we deem appropriate, and the successor entity will have all our rights and duties.

The Fund is intended to maximize recognition of the Marks and patronage of Mora Iced Creamery Shops generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising, to benefit all Shops, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the Shops operating in that geographic area or that any Shop will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive any benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fund. We have no fiduciary obligation to you or any other Shop in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund (Franchise Agreement – Section 12.1).

The Fund may place advertising in any media, including print, radio and television. The coverage is typically regional and national in nature. Advertising may be developed in-house and/or by regional and national advertising agencies. We intend to utilize monies from the Fund to support our website.

**Summary of Advertising Fee Contributions and Expenses for Fiscal Year 2016**

| | | | |
|---|---|---|---|
| **Expenses**: | Administrative Expenses | $0 | 0% |
| | Production | $1,365.00 | 23% |
| | Media Placement | $4,490.52 | 77% |
| **Total expenses**: | | **$5,855.52** | **100%** |
| **Advertising fund contributions**: | | $105.13 | |
| **Excess of expenses over contributions**: | | $5,750.39 | |

**Grand Opening Advertising**

You must conduct a grand opening advertising and marketing promotion to provide initial awareness and momentum for your new Shop, and you must spend at least $5,000 for your grand opening promotional program. Your grand opening advertising campaign must be approved by us before you conduct it. At our discretion, we may require you to give the money to us and we will conduct the grand opening advertising campaign on your behalf. We anticipate that you will conduct the grand opening promotional program beginning approximately 15 days before the Shop opens and continuing for up to 45 days after the Shop opens.

**Local Advertising**

We recommend that you conduct local advertising of the Shop each month and spend at least 2% of your Shop's Gross Revenue for local advertising. (Franchise Agreement – Section 12.2).

**Advertising Cooperatives**

If there are multiple Mora Iced Creamery Shops within a market area and we choose to create an advertising cooperative for this market area, or if our franchisees in an area form an advertising cooperative and we approve of the cooperative, you must upon notice from us or the cooperative participate in a local advertising cooperative ("Cooperative") we approve. You must sign any agreements that the Cooperative may require. You must contribute each month to your Cooperative an amount determined by the members of the Cooperative as described below. If at any meeting of the franchisees in a Cooperative, 75% of the franchisees vote to contribute to a Cooperative advertising program, all franchisees within that Cooperative will be obligated to make a contribution to a Cooperative advertising fund in the amount established by the vote. No Cooperative may require any franchisee in that Cooperative to make a contribution to a Cooperative advertising fund in excess of 2% of that franchisee's Gross Revenue. Each member of the Cooperative will have one vote, regardless of the number of Shops owned by the member. Your Cooperative contribution is deposited into a separate account for the benefit of the franchisees who are contributing.

Cooperatives need not operate from written governing documents but we may require them to do so in the future. Each Cooperative must prepare annual unaudited financial statements which members may view upon request. We may form, change, dissolve and merge Cooperatives in our discretion. Shops owned by us or our Affiliates within a Cooperative will contribute on the same basis as franchised Shops (Franchise Agreement – Section 12.3). As of the date of this Disclosure Document, no Cooperatives have been formed.

**Approval of Advertising Materials**

You or the Cooperative must submit to us, in the form and manner we prescribe, for prior approval, samples of all advertising and promotional materials not prepared by us or approved by us within the most recent 12 month period. If we do not grant written approval within 15 days from the date of our receipt of the materials, we will be deemed to have disapproved the submitted materials. You may not use any advertising or promotional materials that we have not approved, have disapproved or that do not include the copyright registration notices and trademark registration notices we designate. Any materials submitted to us for our review will become our property.

We reserve the right to require all franchisees and Cooperatives to include certain language in their advertising, such as "Franchises Available" and our website address and telephone number.

**Advisory Council**

We may form an Advisory Council which will be composed of franchisees and our representatives. The Council may work with us to improve the System, the products offered at Shops, advertising and promotional campaigns, and other matters. The franchisee representatives may be selected by us or may be selected by a vote of other franchisees in the System. The Council will serve in an advisory capacity only. If you participate on a Council, you will pay any costs you incur related to your participation, such as travel and living expenses to attend Council meetings. We will have the authority to dissolve, change and reform the Council.

**Electronic Cash Register and Computer System**

You must obtain the specific point-of-sale system hardware and software that we designate ("POS System"). The POS System may have multiple PC terminals, depending on the size and layout of your Shop. The approved vendor for the POS System will be contained in the Franchise Owner's Manual. The POS System is PC-based, but we also require you to have a back office PC or laptop ("Computer System"). We estimate that the initial cost of these systems will be between $3,250 and $6,500 (for one or two POS terminals). The current cost of the POS System software ranges from $79 to $169 per terminal, per month. You may purchase the Computer System from our approved vendor(s). You must maintain a high speed internet connection (such as T-1, DSL or cable modem) for the POS System and the Computer System. We may require you, or you may choose, to purchase additional equipment depending on the size and configuration of your Shop. We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future. As of the issuance date of this disclosure document, technical support coverage for your POS System is included in the monthly software fees for the POS System. We reserve the right to require you to maintain technical support coverage for your back office Computer System as well.

We reserve the right to change our specifications for the POS System and/or Computer System in the future to take advantage of technological advances or to adapt the systems to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Mora Iced Creamery Shops. We may develop a proprietary software program for use with your POS System and/or Computer System and, if developed, we or our approved vendor may require you to sign a license or maintenance agreement to obtain and use the proprietary software program. Other than providing you with information regarding our specifications and requirements for the Computer System and POS System, we are not required to assist you in obtaining hardware, software or related services. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of any changes to the Computer System and POS System. Neither we nor our Affiliate are required to provide you with any maintenance, updates or upgrades for your Computer System or POS System.

You must provide us with access to your Computer System and POS System in the form and manner that we may request. We reserve the right to download sales, other data and communications from your Computer System and POS System. There is no contractual limitation on our right to receive this information. We will have the right to use all data provided by you, downloaded from your Computer System and POS System, and otherwise collected from your Computer System and POS System in any manner that we deem appropriate without compensation to you.

**Website, Intranet and Electronic Mail**

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we will list the address and phone number of your Shop on our website.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Mora Iced Creamery Shops – also be devoted in part to offering Mora Iced Creamery franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Shop; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Mora Iced Creamery Shop" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Shop or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Instagram or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business's operation, including prohibitions on your and the Franchised Business's employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We will notify you of the creation and provisions of any regional or national discount or coupon programs. Within five days after receipt of the notice, you will advise us whether or not you wish to participate in that program.

You must use the hosting company(ies) we designate for your electronic mail and you will pay for your electronic mail hosting directly to us (unless we specific that you must pay the provider directly). Currently, the estimated cost is approximately $4.00 to $6.00 per electronic mail address per month (subject to change based on changes in the designated provider's pricing). We will own the electronic mail addresses. You will use the minimum number of electronic mail addresses and address names that we designate. This may include, for example, at least one email address that includes the name of at least one of Franchisee's Principal Owners (such as, by way of example, John.Doe@moraicecream.com) and at least one email address for your Shop(s) (such as, by way of example, WA1234@moraicecream.com). If you consist of multiple owners, then you may purchase electronic mail addresses for each of your Principal Owners. We may change these requirements at our discretion.

**Site Selection and Opening**

Under the Franchise Agreement, you are ultimately responsible for selecting the site for your Mora Iced Creamery Shop subject to our approval. You must submit a completed site evaluation form together with any other information and materials as we may reasonably request for each proposed site. We will consider the site utilizing factors such as general location and neighborhood, demographic and traffic patterns, volume and speed of traffic, size and ease of access to the proposed site, proximity to competition, terms of the proposed lease and zoning issues. We will notify you of our approval of the proposed site within 15 days after we have received all required information. If you do not receive our approval of the proposed site within 15 days, the site is deemed not approved. If, for any reason, you fail to secure a suitable site, or if we find a suitable site but you reject it for any reason, within one year after the Franchise Agreement is signed, we have the right to withdraw our approval of the site and terminate the Franchise Agreement or we can give you an additional 30 days to find an acceptable site, at which time, if one is not found, then we will terminate the Franchise Agreement, as above.

We estimate that there will be an interval of between six and twelve months between the signing of your first Franchise Agreement and the opening of your first Mora Iced Creamery Shop pursuant to it. The interval may, however, vary depending upon factors including your ability to secure a suitable site, and location and condition of the site, standards of the construction process in the market itself and the construction schedules. You must open the Mora Iced Creamery Shop for business within twelve months after the Franchise Agreement is signed, subject to our right to extend the deadline for an additional reasonable duration if, in our reasonable discretion, you are diligently pursuing opening. You must open the Shop within five days after we notify you that the Shop is ready for opening. (Franchise Agreement – Sections 4.1 and 4.8.) If you are an Area Developer, then you must open your additional Shops in compliance with the Development Schedule included in your Area Development Agreement.

**Training**

You must staff and operate the Shop with properly trained personnel. The cost for training the first three people is included in the initial franchise fee, and we expect that the initial three trainees will include you and the up to two initial Shop managers you appoint. You and your Shop manager must complete the mandatory initial training program to our satisfaction. You must pay for the travel and living expenses of your attendees (including wages for any manager or employee). If you request that we train additional employees of your Shop (in addition to the three trainees which are trained for free), we may do so in our discretion and we may charge you a fee for providing the training (see Item 6). If you are opening your second or later Shop, we reserve the right to not provide this initial training program.

If we, in our sole discretion, determine that a manager you appoint has failed to satisfactorily complete the training, you must immediately hire a substitute manager and arrange for the substitute manager to complete the training to our satisfaction. You must pay our fee to train any additional or substitute managers (see Item 6). At your request, or if we in our sole discretion deem it necessary, we may provide, and you and the initially appointed Shop manager must complete, additional training at the Mora Iced Creamery Shop. We may charge and you must pay the costs we incur for the additional training, including compensation of and travel and living expenses incurred by our personnel in connection with the training. (Franchise Agreement – Section 5.)

Additional optional training programs may be held during the term of the Franchise Agreement.

The initial training program is held at our headquarters in Poulsbo, Washington, and at one of our Affiliate's Mora Iced Creamery Shops and will last for approximately seven days. We expect to conduct the initial training for your attendees while your Shop is being constructed. You must complete the initial training program to our satisfaction not later than 30 days before your Shop is scheduled to open. You may, if you wish, continue to work at one of our Affiliate's Shops after the formal training program ends to get more experience in how a Mora Iced Creamery Shop works. If you choose to do so, you must abide by all of the rules and procedures for that Shop, including attendance, uniform, etc. However, you will not be an employee or receive any payment for services you may provide if you choose to take advantage of gaining this extra experience.

The materials we use in providing our training program include our confidential Franchise Owner's Manual and any other materials as we deem appropriate or beneficial to the training process. The initial training program schedule is displayed on the chart that follows:

## TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| **Welcome to the Mora Family**<br>***What's the Mora Difference?**<br>Our core principles, philosophy, values, and vision as a company. | 2 | 0 | Our Corporate Headquarters<br>Poulsbo, WA |
| **Community Relations**<br>Donations<br>Memberships<br>Associations & Organizations | 1 | 0 | Corporate Headquarters<br>Poulsbo, WA |
| **Marketing**<br>***Types of Marketing**<br>Pre-Opening<br>Soft Opening<br>Grand Opening<br>Local Advertising<br>Brand Development | 3 | 0 | Corporate Headquarters<br>Poulsbo, WA |
| **Shop Management** | 4 | 0 | Corporate Headquarters<br>Poulsbo, WA<br>Mora Iced Creamery<br>Poulsbo / Bainbridge Island, WA |
| **Production of Ice Cream & Sorbets**<br>Flavors<br>Ingredients<br>Manufacturing<br>Temperature control | 0 | 4 | Corporate Headquarters<br>Poulsbo, WA |
| **Shop Management**<br>***Shop Readiness**<br>Cleaning<br>Deliveries & Stocking<br>Inventory control<br>Placing orders<br>***POS System Training**<br>***Opening Procedures**<br>***Daily Procedures** | 0 | 32 | Corporate Headquarters<br>Poulsbo, WA<br>Mora Iced Creamery<br>Poulsbo / Bainbridge Island, WA |

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| ***Cash Management**<br>***Customer Experience**<br>Greeting customers<br>Tasting/Sampling<br>Scooping (cones, cups, milkshakes, etc)<br>Food & beverage preparation<br>Handling customer related issues<br>Customer exit<br>***Closing Procedures** | | | |
| **<u>Training Wrap Up</u>**<br>Review and assess your corporate franchisee training experience | 2 | 0 | Corporate Headquarters<br>Poulsbo, WA |
| **Total Hours of Training** | **12** | **36** | |

Our training classes are supervised by Jerry Perez and/or Ana Orselli. We may use additional instructors on our training staff or outside training consultants to conduct our training programs. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is at least seven years.

We will provide a representative to assist in the opening and initial operation of the Shop for a period of time we will determine, not to exceed ten days for your first Shop. We will not charge you a separate fee for the services of the representative. Our representative shall assist you in training Shop personnel and establishing standard operating procedures for the Shop. We may but are not required to provide such assistance for your second and any additional Shop. If we provide this assistance for an additional Shop, then it will typically not exceed five days.

Additionally, we may require that you and/or your Shop manager attend any refresher courses, seminars, and other training programs as we may periodically require. In our discretion, we may make some of these courses or programs mandatory for you and/or your manager. We may provide some of this training on-line, such as through a webinar, or through video conference calls. We may also require you to attend and complete, to our satisfaction, food safety training from a third party trainer.

We may, in our discretion, hold meetings of our franchisees, which may be held on a regional and/or national basis. If we choose to hold a meeting of our franchisees, attendance at these meeting will be mandatory for you. We may also designate that one or more of your managers must attend the meeting. Meetings of franchisees will not be held more frequently than annually. If we choose to hold a meeting of franchisees, we will bear the cost of presenting the meeting. You must pay for the costs of your attendees, including travel, lodging, meals and wages (if applicable).

**<u>Customer Loyalty Programs</u>**

To the extent permitted by applicable law, you must participate in our Customer Loyalty Programs as described in our Franchise Owner’s Manual, and you must fully honor the Customer Loyalty Programs with all customers regardless of whether loyalty discounts and benefits were originally issued by you or another Mora Iced Creamery Shop.

**Franchise Owner's Manual**

The table of contents to the Franchise Owner's Manual is attached to this Disclosure Document as **Exhibit G**.

## ITEM 12
## TERRITORY

**Area Development Agreement**

Under the Area Development Agreement we grant you the right to develop and operate the number of Shops in the Development Area that is specified in the Development Schedule, which is an attachment to the Area Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Mora Iced Creamery Shops in the Development Area for you to meet your Development Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria in order for you to meet the Development Schedule. (Area Development Agreement – Section 3.)

During the term of the Area Development Agreement we and our affiliates will not operate or grant a franchise for the operation of Mora Iced Creamery Shops to be located within the Development Area except the franchises granted to you or a Controlled Affiliate under the Area Development Agreement and as provided below. However, we have the right to terminate this exclusivity if you or your Controlled Affiliates are not in full compliance with all of the terms and conditions of the Area Development Agreement and all of the Franchise Agreements signed under it.

Your territorial rights to the Development Area do not include the right to develop Mora Iced Creamery Shops at any Non-Traditional Sites (defined below), unless we explicitly grant these rights to you.

To maintain your rights under the Area Development Agreement, you must have open and in operation the cumulative number of Mora Iced Creamery Shops set forth on the Development Schedule by the dates set forth in the Development Schedule.

In addition, upon the opening of the last Shop to be developed within the Development Area, your rights under the Area Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Mora Iced Creamery Shops within the Development Area. This right will be subject only to the territorial rights under the franchise agreements entered into by you or a Controlled Affiliate for Shops in the Development Area. The Development Area may not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Shops in your Development Area under the Area Development Agreement.

**Non-Traditional Sites**

"Non-Traditional Sites" means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include airports, transportation centers, department stores, malls, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include military complexes, buyer club businesses, educational facilities, business and industrial complexes), kiosks, and other types of non-traditional sites, whether currently existing or constructed after the Area Development Agreement is signed. (Area Development Agreement – Sections 3.1 and 3.2.) We retain the right to operate or to license others to operate, at our discretion, Mora Iced Creamery Shops at Non-Traditional Sites. In the event we grant a franchise for a Non-Traditional Site, we will not grant a Franchise Territory and it will be a Mini or Mid-Size Mora (not a Full-Size Mora).

**Franchise Agreement**

Your Franchise Agreement will specify the location that will be the approved Site for your Shop. The Franchise Territory will be specified in your Franchise Agreement if it is known when you sign the Franchise Agreement. Otherwise, we will designate the Franchise Territory once you select a Site and we approve of it. Unless we agree in writing otherwise, the Franchise Territory specifically excludes Non-Traditional Sites located within the boundaries of your Franchise Territory.

We consider a variety of factors in determining whether or not to approve of a Site and in designating your Franchise Territory. These factors may include the following: numbers of tourists; numbers of seasonal visitors; population; growth trends; affluence of nearby population; topography; geography; density; demographics; and our franchise placement strategies. Typically, we will describe your Franchise Territory using geographical or political boundaries. The Franchise Territory is not the same area as, and will be smaller than, the trade area in which you will be looking for a site (the "Designated Area").

During the initial term of the Franchise Agreement, and provided that you are not in default of the Franchise Agreement or any other agreement with us, we will not own, operate, sell, award, or issue a franchise for any other franchised Mora Iced Creamery Shop within your Franchise Territory.

You must obtain a location, subject to our approval, as provided in the Franchise Agreement. Our approval will be based upon many factors, including the viability of the then-current location and demographics (including foot traffic, type of foot traffic (tourists, office workers or retail shoppers), size of the space and rental costs relating to the proposed location). You may not relocate your Shop without our prior approval. Our approval will not be unreasonably withheld. This approval should not be construed as an assurance or guaranty that the new site will be successful. Our approval is based on certain limited set of factors, such as the Business Population Index, traffic patterns, availability of parking, size of the space, lease terms, competition, and similar factors.

You may sell our Proprietary Products and related merchandise to retail customers and prospective retail customers who live anywhere but who choose to shop in your Mora Iced Creamery Shop. You may not engage in any promotional activities or sell our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located outside of your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell our Proprietary Products to any business or other customer at wholesale.

We and our affiliates may sell Proprietary Products under the Marks within and outside your Franchise Territory through any method of distribution other than a dedicated Mora Iced Creamery Shop, including sales through channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Franchise Territory and you will not receive any compensation for our sales through alternative distribution channels.

If we engage in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and we receive orders for any Proprietary Products or other products offered by a Mora Iced Creamery Shop, then we will have the responsibility for fulfilling the orders. We are not required to offer you the opportunity to fulfill an order in your Territory and we are not required to compensate you for any sales within your Franchise Territory that we fulfill using alternative distribution channels.

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

Except for the Shops operated by our Affiliate, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Shops which sell our Proprietary Products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration or other contingency.

**Our Reserved Rights under the Franchise Agreement and Area Development Agreement**

Under both the Franchise Agreement and Area Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Mora Iced Creamery Shops operating under the Marks and the System selling the Proprietary Products at any location outside your Franchise Territory or Development Area regardless of their proximity to, or potential impact on, your Franchise Territory or Development Area or Franchised Shops.

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, non-competitive businesses under the Marks at any location within or outside the Franchise Territory or Development Area.

(3) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether these businesses are similar or different from the Mora Iced Creamery Shop, at any location within or outside the Franchise Territory or Development Area, notwithstanding their proximity to the Franchise Territory or Development Area or the Site or their actual or threatened impact on sales of the Mora Iced Creamery Shop.

(4) We may own, acquire, establish, and/or operate, and license others to establish and operate, Mora Iced Creamery Shops under the Marks at Non-Traditional Sites (as defined above) at any location within or outside the Franchise Territory or Development Area.

(5) We may sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through grocery stores, convenience stores, "club stores" (such as Costco or Sam's Club) or through outlets that are primarily retail in nature, or through restaurants, or through mail order, toll free numbers, or the Internet, including those products bearing our Marks, provided that distribution within the Franchise Territory or Development Area shall not be from a Mora Iced Creamery Shop established under the System that is operated from within the Franchise Territory or Development Area (except from a Shop at a Non-Traditional Site).

(6) We may acquire or be acquired (regardless of the form of transaction) by a business identical or similar to Mora Iced Creamery Shops, even if the other business operates, franchises and/or licenses competitive businesses in your Franchise Territory or Development Area. However, during the then-current term of your Franchise Agreement, such competitive business(es) will not bear the principal Marks then authorized for use at your Shop.

(7) We anticipate selling ice cream and sorbets at wholesale using different formulas and recipes and under a different brand (different than the Marks). These formulas and recipes are not the same as the Proprietary Products, but are typically of higher quality than industrial ice creams sold in grocery stores. The wholesale purchasers may include restaurants, hotels, cruise lines, wholesale food distributors (such as Sysco and Food Services of America), etc. These wholesale distributors may re-sell the products to food-related businesses that serve scoops of ice cream. These businesses may be within or outside your Franchise Territory or Development Area.

## ITEM 13
## TRADEMARKS

The Area Development Agreement does not allow you to use the Marks. The Franchise Agreement will allow you to use the Marks for your Mora Iced Creamery Shop. Our Parent owns the Marks and has registered the principal Marks on the Principal and Supplemental Registers of the United States Patent and Trademark Office ("USPTO"). Our Parent has licensed the Marks to us via a non-cancelable license so we may sub-license them to our franchisees. The principal Marks you will use are:

| Mark | Application Date | Serial Number | Registration Date | Registration Number |
|---|---|---|---|---|
| Mora | 9/20/2004 | 78/486,346 | 3/26/2006 | 3,074,706 |
| Mora Iced Creamery | 11/9/2007 | 77/326,395 | 11/18/2008 | 3,533,343 |
| Design mark for a cover for an ice cream bin | 11/9/2007 | 77/326,378 | 8/19/2008 | 3,490,794** |

** This design mark is registered on the Supplemental Register. All other marks are registered on the Principal Register.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to you, except for the license agreement between us and our Parent dated October 15, 2011. Our Parent intends to file all required affidavits to maintain its interest in the Marks.

We do not know of either superior prior rights or infringing uses that could materially affect the franchisee's use of the principal trademarks in the state where the franchised business will be located. You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Controlling Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement or Development Agent Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

The license to use the Marks granted in the Franchise Agreement or Development Agent Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees and development agents;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

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

**Patents**: We do not have an ownership interest in any patents that are material to the franchise.

**Copyrights and Confidential Franchise Owner's Manual**: We claim common law copyrights in the Franchise Owner's Manual, advertising materials, recipes, menus, any computer works, and similar items used in operating the Mora Iced Creamery Shop (referred to collectively as the "copyrighted works"). We have not registered these copyrights with the United States Registrar of Copyrights.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted works. No agreement limits our right to use or license the copyrighted works. Finally, we do not know of any infringing uses which could materially affect your use of the copyrighted works in any state. We are not required by any agreement to protect or defend the copyrighted works except as described below.

Pursuant to the Franchise Agreement and Area Development Agreement, you acknowledge and agree (1) that we may authorize you to use certain copyrighted or copyrightable works in our discretion, (2) that the copyrighted works are our valuable property or of our affiliates and of which we or our affiliates are the owner, and (3) that the rights granted to you are solely on the condition that you comply with the terms of the Franchise Agreement. You must acknowledge and agree that we own or are the licensee of the owner of the copyrighted works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Mora Iced Creamery Shops. The copyrighted works include the Franchise Owner's Manual and may include all or part of the Marks, Trade Dress and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us or our affiliates and copyrighted.

Your right to use the copyrighted works is derived solely from the Franchise Agreement and/or Area Development Agreement and is limited to the use of the copyrighted works pursuant to and in compliance with the agreement and all applicable standards, specifications, and operating procedures we prescribe. You must ensure that all copyrighted works used bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or an affiliate are the owner of the copyright. The Franchise Agreement and Area Development Agreement do not confer any interest in the copyrighted works upon you, other than the right to operate the Shop in compliance with the agreement.

You must immediately notify us of any actual or apparent infringement of or challenge to any of the copyrighted works or claim by any person of any rights in the copyrighted works, and may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We shall have the sole discretion to take action as we deem appropriate and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to the copyrighted works.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the copyrighted works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials.

**Confidential Information**

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets including, but not limited to, the following categories of information, methods, techniques, procedures and knowledge we, our affiliates, or our franchisees and Area Developers have developed or will develop (the "Confidential Information") including: (1) recipes, methods, techniques, specifications, standards, policies, procedures, information, concepts and systems relating to and knowledge of and experience in the development, operation, and franchising of Mora Iced Creamery Shops; (2) marketing and promotional programs for Shops; (3) knowledge of specifications for and knowledge of suppliers of certain materials, equipment and fixtures for Shops; (4) operating results and financial performance of Shops; (5) the Franchise Owner's Manual; and (6) the terms of your agreement with us.

Under the Franchise and Area Development Agreements we will disclose parts of the Confidential Information as are required for the development and operation of a Shop to you during training and in guidance and assistance furnished to you. You may learn or otherwise obtain from us additional Confidential Information during the term of the applicable agreement. You must agree to disclose the Confidential Information to your Owners and employees only if reasonably necessary.

You and your Owners must acknowledge and agree that the Confidential Information is confidential to and a valuable asset of us and our affiliates, is proprietary, includes trade secrets of us and our affiliates and is disclosed to you on the condition that you and your Owners and employees who have access to the Confidential Information agree that during and after the term of the applicable agreement you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; (4) will adopt and implement all reasonable procedures we prescribe to prevent unauthorized use or disclosure of the Confidential Information; and (5) will require all Principal Owners and all of your Owners, officers and directors (and individuals holding similar positions), agents, trustees, beneficiaries, and independent contractors who have access to the Confidential Information to sign confidentiality and non-competition agreements in the form we prescribe and provide us, at our request, with signed copies of each agreement. Nothing contained in the Franchise or Area Development Agreement will be construed to prohibit you from using the Confidential Information in connection with the operation of other Mora Iced Creamery Shops pursuant to a Franchise Agreement or other Area Development Agreements with us.

Notwithstanding anything to the contrary contained in the Franchise or Area Development Agreement, and provided you have obtained our prior written consent, the restrictions on the disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the frozen dessert product business, other than through deliberate or inadvertent disclosure by you; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings if you are legally compelled to disclose information, provided you have notified us before disclosure and used your best efforts to obtain, and afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be disclosed.

You must agree to disclose to us all ideas, concepts, promotional materials, methods, techniques and products relating to the development and operation of Mora Iced Creamery Shops conceived or developed by you or your employees during the term of the applicable agreement. You must grant to us and agree to procure from your affiliates, owners, officers, and directors (and individuals holding similar positions) a perpetual, non-exclusive and worldwide right to use same in all Mora Iced Creamery Shops or other food service businesses operated by us, our affiliates and franchisees. We shall have no obligation to make any payment with respect to any idea, concept, method, technique or product. You agree that you will not use, nor will you allow any other person or entity to use, any concept, method, technique or product without obtaining our prior written approval.

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

The Franchise Agreement and Area Development Agreements require you to exert your best efforts to develop and expand the market for products and services offered by Mora Iced Creamery Shops and to cooperate with us to accomplish the purposes of the Agreements.

The Area Development Agreement states that you designate a person acceptable to us to act as Senior Operating Manager. The Senior Operating Manager must be identified in an attachment to the Area Development Agreement and must at all times own at least 10% of the voting equity interests in the Area Developer. If your relationship with the Senior Operating Manager terminates, you must promptly designate a replacement acceptable to us who shall, at your expense and subject to our then-current charges, satisfactorily complete training. At your reasonable discretion, you must hire and maintain the number and level of management personnel required for the conduct of business under the Area Development Agreement and adequate management and supervisory personnel for all Mora Iced Creamery Shops developed under the Area Development Agreement. You must make sure that personnel are properly trained to perform their duties.

The Franchise Agreement requires you to either personally oversee the operation of the Mora Iced Creamery Shop or participate in its day-to-day operations. In addition to your supervision, we recommend that you maintain a full-time manager who has completed our training and the number of assistant managers required for adequate staffing of the Shop. Upon our reasonable request, you must inform us of the identity of the manager and all assistant managers. The Shop must at all times be under the direct, on-site supervision of you or a manager or assistant manager who has been trained to our satisfaction. If one of your managers dies, is disabled or is terminated, you must designate a successor or acting manager within 30 days. This successor or acting manager then has 60 days to complete our training program to our satisfaction.

You will control your own manager(s) and employees. We shall not have the power to hire, fire, direct, supervise, or discipline your employees.

If you are a corporation, limited liability company or partnership, each Principal Owner must personally guarantee your obligations under the Franchise and Area Development Agreements and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement pursuant to the Guaranty and Assumption of Obligations attached to the Franchise Agreement and to the Area Development Agreement.

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

There is no provision in the Area Development Agreement restricting the goods or services offered by you. However, you will be bound by the provisions of each Franchise Agreement signed under the Area Development Agreement with respect to restrictions on goods and services offered by Mora Iced Creamery Shops developed under the Area Development Agreement.

You must offer all Proprietary Products and certain complementary products and services that we designate as required for Mora Iced Creamery Shops. We have the right to change the types of authorized products and services and there are no limits on our right to do so. We do not impose restrictions regarding the customers to whom you may sell, except as discussed in Item 12.

We also reserve the right to review or approve any product or any other item or service. You must promptly stop selling or providing any product or any other item we disapprove.

You are prohibited from offering at the Shop or any other location in conjunction with the Marks any other products or services which we have not approved for Mora Iced Creamery Shops.

To the extent permitted by applicable law, you must participate in our Customer Loyalty Programs as described in our Franchise Owner's Manual, and you must fully honor the Customer Loyalty Programs with all customers regardless of whether loyalty discounts and benefits were originally issued by you or another Mora Iced Creamery Shop.

## ITEM 17
## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

### THE FRANCHISE RELATIONSHIP

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

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (a) Length of the franchise term | Section 3.1 | 10 years. |
| (b) Renewal or extension of the term | Section 17.1 | Two renewal terms of five years each |
| (c) Requirements for franchisee to renew or extend | Section 17 | Written notice, maintain possession and remodel or secure approved new location and develop in compliance with standards, full compliance during term and at time, sign then current form of Franchise Agreement and ancillary agreements, you and your Owners sign release.<br><br>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees |
| (d) Termination by franchisee | Not Applicable | You do not have the right to terminate the Franchise Agreement. |
| (e) Termination by franchisor without cause | Not Applicable | We have no right to terminate without cause. |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| (f) Termination by franchisor with cause | Section 18.1 | We can terminate if you or any of your Owners fail to comply with the Franchise Agreement or any mandatory specification, standard or operating procedure we prescribe. |
| (g) “Cause” defined – curable defaults | Section 18.1 | 10 days for monetary and reporting defaulting, five days for health, sanitation or safety violations, and 15 days for all other curable defaults, but if it cannot be cured within the required timeframe, begin efforts to cure and continue cure efforts until completion. |
| (h) “Cause” defined – non-curable defaults | Section 18.1 | (1) Fail to obtain possession of the approved site or develop Shop and commence operations within time provided; (2) abandon, surrender or transfer control without our prior written approval; (3) make material misrepresentation or omission on application; (4) conviction of you or any of your owners of a felony or other crime, offense or misconduct which adversely affects your or our reputation or the goodwill of the Marks; (5) you or your affiliates or owners make any unauthorized use, duplication or disclosure of Confidential Information, the Marks, the Copyrighted Works, the Franchise Owner’s Manual or challenge or seek to challenge our rights in any of these items; (6) lose the right to possession and fail to relocate in accordance with the Franchise Agreement; (7) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (8) violation by you or your Principal Owners of the in-term non-compete provision or other non-compete agreement; (9) knowingly maintain false records or submit false reports to us; (10) permit a lease default to go uncured; (11) three or more defaults within 12 months or two or more of the same default within 12 months whether or not cured; (12) fail to purchase or maintain required insurance; (13) pose a threat to public health or safety; (14) refuse us permission to inspect the Shop or your books and records; (15) you or any of your affiliates or owners interfere with our ability to license the Marks or the System to others; (16) you or any of your affiliates or owners interfere with our contractual relations with others; or (17) a Franchise Agreement or Area Development Agreement with you or your affiliates is terminated |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | by us, or is terminated by you in a way that is not in compliance with the applicable agreement. |
| (i) Franchisee's obligations on termination/non-renewal | Section 19 | Do the following at your cost: Pay all amounts owed; stop all use of Marks; remove all signs; return to us or destroy all materials containing any Marks; return to us certain portions of the Trade Dress, including stainless steel lids; cancel assumed or fictitious name registrations; transfer all telephone numbers to us; stop using all Copyrighted Works; if we do not purchase the Shop, make any modifications as necessary to avoid confusion; furnish us evidence of compliance with the above; stop using Confidential Information; return Franchise Owner's Manual; comply with post-term covenant not to compete. |
| (j) Assignment of contract by franchisor | Section 16.1 | No restriction on our right to assign. |
| (k) "Transfer" by franchisee – defined | Section 16.2 | Includes transfer of any interest in the Agreement, the Franchise, you, the Shop and some or all of its assets. |
| (l) Franchisor approval of transfer by franchisee | Section 16.2 through 16.7 | We have the right to approve all transfers. |
| (m) Conditions for franchisor approval of transfer | Section 16.3 | You and your owners must be in full compliance with the Franchise Agreement; transferee meets our criteria; transfer of the Shop must be made in conjunction with a transfer of all Shops developed under the Area Development Agreement (if applicable); transferor signs or delivers other required documents including a release. If the transfer is of the Agreement, a Principal Owner's interest in you or a controlling interest in you, transferee may not engage in a Competitive Business; all amounts due from you and the transferee are paid in full; personnel of transferee sign non-compete and confidentiality agreement; completion of training; transferee and its owners agree to be bound by all obligations under the Franchise Agreement or sign our then-current form of franchise agreement, at our option; pay transfer fee; lessor consents to assignment of lease; we approve the terms and conditions of the transfer; all obligations of the transferee to you are subordinate to us; transferor and Principal Owner sign non- |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | competition covenant; transferee agrees to upgrade the Shop to then-current standards; transferee signs guarantee of obligations under Franchise Agreement; transfer is made in compliance with all laws. |
| (n) Franchisor's right of first refusal to acquire franchisee's business | Section 16.8 | We have the right to match offers from third parties to buy an interest in the Franchise Agreement, the Franchise, the Shop, assets of the Shop or ownership interests in you. |
| (o) Franchisor's option to purchase franchisee's business | Section 19.6 and 19.7 | We have the right to purchase some or all of the assets of the Shop on termination in compliance with the Franchise Agreement or non-renewal for fair market value or as otherwise provided in the Franchise Agreement. |
| (p) Death or disability of franchisee | Section 16.5 | If the Shop is not managed by a trained manager, a manager must be appointed within 15 days. Interest must be transferred to approved party within nine months. |
| (q) Non-competition covenants during the term of the franchise | Sections 9 and 11.10 | No direct or indirect involvement by you or your Principal Owners in a Competitive Business anywhere. If you are a corporation or partnership, you may not engage in any business other than the development and operation of Shops. We may except from this covenant franchisees that are already in the retail frozen dessert business. |
| (r) Non-competition covenants after the franchise is terminated or expires | Section 19.4 | No direct or indirect involvement by you or your Principal Owners in a Competitive Business for two years within 50 miles of the Shop or any other Shop in the System. |
| (s) Modification of the agreement | Section 24.8 | No modifications unless in writing and signed, but we may modify the Franchise Owner's Manual. |
| (t) Integration/merger clause | Section 24.9 | Only terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | Section 20 | Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in King County, Washington. |
| (v) Choice of forum | Section 24.5 | King County, Washington |
| (w) Choice of law | Section 24.5 | Washington State law applies. |

## THE AREA DEVELOPER RELATIONSHIP

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (a) Length of the franchise term | Section 4 | Until the end of the Development Schedule. |
| (b) Renewal or extension of the term | Not applicable | |
| (c) Requirements for Area Developer to renew or extend | Not applicable | |
| (d) Termination by Area Developer | Not applicable | |
| (e) Termination by franchisor without cause | Not applicable | We have no right to terminate without cause. |
| (f) Termination by franchisor with cause | Section 13.1 | We can terminate only if you fail to comply with the Area Development Agreement |
| (g) "Cause" defined – curable defaults | Section 13.1 | Ten days for monetary defaults and 15 days cure for all other curable defaults, but if not possible to cure within 15 days, begin efforts to cure within 10 days and continue until completion. |
| (h) "Cause" defined – non-curable defaults | Section 13.1 | (1) fail to meet the Development Schedule; (2) fail to make payments due; (3) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (4) material misrepresentation or omission on application; (5) conviction of you or any of your owners of a felony or other crime, offense or misconduct which adversely affects yours or our reputation or the goodwill of the Marks; (6) unauthorized transfers; (7) notice of termination of a Franchise Agreement delivered or you or your Controlled Affiliate improperly terminates a Franchise Agreement; (8) you or your owners or affiliates interfere with our ability to franchise or license others to use the Marks or system; (9) you or your owners or affiliates interfere with our contractual relations with others; (10) you or your owners or affiliates make any unauthorized use, duplication or disclosure of Confidential Information, the Marks, the Copyrighted Works, the Franchise Owner's Manual or challenge or seek to challenge our rights in any of these items; (11) violation of the in-term |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| | | non-compete provision; (12) three or more defaults within 12 months whether or not cured or two or more of the same default within 12 months whether or not cured. |
| (i) Area Developer's obligations on termination/non-renewal | Section 14 | Do the following at your cost:<br>Pay all amounts owed; cease all use of Marks; remove all signs; return to us or destroy all materials containing any Mark; cancel assumed or fictitious name registrations; cease use of all Copyrighted Works, cease use of Confidential Information, return Franchise Owner's Manual, comply with post-term covenant not to compete. |
| (j) Assignment of contract by franchisor | Section 12.1 | No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith and judgment, is willing and able to assume our obligations under the Area Development Agreement. |
| (k) "Transfer" by Area Developer – defined | Section 12.2 | Includes transfer of any interest in the Area Development Agreement and in you. |
| (l) Franchisor approval of transfer by Area Developer | Section 12.2 | No transfers permitted. |
| (m) Conditions for franchisor approval of transfer | Not applicable | |
| (n) Franchisor's right of first refusal to acquire Area Developer's business | Not applicable | |
| (o) Franchisor's option to purchase Area Developer's business | Not applicable | |
| (p) Death or disability of Area Developer | Section 12.4 | Interest must be transferred to an approved party within six months. |
| (q) Non-competition covenants during the term of the franchise | Sections 3.6 and 8 | No direct or indirect involvement by you or your Principal Owners in a Competitive Business anywhere. If you are a corporation or partnership, you may not engage in any business other than the development and operation of Mora Iced Creamery Shops. We will except from this covenant Area Developers who are already in the frozen dessert business. |

| Provision | Section in Area Development Agreement | Summary |
|---|---|---|
| (r) Non-competition covenants after the franchise is terminated or expires | Section 14.4 | No direct or indirect involvement by you or your Principal Owners in a Competitive Business for two years within 50 miles of any Shop in the Development Area or any other Shop in the System. |
| (s) Modification of the agreement | Section 17.9 | No modifications unless in writing and signed, but Franchise Owner's Manual subject to change. |
| (t) Integration/merger clause | Section 17.10 | Only terms of Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Area Development Agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | Sections 16.1 and 16.2 | Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in King County, Washington. |
| (v) Choice of forum | Section 17.5 | King County, Washington |
| (w) Choice of law | Section 17.5 | Washington State law applies. |

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

Actual results vary from Shop to Shop and we cannot estimate the results of any particular franchisee. The following represents an example of the actual revenue and operating expenses experienced by our Affiliate-owned Shops in Bainbridge Island, Washington and Poulsbo, Washington from 2014 through 2016. We sold these shops to a new franchisee December 2016. We adjusted the costs of frozen food products disclosed in the tables as described in the notes, below. We did not include the Shop in Kingston, Washington in this Item for the reasons described in the notes, below.

We are not representing that you can expect to experience these results in your first year of operation, or at any time during the term of your Franchise Agreement. Your expenses and revenues may vary significantly depending on a number of factors, including the location of your Shop, whether or not it is seasonal, and how you operate your business.

**Mora Iced Creamery 2014-2016 Revenue & Expenses (Bainbridge Island)**

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| **Gross Sales Revenue** | | | |
| Food Sales | $549,312.27 | $644,608.77 | $690,082.47 |
| Retail Sales | $587.05 | $373.12 | $503.85 |
| **Gross Food Sales** | $549,899.32 | $644,981.89 | $690,586.32 |
| | | | |
| **Cost of Goods Sold (COGS)** | | | |
| Frozen Food Product Costs | $(128,159.98) | $(150,320.00) | $(146,971.50) |
| Edible Items | $(10,747.96) | $(12,606.39) | $(18,634.49) |
| Cones, Cups, Containers, Lids, Plasticware | $(16,230.95) | $(19,037.42) | $(17,985.27) |
| **Total Cost of Goods Sold (COGS)** | $(155,138.89) | $(181,963.81) | $(183,591.26) |
| | | | |
| **Operating Expenses** | | | |
| Salaries/Wages, Payroll Taxes, W/C Insurance | $(125,718.98) | $(146,626.02) | $(159,072.27) |
| Rent (Includes NNN) | $(29,028.00) | $(29,028.00) | $(30,048.00) |
| NNN (Included in Rent) | $ - | $ - | $ - |
| Marketing Expenses (Social Media, Print, Promotions) | $(8,074.72) | $(5,338.91) | $(3,784.17) |
| Supplies | $(4,525.61) | $(5,035.89) | $(6,367.11) |
| Commercial Insurance | $(1,315.99) | $(2,002.55) | $(2,329.99) |
| Merchant & Gift Card Fee Charges | $(13,294.20) | $(16,768.41) | $(19,154.38) |
| Utilities(Some Utilities Included as NNN in Rent) | $(1,103.28) | $(1,200.22) | $(1,115.28) |
| Professional Services | $(7,498.34) | $(6,834.34) | $(7,048.32) |
| Dues & Subscriptions | $(310.00) | $(320.00) | $(320.00) |
| Repairs & Maintenance | $(4,069.85) | $(4,080.20) | $(7,011.89) |
| Licenses & Permits | $(270.00) | $(270.00) | $(323.00) |
| Travel & Meals | $ - | $(207.62) | $(1,115.59) |
| Gifts & Contributions | $(607.58) | $(93.50) | $(330.30) |
| Coupons/Certificates/Discounts | $ - | $ - | $(3,947.92) |
| Employee Discounts | $(1,136.99) | $(1,672.24) | $(2,010.54) |
| Taxes | $(4,943.77) | $(5,380.47) | $(4,423.82) |
| **Gross Operating Expenses** | $(201,897.31) | $(224,858.37) | $(248,402.58) |
| | | | |
| Total Gross Revenue | $549,899.32 | $644,981.89 | $690,586.32 |
| Total Gross Expenses | $(357,036.20) | $(406,822.18) | $(431,993.84) |
| Net Revenue | $192,863.12 | $238,159.71 | $258,592.48 |

**Mora Iced Creamery 2014-2016 Revenue & Expenses (Poulsbo)**

| | 2014 | 2015 | 2016 |
|---|---|---|---|
| **Gross Sales Revenue** | | | |
| **Food Sales** | **$280,714.38** | **$320,223.08** | **$354,724.88** |
| **Retail Sales** | **$ -** | **$ -** | **$ -** |
| **Gross Food Sales** | **$280,714.38** | **$320,223.08** | **$354,724.88** |

| | | | |
|---|---|---|---|
| **Cost of Goods Sold (COGS)** | | | |
| **Frozen Food Product Costs** | **$(67,175.84)** | **$(76,630.40)** | **$ (84,610.50)** |
| **Edible Items** | **$(6,558.31)** | **$(7,481.35)** | **$ (5,290.41)** |
| **Cones, Cups, Containers, Lids, Plasticware** | **$(8,490.70)** | **$(9,685.71)** | **$ (15,709.30)** |
| **Total Cost of Goods Sold (COGS)** | **$(82,224.85)** | **$(93,797.46)** | **$(105,610.21)** |

| | | | |
|---|---|---|---|
| **Operating Expenses** | | | |
| **Salaries/Wages, Payroll Taxes, W/C Insurance** | **$(89,405.51)** | **$(95,043.85)** | **$(114,427.46)** |
| **Rent (Includes NNN)** | **$(24,311.04)** | **$(24,311.04)** | **$(24,311.04)** |
| **NNN (Included in Rent)** | **$ -** | **$ -** | **$ -** |
| **Marketing Expenses (Social Media, Print, Promotions)** | **$(2,337.67)** | **$(1,479.00)** | **$(150.00)** |
| **Supplies** | **$(2,698.21)** | **$(2,859.41)** | **$(2,566.34)** |
| **Commercial Insurance** | **$(993.16)** | **$(1,511.40)** | **$(1,601.89)** |
| **Merchant & Gift Card Fee Charges** | **$(6,912.11)** | **$(7,754.52)** | **$(8,841.90)** |
| **Utilities (Some Utilities Included as NNN in Rent)** | **$(4,529.97)** | **$(4,950.40)** | **$(4,370.99)** |
| **Professional Services** | **$(4,601.74)** | **$(5,765.93)** | **$(6,844.34)** |
| **Dues & Subscriptions** | **$(240.00)** | **$(120.00)** | **$(180.00)** |
| **Repairs & Maintenance** | **$(7,453.03)** | **$(1,253.01)** | **$(3,437.99)** |
| **Licenses and Permits** | **$(281.00)** | **$(281.00)** | **$(258.00)** |
| **Travel & Meals** | **$ -** | **$(207.62)** | **$(448.61)** |
| **Gifts & Contributions** | **$(147.95)** | **$(119.85)** | **$(100.00)** |
| **Coupons/Certificates/Discounts** | **$ -** | **$ -** | **$(549.21)** |
| **Employee Discounts** | **$(970.97)** | **$(2,025.95)** | **$(2,156.10)** |
| **Taxes** | **$(1,803.50)** | **$(2,123.80)** | **$(2,193.74)** |
| **Gross Operating Expenses** | **$(146,685.86)** | **$(149,806.78)** | **$(172,437.61)** |

| | | | |
|---|---|---|---|
| **Total Gross Revenue** | **$280,714.38** | **$320,223.08** | **$354,724.88** |
| **Total Gross Expenses** | **$(228,910.71)** | **$(243,604.24)** | **$(278,047.82)** |
| **Net Revenue** | **$51,803.67** | **$76,618.84** | **$76,677.06** |

**Notes**:

1. The Bainbridge Shop opened on June 14, 2006 and has been in constant operation since that time. Our Affiliate sold this Shop to a new franchisee December 2016.

2. The Poulsbo Shop opened on April 1, 2010 and has been in constant operation since that time. Our Affiliate sold this Shop to a new franchisee December 2016.

3. We did not include the Shop in Kingston, Washington. It differs from the Bainbridge and Poulsbo Shops and our typical franchise model in that it is not open all year because of its cold and wet

climate (it opens in late April or early May each year, and closes in late September or early October each year.) Our Affiliate sold this Shop to a new franchisee December 2016.

4. Cost of Goods Sold (COGS) includes the cost of the Proprietary Products, coffee, tea, beverages and supplies. Because our Affiliate is the approved supplier of the Proprietary Products, its costs for the Proprietary Products are at wholesale prices. (As disclosed in Item 8, our Affiliate reserves the right to earn a profit from the sale of Proprietary Products to our franchisees.) However, in the above tables, we increased the costs of frozen food products, specifically ice creams and sorbets, to reflect the approximate prices a franchisee would have paid for such products.

5. The tables do not include the logistics costs for products (such as transportation, warehousing and distribution costs), which may vary depending upon your location relative to our distribution location currently in Seattle, WA. Or, we may permit our Area Developers or groups of franchisees in common regions to establish their own warehouse(s) and to handle distribution of products to their Shops. Or, we reserve the right to establish a national average for logistics costs to equalize such costs among franchisees in our franchise system. In any event, your experience will differ from the experience of our Affiliate-owned Shops in respect to logistics costs.

6. There may be other costs and expenses that you will incur related to your operation of a Mora Iced Creamery Shop and which are not incurred by Shops that are owned and operated by our Affiliate. These additional costs and expenses include, but may not be limited to, the following: continuing fees payable to us, such as Royalty Fees and Brand Development Fees; additional charges for music services (comparing current franchise requirements to costs incurred by our Affiliate), see Item 6 of this disclosure document; and ongoing costs for the POS System (if you choose to purchase optional upgrades).

7. The labor costs (salaries, wages and related expenses) in the above tables include the salary of an Area Manager who splits time among our Affiliate's three Shops. If you manage your Shop yourself, then the salary could be allocated to you rather than to a manager.

8. Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much. The information presented above has not been audited.

9. Net income will vary from Shop to Shop depending upon factors such as rental or real estate costs, costs of goods sold, labor costs and other costs relating to the operation of the Shop.

10. We offered substantially the same services to the Shops described in this Statement. These Shops offered substantially the same products and services to the public as you will. The Shops report gross receipts information to our Parent based upon a uniform reporting system.

11. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Mora Iced Creamery franchise.

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

13. Except as described above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income,

you should report it to the franchisor's management by contacting Jim Rowell, our Director of Franchise Development, at 22195 Viking Ave. NW, Poulsbo, WA 98370, (206) 855-1112, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**Systemwide Outlet Summary**
**for Years 2014, 2015 and 2016**

| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets at the End of the Year | Column 5 Net Change |
|---|---|---|---|---|
| Franchised | 2014 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 |
| | 2016 | 0 | 3 | +3 |
| Company-Owned* | 2014 | 3 | 3 | 0 |
| | 2015 | 3 | 3 | 0 |
| | 2016 | 3 | 0 | -3 |
| Total Outlets | 2014 | 3 | 3 | 0 |
| | 2015 | 3 | 3 | 0 |
| | 2016 | 3 | 3 | 0 |

* Our Affiliate sold its three company-owned outlets to a new franchisee in 2016.

**Table No. 2**
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**
**for Years 2014, 2015 and 2016**

| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
|---|---|---|
| None | 2014 | 0 |
| | 2015 | 0 |
| | 2016 | 0 |
| **Total** | 2015 | 0 |
| | 2016 | 0 |
| | 2017 | 0 |

**Table No. 3-A**
**Status of Franchised Outlets**
**for Years 2014, 2015 and 2016**

| Col 1 State | Col 2 Year | Col 3 Outlets at Start of Year | Col 4 Outlets Opened | Col 5 Termina-tions | Col 6 Non-Renewals | Col 7 Reacquired by Franchisor | Col 8 Ceased Operations – Other Reasons | Col 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Washington | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| **Total** | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 3 | 0 | 0 | 0 | 0 | 3 |

**Table No. 3-B**
**Status of Area Developers**
**for Years 2014, 2015 and 2016**

| Col 1 State | Col 2 Year | Col 3 Outlets at Start of Year | Col 4 Outlets Opened | Col 5 Termina-tions | Col 6 Non-Renewals | Col 7 Reacquired by Franchisor | Col 8 Ceased Operations – Other Reasons | Col 9 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| None | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 4**
**Status of Company-Owned Outlets**
**for Years 2014, 2015 and 2016**

| Col 1 State | Col 2 Year | Col 3 Outlets at Start of Year | Col 4 Outlets Opened | Col 5 Outlets Reacquired from Franchisee | Col 6 Outlets Closed | Col 7 Outlets Sold to Franchisee | Col 8 Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Washington | 2014 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 3 | 0 |

| Col 1<br>State | Col 2<br>Year | Col 3<br>Outlets at Start of Year | Col 4<br>Outlets Opened | Col 5<br>Outlets Reacquired from Franchisee | Col 6<br>Outlets Closed | Col 7<br>Outlets Sold to Franchisee | Col 8<br>Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| **Total** | 2014 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2015 | 3 | 0 | 0 | 0 | 0 | 3 |
| | 2016 | 3 | 0 | 0 | 0 | 3 | 0 |

**Table No. 5**
**Projected Openings Through December 31, 2017**

| Column 1<br>State | Column 2<br>Franchise Agreements Signed but Outlet Not Opened as of December 31, 2016 | Column 3<br>Projected New Franchised Outlets in the Next Fiscal Year | Column 4<br>Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| California | 0 | 1 | 0 |
| Colorado | 0 | 1 | 0 |
| Florida | 0 | 1 | 0 |
| Texas | 0 | 1 | 0 |
| Utah | 0 | 1 | 0 |
| **Total** | 0 | 5 | 0 |

A list of the names of all franchisees and Area Developers and the addresses and telephones numbers of their Shops is provided in **Exhibit D** to this Disclosure Document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or Area Developer who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Area Development 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 will be listed on **Exhibit E** to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Mora Iced Creamery System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Mora Iced Creamery System.

**ITEM 21**
**FINANCIAL STATEMENTS**

Attached to this Disclosure Document as **Exhibit F** are our audited financial statements as of December 31, 2015 and December 31, 2016. We have been in business for less than three years and therefore cannot provide all financial statements otherwise required.

Our fiscal year ends December $31^{st}$.

**ITEM 22**
**CONTRACTS**

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement and Attachments – Exhibit B
Area Development Agreement and Attachments – Exhibit C
State Law Addendum – Exhibit H
Acknowledgments – Exhibit I
Form of General Release – Exhibit J
Franchisee Loan Letter and Gift Letter – Exhibit K
Form of Confidentiality and Non-Competition Agreement – Exhibit L
Guaranty and Assumption of Obligations – Exhibit M
SBA Addendum to Franchise Agreement – Exhibit N

**ITEM 23**
**RECEIPTS**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

**Exhibit A to the Disclosure Document**

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

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

If a state is not listed, Mora Development, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Mora Development, LLC has appointed an agent for service of process.

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

| | |
|---|---|
| **CALIFORNIA**<br>California Commissioner of Business Oversight<br>Department of Business Oversight<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7500 Toll Free (866) 275-2677<br><br>1515 K Street, Suite 200<br>Sacramento, CA 95814<br>(916) 445-7205<br><br>1350 Front Street<br>San Diego, CA 92101<br>(619) 525-4233<br><br>One Sansome Street, Suite 600<br>San Francisco, CA 94104<br>(415) 972-8559 | **CONNECTICUT**<br>State of Connecticut<br>Department of Banking<br>Securities & Business Investments Division<br>260 Constitution Plaza<br>Hartford, CT 06103-1800<br>(860) 240-8230<br><br>Agent: Banking Commissioner |
| **HAWAII**<br>(state administrator)<br><br>Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722<br><br>(agent for service of process)<br><br>Commissioner of Securities<br>State of Hawaii<br>335 Merchant Street<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | **ILLINOIS**<br><br>Franchise Bureau<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 |

| INDIANA | MARYLAND |
|---|---|
| (state administrator)<br><br>Indiana Secretary of State<br>Securities Division, E-111<br>302 Washington Street<br>Indianapolis, Indiana 46204<br>(317) 232-6681<br><br>(agent for service of process)<br>Indiana Secretary of State<br>201 State House<br>200 West Washington Street<br>Indianapolis, Indiana 46204<br>(317) 232-6531 | (state administrator)<br><br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021<br>(410) 576-6360<br><br>(for service of process)<br>Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021<br>(410) 576-6360 |
| **MICHIGAN**<br>(state administrator)<br><br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>Michigan Department of Attorney General<br>525 W. Ottawa Street, 6th Floor<br>Lansing, Michigan 48933<br>(517) 373-7117<br><br>(for service of process)<br>Corporations Division<br>Bureau of Commercial Services<br>Department of Labor and Economic Growth<br>P.O. Box 30054<br>Lansing, Michigan 48909 | **MINNESOTA**<br>(state administrator)<br><br>Minnesota Department of Commerce<br>85 7th Place East, Suite 500<br>St. Paul, Minnesota 55101-2198<br>(651) 296-6328<br><br>(for service of process)<br>Minnesota Commissioner of Commerce |
| **NEW YORK**<br>(state administrator)<br><br>New York State Department of Law<br>Bureau of Investor Protection and Securities<br>120 Broadway, 23rd Floor<br>New York, New York 10271<br>(212) 416-8211<br><br>(for service of process)<br>Secretary of State of New York<br>41 State Street<br>Albany, New York 12231<br>(518) 474-4750 | **NORTH DAKOTA**<br><br>North Dakota Securities Department<br>State Capitol, Fifth Floor, Dept. 414<br>600 East Boulevard Avenue<br>Bismarck, North Dakota 58505<br>(701) 328-4712 |

| OREGON | RHODE ISLAND |
|---|---|
| Department of Insurance and Finance<br>Corporate Securities Section<br>Labor and Industries Building<br>Salem, Oregon 97310<br>(503) 378-4387 | Securities Division<br>Department of Business Regulation,<br>Bldg 69, First Floor<br>John O. Pastore Center<br>1511 Pontiac Avenue<br>Cranston, Rhode Island 02920<br>(401) 462-9582 |
| **SOUTH DAKOTA**<br><br>Division of Securities<br>Department of Labor & Regulation<br>445 East Capitol Avenue<br>Pierre, South Dakota 57501<br>(605) 773-4823 | **VIRGINIA**<br><br>State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051<br><br>(for service of process)<br>Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, Virginia 23219<br>(804) 371-9733 |
| **WASHINGTON**<br>(state administrator)<br><br>Department of Financial Institutions<br>Securities Division<br>P.O. Box 9033<br>Olympia, Washington 98507-9033<br>(360) 902-8760<br><br>(for service of process)<br>Director, Department of Financial Institutions<br>Securities Division<br>150 Israel Road S.W.<br>Tumwater, Washington 98501 | **WISCONSIN**<br>(state administrator)<br><br>Division of Securities<br>Department of Financial Institutions<br>345 W. Washington Ave., 4th Floor<br>Madison, Wisconsin 53703<br>(608) 266-1064<br><br>(for service of process)<br>Administrator, Division of Securities<br>Department of Financial Institutions<br>345 W. Washington Ave., 4th Floor<br>Madison, Wisconsin 53703 |

**Exhibit B to the Disclosure Document**

# FRANCHISE AGREEMENT

**MORA DEVELOPMENT, LLC**

______________________________
**FRANCHISEE**

______________________________
**DATE OF AGREEMENT**

**TABLE OF CONTENTS**

**MORA DEVELOPMENT, LLC**
**FRANCHISE AGREEMENT**

**THIS AGREEMENT** is made and entered into by and between MORA DEVELOPMENT, LLC, a Washington limited liability company, whose principal office is at 22195 Viking Ave. NW, Poulsbo, Washington 98370 (referred to as "Franchisor", "we/us" and "MODE"), and ________________________, whose principal office is at ____________________________________ (referred to as "Franchisee" and "you").

## SECTION 1
## INTRODUCTION

1.1 Franchisor and its Affiliate have developed and continue to develop methods of operating retail stores specializing, as of the date of this Agreement, in the sale of proprietary "Mora Iced Creamery" ice cream, sorbet, frozen yogurt, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, and frozen desserts ("Proprietary Products"), together with beverages and other complementary products which Franchisor authorizes for sale. Such a business is defined below as a "Mora Iced Creamery" Shop. Mora Iced Creamery Shops operate at locations that feature the "System" which consists of distinctive business format and color scheme and utilize distinctive, uniform business formats, signs, equipment, layouts, systems, methods, procedures, designs and marketing and advertising standards and formats, all of which Franchisor may modify from time to time. Franchisor grants to certain qualified persons and entities franchises to own and operate Mora Iced Creamery Shops using the System and the Marks.

1.2 Franchisor grants to certain qualified persons or entities and to parties who meet Franchisor's qualifications and who are willing to undertake the investment and effort, the right to own and operate a Mora Iced Creamery Shop at the Site. Pursuant to this Agreement, Franchisor will grant rights to Franchisee to own and operate a Mora Iced Creamery Shop at the Site and to operate the Shop according to the terms of this Agreement.

1.3 Certain terms that are capitalized in this Agreement are defined in Section 2 or at the places in this Agreement where they first appear.

## SECTION 2
## DEFINITIONS

2.1 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

2.1.1 "**Affiliate**" – Any person, entity or company that directly or indirectly owns or controls a party, that is directly or indirectly owned or controlled by a party, or that is under common control with a party. For purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of an entity.

2.1.2 "**Competitive Business**" – A retail food service business other than a Mora Iced Creamery Shop that: (a) features frozen desserts products for sale as primary items; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a retail food service business described in the foregoing clause (a).

2.1.3 "**Controlling Interest**" – If Franchisee is a:

(a) corporation, then such number of the voting shares of Franchisee as (i) shall permit voting control of Franchisee on any issue and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; and

(b) general partnership, then a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; and

(c) limited partnership, then a general partnership interest or such percentage of limited partnership interests as shall permit the replacement or removal of any general partner; and

(d) limited liability company, then such percentage of the membership interests as (i) shall permit determination of the outcome on any issue and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

2.1.4 **"Copyrighted Works"** – The Franchise Owner's Manual, advertising materials, recipes, menus, any computer works or other similar items authorized by Franchisor for use in the Shop or otherwise used in the operation of the Shop by Franchisee, all of which are deemed to be Franchisor's property.

2.1.5 "**Designated Computer Hardware**" – The computer hardware to be purchased by Franchisee in accordance with Franchisor's specifications and used by Franchisee in the operation of the Shop (as defined below), including the computerized point-of-sale system to be used in the operation of the Shop.

2.1.6 "**Domain Name**" – The Internet domain name selected or used in conjunction with the identifier used by Franchisee (should Franchisee choose to participate in Franchisor's then-current website) and any other domain names that may be utilized by Franchisor or which Franchisor may authorize Franchisee to use.

2.1.7 "**Marks**" – The trademarks, service marks, logos, other commercial symbols and any Domain Name which Franchisor authorizes Franchisee to use to identify the services and/or products offered by Mora Iced Creamery Shops including the mark "Mora Iced Creamery", together with any other proprietary marks Franchisor designates for use in the System, and the "Trade Dress"; provided that such trademarks, service marks, logos, other commercial symbols, and the Trade Dress are subject to modification and discontinuance and may include additional or substitute trademarks, service marks, logos, commercial symbols and trade dress as provided in this Agreement. The Marks are owned by Franchisor's principal and have been licensed to Franchisor so that Franchisor may sub-license them to its franchisees.

2.1.8 "**Mora Iced Creamery Shop**" – A store that: (a) offers the Proprietary Products for sale as well as certain complementary products and services; (b) meets Franchisor's standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by Franchisor or its Affiliates or pursuant to a valid license from Franchisor.

2.1.9 "**Owners**" – All persons or entities holding direct or indirect legal or beneficial ownership interests in Franchisee and all persons who have other direct or indirect property rights in

Franchisee, this Agreement, the Franchise or the Shop. All current Owners are listed on Attachment 1 to this Agreement.

2.1.10 "**Ownership Interests**" – In relation to a: (a) corporation, the legal or beneficial ownership of shares in the corporation; (b) partnership, the legal or beneficial ownership of a general or limited partnership interest; (c) limited liability company, the legal or beneficial ownership of units of membership interests in the limited liability company; or (d) trust, the ownership of a beneficial interest of such trust.

2.1.11 "**Principal Owners**" – Each Owner having an equity ownership interest in Franchisee of five percent (5%) or more (regardless of whether such Owner is entitled to vote thereon) and any other Owner designated as a Principal Owner on Attachment 1 to this Agreement.

2.1.12 "**Proprietary Products**" – The proprietary ice cream, sorbet, frothy milkshakes, non-dairy fat-free sorbet shakes, and frozen desserts that Franchisor authorizes from time to time for sale by Mora Iced Creamery Shops.

2.1.13 "**Shop**" – The Mora Iced Creamery Shop which Franchisee is licensed to operate at the Site pursuant to this Agreement.

2.1.14 "**Site**" – The location identified on Attachment 2 to this Agreement. As used herein the term "Site" also refers to the interior and exterior of the structure housing the Shop.

2.1.15 "**Trade Dress**" – The design, décor and image elements which Franchisor authorizes Franchisee to use in connection with the operation of Mora Iced Creamery Shops as they may be revised and further developed by Franchisor or its Affiliates from time to time and as further described in the Franchise Owner's Manual.

2.1.16 "**Website**" – An interactive electronic document contained in a network of computers linked by communications software.

## SECTION 3
## GRANT OF FRANCHISE

### 3.1 Grant of Franchise; Term

Subject to the provisions of this Agreement, Franchisor hereby grants to Franchisee a "Franchise" to operate the Shop at the Site and to use the Marks and the System in the operation thereof for a term of ten (10) years commencing on the date of this Agreement. Termination or expiration of this Agreement shall constitute a termination or expiration of the Franchise and any and all licenses granted herein. Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder and that Franchisee will continuously exert its best efforts to promote and enhance the business of the Shop and the goodwill of the Marks. Franchisee shall not conduct the business of the Shop from any location other than the Site.

### 3.2 Franchise Territory

During the initial term of this Agreement, and provided that Franchisee is not in default of this Agreement or any other agreement between Franchisor and Franchisee, Franchisor shall not own, operate, sell, award, or issue a franchise for any other franchised Mora Iced Creamery Shop within the area as designated on Attachment 2 hereto (the "Franchise Territory"). Unless we agree in writing otherwise, the

Franchise Territory specifically excludes Non-Traditional Sites located within the boundaries of your Franchise Territory. Franchisee shall only have the specific territorial rights expressly granted in this Agreement. Franchisee expressly acknowledges that except for the foregoing, this Franchise is non-exclusive.

If, at the time this Agreement is executed, Franchisee does not have a potential site identified for the franchised Shop, Franchisee and Franchisor will identify the trade area in which Franchisee will search for a location for Franchisee's Shop (the "Designated Area"). Once the location has been identified by Franchisee and approved by Franchisor, Franchisor will designate Franchisee's Franchise Territory on Attachment 2 hereto. Franchisee acknowledges and agrees that the Franchise Territory will not be the same as the trade area in which Franchisee locates its site, and Franchisee's Franchise Territory will be smaller than the trade area. In the event Franchisor grants Franchisee a Franchise in a Non-Traditional Site (as defined below), Franchisee shall not be granted a Franchise Territory. Franchisee and Franchisor shall execute the Non-Traditional Site Addendum attached as Attachment 6 if this Franchise Agreement is for a Non-Traditional Site.

**3.3 Rights Retained by Franchisor and its Affiliates**

Except for rights expressly granted to Franchisee by this Agreement, Franchisor and its Affiliates retain all rights with respect to Mora Iced Creamery Shops, the Marks and the sale of Proprietary Products and any other products and services anywhere in the world including:

3.3.1 to own, acquire, establish, and/or operate and license others to establish and operate businesses, including Mora Iced Creamery Shops, operating under the Marks and the System selling the Proprietary Products at any location outside Franchisee's Franchise Territory regardless of their proximity to, or potential impact on, Franchisee's Franchise Territory or Shop;

3.3.2 to own, acquire, establish and/or operate and license others to establish and operate, other non-competitive businesses under a different proprietary mark, at any location within or outside the Franchise Territory;

3.3.3 to own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from the Shop, at any location within or outside the Franchise Territory notwithstanding their proximity to the Franchise Territory or the Site or their actual or threatened impact on sales of the Shop;

3.3.4 to own, acquire, establish, and/or operate and license others to establish and operate, Mora Iced Creamery Shops under the Marks at Non-Traditional Sites (as defined below) at any location within or outside the Franchise Territory. "Non-Traditional Sites" means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, malls, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), kiosks, and other types of non-traditional sites;

3.3.5 to sell and distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through wholesale distribution and through grocery or convenience stores, "club stores" (such as Costco or Sam's Club), or through outlets that are primarily retail in nature, or through mail order, toll free numbers, or the Internet, including those products bearing the Marks, provided that distribution within the Franchise Territory shall not be from a Mora Iced Creamery Shop established under the System that is operated from within the Franchise Territory (except from a Mora Iced Creamery Shop at a Non-Traditional Site); and

3.3.6 to acquire or be acquired (regardless of the form of transaction) by a business identical or similar to Mora Iced Creamery Shops, even if the other business operates, franchises and/or licenses competitive businesses near Franchisee's Shop. However, during the then-current term of your Franchise Agreement, such competitive business(es) will not bear the principal Marks then authorized for use at your Shop.

Franchisee expressly acknowledges and agrees that Franchisor shall have the unbridled right to exercise all of the rights reserved to Franchisor in this Section 3.3 at any location, regardless of the proximity of such location to the Shop.

**3.4 Delivery**

Franchisor may recommend that Franchisee offer delivery service in compliance with standards that may be outlined in the Franchise Owner's Manual. Franchisor may choose to allow delivery service only in designated territories. If Franchisor authorizes delivery service in Franchisee's Franchise Territory, then Franchisee may participate in the delivery program. If the Franchisee decides to participate, then Franchisee must purchase any required equipment (such as portable coolers and vehicle signage) and incur other expenses, such as those related to relevant insurance. We may attempt to negotiate discounted rates with third-party delivery services. If you desire to use a third-party delivery service, it must first be approved by us. If authorized, delivery service will be limited to Franchisee's Territory.

## SECTION 4
## DEVELOPMENT AND OPENING OF THE SHOP

**4.1 Approval of Site**

4.1.1 You are responsible for selecting the site for your Shop subject to our approval. Franchisee will submit to Franchisor a complete site report for the proposed site which Franchisee reasonably believes to conform to site selection criteria Franchisor establishes from time to time. The site report will contain such demographic, commercial and other information and photographs as Franchisor may require. Franchisee acknowledges that in approving a proposed site Franchisor may consider such matters as Franchisor deems material including, demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, including Mora Iced Creamery Shops, the proximity to other businesses, the exclusivity granted to other franchisees or developers of Franchisor, the nature of other businesses in proximity to the site, the purchase price or rental obligations, lease terms for the site, its size, its appearance, and other physical characteristics.

4.1.2 Franchisor will approve or disapprove each site Franchisee proposes for the operation of the Shop by giving written notice to Franchisee. Franchisor agrees to use reasonable efforts to deliver such notice to Franchisee within fifteen (15) days after Franchisor receives the complete site documentation and any other materials Franchisor requests regarding Franchisee and the proposed site. Franchisor will not unreasonably withhold its approval of a proposed site that meets Franchisor's standards and specifications for Mora Iced Creamery Shops. If Franchisor does not provide its approval of the proposed site within the fifteen (15) day period, the site is deemed not approved. If you do not obtain possession of an approved site within sixty (60) days after we approve it, then we may withdraw our approval of the site. Upon Franchisor's approval of a proposed site for the Shop, the address of the Shop will be inserted on Attachment 2 to this Agreement.

4.1.3 Franchisee hereby acknowledges and agrees that Franchisor's approval of the Site does not constitute an express or implied assurance, representation or warranty of any kind as to the suitability of the Site for a Mora Iced Creamery Shop or for any other purpose. Franchisor's approval of the Site indicates only that Franchisor believes the Site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of evaluation. Franchisee and Franchisor acknowledge that application of criteria that have been effective with respect to other sites may not be predictive of potential for the Shop and that, subsequent to Franchisor's approval of the Site, demographic and/or economic factors included in or excluded from Franchisor's criteria could change, thereby altering the potential of the Site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of the Site to meet Franchisee's expectations as to revenue, operational performance or other measures. Franchisee further acknowledges and agrees that its acceptance of a Franchise for the operation of the Shop at the Site is based on Franchisee's own independent investigation of the suitability of the Site.

4.1.4 You or your manager will complete to our exclusive satisfaction the mandatory training defined above, find a site location that is acceptable to you and approved by us, and commence full and continuous operation of the Franchise by the Opening Deadline (as defined in Section 4.8 entitled "Shop Opening", below). .

**4.2 Approval of Lease**

4.2.1 Upon Franchisor's approval of a proposed site, Franchisee will attempt to obtain lawful possession of the approved Site through Franchisee's direct purchase, lease or sublease of the Site. The lease or sublease for the Site shall be in a form satisfactory to Franchisor and: (a) provide for concurrent, written notice to Franchisor of Franchisee's default under said lease or sublease; (b) provide for Franchisor's right, in its sole discretion, to cure Franchisee's default under said lease or sublease; (c) provide for Franchisee's right to assign its interest under said lease or sublease to Franchisor without the lessor's or sublessor's consent; (d) authorize and require the lessor or sublessor to disclose to Franchisor, upon Franchisor's request, sales and other information furnished to the lessor or sublessor by Franchisee; (e) provide that Franchisor shall have the right, in Franchisor's sole discretion, upon termination of this Agreement or expiration of this Agreement, without the grant of a successor franchise, to assume said lease or sublease; (f) provide for the lessor's or sublessor's consent to Franchisee's display of the Marks in accordance with Franchisor's specifications therefor, subject only to applicable law; (g) provide that it may not be materially modified without Franchisor's prior written consent and that Franchisor will receive copies of such modifications when proposed and when executed; and (h) include an executed copy of the Collateral Assignment of Lease, which is attached hereto as Attachment 4, or a substantially similar form.

4.2.2 Franchisee will deliver to Franchisor for review a copy of the lease, sublease or purchase agreement for the Site. Franchisee agrees that it will not execute a lease, sublease or purchase agreement without Franchisor's prior written approval of its terms. If Franchisor does not approve a proposed lease, sublease or purchase agreement within fifteen (15) days after Franchisor receives it, it shall be deemed not approved by Franchisor. Franchisee shall deliver a copy of the signed lease, sublease or purchase agreement to Franchisor within fifteen (15) days of its execution. Franchisee further agrees that it will not execute or agree to any modification of the lease, sublease or purchase agreement which would affect Franchisor's rights without Franchisor's prior written approval.

### 4.3 Design Specifications

Franchisor will furnish to Franchisee "Design Specifications" which contain Franchisor's requirements for design, decoration, layout, equipment, furniture, fixtures, color scheme, and signs for Mora Iced Creamery Shops. Franchisor may specify a shop designer, or if an alternative designer is to be used, it must be approved by Franchisor prior to any work commencing. Franchisee acknowledges and agrees that the Design Specifications are an integral part of the System and form a part of the Trade Dress and that, therefore, the Shop will be developed, constructed and designed in accordance with the Design Specifications. Franchisee shall submit all plans and specifications to Franchisor for its approval. Franchisee shall not begin development of the Shop until Franchisor approves Franchisee's plans and specifications. Franchisee understands and acknowledges that it is Franchisee's sole responsibility to ensure that the Design Specifications, as may be modified and approved by Franchisor, shall comply with all application laws, regulations and codes, including the Americans with Disabilities Act.

### 4.4 Development of the Shop

By the earlier of four (4) months after Franchisor approves the Site or six (6) months after the date this Agreement is executed, Franchisee agrees, at its expense, to do or cause to be done the following: (a) prepare and submit to Franchisor for approval, shop fitting company, detailed construction plans and specifications and space plans for the Shop that comply with the Design Specifications and all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions; (b) obtain all required zoning changes, planning consents, building, utility, sign, health, sanitation and business permits, licenses and approvals and any other consents, permits and licenses necessary to lawfully open and operate the Shop; (c) construct all required improvements in compliance with construction plans and specifications approved by Franchisor; (d) decorate the Shop in compliance with Design Specifications and plans and specifications approved by Franchisor; (e) purchase and install all required equipment, including the Designated Computer Hardware, furniture, fixtures and signs; and (f) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services.

### 4.5 Equipment, Fixtures and Signs

4.5.1 Franchisee agrees to use in the development and operation of the Shop only those brands, types and/or models of equipment, fixtures and signs displaying the Marks which meet Franchisor's specifications. Franchisee may purchase approved brands, types and/or models of equipment, fixtures and signs which meet Franchisor's specifications from any supplier. Franchisor will, from time to time, supply Franchisee with a list of suppliers who sell items which meet Franchisor's specifications. Franchisor may update this list of suppliers at any time. All computer equipment used in the operation of the Shop must be of a brand, type and/or model authorized by Franchisor.

4.5.2 When so directed by Franchisor, Franchisee shall utilize the Designated Computer Hardware, system documentation manuals and other proprietary materials required by Franchisor in connection with the operation of the Shop. Franchisee shall input and maintain in its computer(s) such data and information as Franchisor prescribes in the Franchise Owner's Manual, designated software programs and otherwise. Franchisee shall purchase such new or upgraded proprietary software programs, manuals and/or computer-related materials whenever Franchisor determines to adopt such new or upgraded programs, manuals and/or materials for Mora Iced Creamery Shops generally.

4.5.3 Franchisee understands that computer systems are designed to accommodate a certain maximum amount of data and terminals and that as such limits are achieved and/or as technology and/or software is developed in the future, Franchisor, at its sole discretion, may mandate that Franchisee add memory, ports, accessories, peripheral equipment and/or additional, new or substitute software to the original computer system purchased by Franchisee. Franchisee further understands that it may become necessary for Franchisee to replace or upgrade its entire computer system with a larger system capable of assuming and discharging all the computer-related tasks and functions specified by Franchisor. Franchisee further understands and agrees that as computer designs and functions change periodically, Franchisor may be required to make substantial modifications to its computer specifications or to require installation of entirely different systems during the term of this Agreement or during the term of any successor Franchise Agreement.

4.5.4 Franchisee agrees, at its expense, to keep its computer system in good maintenance and repair in compliance with Franchisor's standards and specifications as outlined in the Operating Agreement, which standards and specifications may be updated periodically. Following Franchisor's testing and determination that same will prove beneficial to Franchisee, Franchisee agrees to install, at Franchisee's own expense, such additions, changes, modifications, substitutions and/or replacements to its computer hardware, software, telephone and power lines and other computer-related facilities as Franchisor directs within the time frame specified by Franchisor, in its sole and exclusive discretion, in the Franchise Owner's Manual or otherwise.

4.5.5 Upon termination or expiration of this Agreement, all computer software, disks, tapes and other magnetic storage media shall be returned to Franchisor in good condition, allowing for normal wear and tear.

**4.6 Computer Register Systems**

4.6.1 Franchisee shall utilize such computer registers and record all sales as Franchisor shall direct in the Franchise Owner's Manual or otherwise. Computer registers shall include at a minimum a device to record accumulated sales which cannot be turned back or reset, and a back-up power system for memory storage in the event of a power loss.

4.6.2 When so instructed by Franchisor, Franchisee shall procure and install for the Shop such computerized cash register polling packages, other cash register system and software options, associated computer hardware, required dedicated telephone and power lines, modem(s) for polling purposes, printer(s), and other related accessories or peripheral equipment as Franchisor specifies in the Franchise Owner's Manual or otherwise. Franchisee shall provide any assistance required by Franchisor to bring such system on-line with Franchisor's system at the earliest possible time and Franchisee expressly agrees that Franchisor shall thereafter have the free and unfettered right to retrieve such data and information from Franchisee's system as Franchisor, in its sole and exclusive discretion, deems necessary or appropriate. Franchisee must at all times maintain a high speed internet connection. Franchisee shall bear the sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Franchisee and the delivery and installation cost of all hardware and software.

4.6.3 Franchisee understands that said computerized cash register system is designed to accommodate a certain maximum amount of data and that as such limits are achieved and/or as technology and/or software is developed in the future, Franchisor, at its sole discretion, may mandate that Franchisee add memory, ports, accessories, peripheral equipment and/or additional, new or substitute software to the original electronic cash register system purchased by Franchisee. Franchisee further understands that it may become necessary for Franchisee to replace or upgrade the entire cash register system with a larger system capable of assuming and discharging all the tasks and functions specified by Franchisor. Franchisee further understands and agrees that as designs and functions change periodically, Franchisor may be required to make substantial modifications to its specifications or to require installation of entirely different systems during the term of this Agreement or during the term of any renewal Franchise Agreement.

4.6.4 Franchisee agrees, at its expense, to keep its cash register system in good maintenance and repair. Following Franchisor's testing and determination that it will prove beneficial to Franchisee, Franchisee agrees to install at its own expense such additions, changes, modifications, substitutions and/or replacements to its hardware, software, telephone lines and power lines and other related facilities as Franchisor directs on those dates and within those times specified by Franchisor in its sole and exclusive discretion in the Franchise Owner's Manual or otherwise.

**4.7 Pre-Opening Purchases**

Upon completion of the development of the Shop, Franchisee agrees to stock the initial inventory of the Shop to Franchisor's specifications and standards. The initial inventory of the Shop will include Franchisee's purchase of Proprietary Products from Franchisor, its Affiliate or its designated supplier. *[INCLUDE IF PROGRAM IS ACTIVE: Notwithstanding the foregoing, if this Agreement is for your first franchise, then we will provide a partial initial inventory of 200 buckets of ice cream at no cost to you for product or shipping costs. We will pick the flavors and the product will be delivered to your Shop. If this Agreement is for an additional franchise, then you will order the initial inventory of ice cream from a local distributor we approve and will be responsible for all costs.]*

**4.8 Shop Opening**

Franchisee agrees not to open the Shop for business until: (a) Franchisor determines that all of Franchisee's obligations pursuant to Sections 4.1 through 4.7 have been fulfilled; (b) pre-opening training of Shop personnel has been completed; (c) all amounts then due to Franchisor have been paid; (d) Franchisor has been furnished with copies of all insurance policies required pursuant to this Agreement or such other evidence of insurance coverage and payment of premiums as Franchisor requests; and (e) Franchisor has completed the pre-opening inspection of the premises, which may be conducted by means described in the Operations Manual (such as by requiring Franchisee to prepare a power point slide show of photographs of the premises using a template provided by Franchisor). Franchisee agrees to comply with these conditions and to be prepared to open the Shop for business within twelve months of the date of this Agreement, subject to our right to extend the deadline for an additional reasonable duration if, in our reasonable discretion, you are diligently pursuing opening (the "Opening Deadline") or the date by which the Shop is required to be open under an applicable Area Development Agreement or Multi-Unit Operator Agreement. Franchisee further agrees to open the Shop for business and commence conduct of business at the Shop pursuant to this Agreement within five (5) days after Franchisor gives notice to Franchisee stating that the Shop is ready for opening.

**4.9 Grand Opening Program**

Franchisee agrees to spend Five Thousand Dollars ($5,000) on a grand opening advertising and promotional program for the Shop during the Shop's pre-opening and post-opening period as designated in the Franchise Owner's Manual. The grand opening program must comply with standards and specifications described in the Franchise Owner's Manual. This amount can be adjusted by mutual consent between Franchisor and Franchisee depending on Franchisee's location. Such advertising and promotion program shall be in addition to advertising and promotion conducted pursuant to this Agreement and shall utilize marketing and public relations programs and media and advertising materials approved by Franchisor and shall be conducted in accordance with Franchisor's specifications and standards.

In Franchisor's sole discretion, it may require Franchisee to provide the money for the grand opening advertising campaign to Franchisor, and Franchisor will conduct the grand opening advertising campaign on Franchisee's behalf.

#### 4.10 Relocation of Shop Site

Franchisor will grant permission for relocation of the Shop to a site approved by Franchisor if: (a) Franchisee's lease or sublease for the Site of the Shop expires or terminates without Franchisee's fault; (b) the Site is damaged, condemned or otherwise rendered unusable as a Mora Iced Creamery Shop in accordance with this Agreement; or (c) in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Site sufficiently detrimental to its business potential to warrant its relocation. Any such relocation shall be at Franchisee's sole expense. The Shop shall re-open at the replacement site as soon as reasonably practicable, but in no event more than one hundred eighty (180) days after the closing of the original location. The replacement site must be located within Franchisee's Franchise Territory, and Franchisee pay Franchisor its then-current fee related to the request for relocation.

#### 4.11 Shop Refurbishment

At Franchisor's request, which shall not be more frequently than once every five (5) years, Franchisee shall refurbish the Shop at Franchisee's sole cost and expense so that it conforms to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the image then in effect for new Shops under the System, including, remodeling, redecoration and modifications to existing improvements, and equipment. You must complete such changes as soon as commercially reasonable, but in no event more than 90 days after the date of our request.

#### 4.12 Electronic Mail

Unless we provide otherwise in our Operations Manual: you must use the hosting company(ies) we designate for your electronic mail; you will pay for your electronic mail hosting directly to us (unless we specify that you must pay the provider directly). We will own the electronic mail addresses; you will use the minimum number of electronic mail addresses and address names that we designate; you will use such electronic mail addresses for all electronic communications with us; and you will use such electronic mail addresses only in the manner we approve. This may include, for example, at least one email address that includes the name of at least one of Franchisee's Principal Owners (such as, by way of example, John.Doe@moraicecream.com) and at least one email address for your Shop(s) (such as, by way of example, WA1234@moraicecream.com). We may change these requirements at our discretion.

You acknowledge that you will have no expectation of privacy in your business email accounts. Currently, we do not anticipate accessing your email accounts and their contents, but we reserve the right to do so. If we do access such email accounts and their contents, then it is solely for our benefit and not for your benefit. Such access is not for the purpose of assisting you with, or supervising, your business operations or workers. We will not have any obligation to monitor any of your email activity. You must include in each email communication the email signature we specify in our Operations Manual, which may include language similar to the following: "*[your corporate entity or individual name]* independently owns and operates this Mora Iced Creamery® franchise" (or any other language we require).

We may change these requirements at our discretion.

### SECTION 5
### TRAINING AND GUIDANCE.

#### 5.1 Initial Training

5.1.1 Before the Shop begins operating, Franchisor shall provide initial training at its headquarters (or such other location as Franchisor designates) for approximately seven (7) days in the operation of a Mora Iced Creamery Shop to Franchisee and one (1) or two (2) member(s) of Franchisee's management personnel appointed by Franchisee. If Franchisee requests that Franchisor train personnel in addition to these three (3) initial trainees, Franchisee shall pay an additional charge for training of additional personnel. Initial training shall be held at such time and location and for such duration as Franchisor designates. Franchisee and the initial Shop manager appointed by Franchisee must complete the initial training program to Franchisor's reasonable satisfaction. If Franchisor, in its sole discretion, determines that the initial Shop manager has failed to satisfactorily complete the initial training, Franchisee agrees to immediately hire a substitute initial Shop manager and arrange for such substitute manager to complete the training to Franchisor's satisfaction, at Franchisee's expense.

5.1.2 Franchisee will be responsible for the cost of all travel and living expenses that Franchisee's attendees incur in connection with initial training and any subsequent training. Franchisor shall provide, without charge, one (1) copy of any training manual then in use to each attendee. Franchisee shall pay an additional fee to Franchisor for any replacement copies of the training manual. Franchisor will not compensate training attendees for any incidental services performed in connection with training.

5.1.3 Franchisor will provide a representative to assist in the operation of the Shop, who shall assist Franchisee in training Shop personnel and establishing standard operating procedures for the Shop. Franchisor will not charge Franchisee a separate fee for the services of Franchisor's representative. The length of time Franchisor's representative will spend at Franchisee's Shop will be determined by Franchisor in Franchisor's sole discretion; however, such period will not exceed ten (10) days for Franchisee's first Shop. We may but are not required to provide such training and assistance for your second and any additional Shop. If we provide this assistance for an additional Shop, then it will typically not exceed five days.

5.1.4 Any Shop managers hired by Franchisee subsequent to the commencement of operation of the Shop must attend and successfully complete the next scheduled initial training program. Franchisee shall pay Franchisor's then-current manager training fee for the initial training for each such subsequent manager. Franchisee shall also pay all travel and living expenses that subsequent attendees incur in connection with training.

*5.1.5 [INCLUDE IF PROGRAM IS ACTIVE: If this Agreement is for your first franchise, then we will reimburse up to $500 of your transportation, meals and lodging expenses total for initial training at our headquarters. We will pay this reimbursement only after your Shop opens for business.]*

**5.2 Additional Training**

5.2.1 At Franchisee's request, or if Franchisor in its sole discretion deems it necessary, Franchisor may provide, and the Franchisor and the initial or any successor Shop manager must complete, additional training at the Shop. Franchisor may charge, and Franchisee agrees to pay, the costs incurred by Franchisor for such additional training, including compensation of travel and living expenses incurred by Franchisor's personnel in connection with such training.

5.2.2 Franchisor may require any or all of the previously trained personnel and/or other managers to attend additional training or periodic refresher training at such times and locations as Franchisor designates and Franchisor may charge fees for such training. Franchisor may designate certain third parties to provide the additional or refresher training which Franchisee and those of its managers Franchisor designates must complete. If Franchisee requests special or additional training for its managers, all of the expenses that Franchisor incurs in connection with such training, including per diem charges, travel and living expenses for its personnel, will be Franchisee's responsibility. Franchisor may also conduct an annual conference, convention or training session and shall require Franchisee and/or its Shop manager to attend and pay all travel and living expenses incurred in connection therewith.

5.2.3 Franchisee shall implement a training program for Shop employees in accordance with training standards and procedures that Franchisor may prescribe. Franchisee shall maintain, at all times, a staff of trained employees sufficient to operate the Shop in accordance with this Agreement at Franchisee's reasonable discretion.

5.2.4 Franchisor may hold an annual meeting of all franchisees in the System. Attendance at such annual meeting, when held, will be mandatory and Franchisor reserves the right to require Franchisee's managers to also attend the annual meeting.

**5.3 Guidance and Assistance**

Franchisor shall furnish guidance to Franchisee with respect to: (a) specifications, standards and operating procedures utilized by Mora Iced Creamery Shops and any modifications thereof; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures of Mora Iced Creamery Shops; and (e) establishing and conducting employee training programs at the Shop. Franchise is responsible for training its employees. Such guidance shall, in Franchisor's discretion, be furnished in the form of the Franchise Owner's Manual, bulletins, written reports and recommendations, other written materials, refresher training programs and/or telephonic consultations or consultations at Franchisor's offices or at the Shop. If Franchisee requests, Franchisor will furnish additional guidance and assistance relative to the operation of the Shop at per diem fees and charges established from time to time by Franchisor. If special training of Shop personnel or other assistance in operating the Shop is requested by Franchisee and must take place at the Shop, all expenses for such training, including Franchisor's per diem charges and travel and living expenses for its personnel, shall be paid by Franchisee.

**5.4 Franchise Owner's Manual**

Franchisor will loan to Franchisee for its sole use during the term of this Agreement one (1) copy of a "Franchise Owner's Manual", which Franchisor may provide electronically and/or which may consist of one (1) or more handbooks or manuals as may be modified, replaced or supplemented by Franchisor from time to time, in its sole discretion. The Franchise Owner's Manual shall contain recommendations and mandatory specifications, standards, policies and procedures prescribed from time to time by Franchisor for Mora Iced Creamery Shops. The Franchise Owner's Manual may be modified from time to time (a) to reflect changes in the System, including, changes in specifications, standards, policies and procedures of Mora Iced Creamery Shops; (b) to specify brands, types and/or models of equipment which must be used by Franchisee in the operation of the Shop; and (c) to specify changes in the decor, format, image, products, services and operations of a Mora Iced Creamery Shop prescribed by Franchisor. Any such modifications shall be binding upon Franchisee upon being mailed, sent electronically or otherwise delivered to Franchisee, as if originally set forth herein. Franchisee shall keep its copy of the Franchise Owner's Manual current by immediately inserting all modified pages furnished by Franchisor. In the event of a dispute about the contents of the Franchise Owner's Manual, the master copies maintained by Franchisor at its principal office shall be controlling. Franchisee acknowledges that the Franchise Owner's Manual is proprietary and confidential and agrees that Franchisee will not at any time copy or distribute any part of the Franchise Owner's Manual. If any part of the Franchise Owner's Manual delivered to you is lost or stolen, then you must pay our then-current fee to replace it. Upon termination of this Agreement or expiration of this Agreement without grant of a renewal franchise, Franchisee shall return to Franchisor all copies of the Franchise Owner's Manual. In its sole discretion, Franchisor may choose to provide the Franchise Owner's Manual in electronic format or via a password protected intranet for its franchisees.

## SECTION 6
## MARKS

### 6.1 Goodwill and Ownership of Marks

Franchisee acknowledges that that the Marks are owned by Franchisor's principal, and Franchisor is the licensee of the owner of the Marks with the right to sub-license the Marks to franchisees. Franchisee acknowledges that its right to use the Marks is derived solely from this Agreement and is limited to Franchisee's operation of the Shop pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of the Franchise. Any unauthorized use of the Marks by Franchisee shall constitute a material breach of this Agreement and an infringement of Franchisor's rights in and to the Marks. Franchisee acknowledges and agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to Franchisor's and the owner's exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee other than the right to operate the Shop in compliance with this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any other trademarks, service marks and commercial symbols hereafter authorized in writing for use by and licensed to Franchisee by Franchisor.

Franchisee understands and agrees that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by Franchisor, and which are not subsequently designated by Franchisor as being withdrawn from use, together with those which may hereafter be designated by Franchisor in writing. Franchisee expressly understands and agrees that Franchisee is bound not to represent in any manner that Franchisee has acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Marks.

During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Shop in conjunction with any use of the Marks, including on invoices, order forms, receipts, business stationery, contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing.

### 6.2 Limitations on Franchisee's Use of Marks

Franchisee agrees to use the Marks as the sole trade identification of the Shop, provided that Franchisee shall identify itself as the independent owner of the Shop in the manner prescribed by Franchisor. Franchisee shall not use any Mark or any variation thereof, including but not limited to the following terms: "Mora", "MODE" (abbreviation for Mora Development, LLC), "Mora Iced Creamery", "Iced Creamery", or "Creamery": (a) 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; (b) in connection with the performance or sale of any unauthorized services or products; (c) as part of the domain name or electronic address of any website; or (d) in any other manner not expressly authorized in writing by Franchisor. Franchisee agrees to display the Marks prominently in the manner prescribed by Franchisor at the Shop and in connection with advertising and marketing materials. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such business name registrations as may be required under applicable law.

### 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of any Mark or claim by any person of any rights in any Mark, and Franchisee shall not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any litigation or other proceeding or to otherwise protect and maintain Franchisor's interests in the Marks. Franchisor will reimburse Franchisee for the reasonable out-of-pocket expenses incurred and paid by Franchisee in complying with the requirements imposed by this Paragraph, provided however, if any action taken by Franchisor results in any monetary recovery for Franchisee which exceeds Franchisee's costs, then Franchisee must pay its own costs and share pro-rata in Franchisor's costs thereof, up to the amount of the monetary recovery.

### 6.4 Discontinuance of Use of Marks

If it becomes advisable at any time, in Franchisor's sole judgment, for the Shop to modify or discontinue the use of any Mark or of any aspect of the Trade Dress and/or for the Shop to use one or more additional or substitute trademarks or service marks or substitute trade dress, Franchisee agrees to immediately comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark and/or to use one or more additional or substitute trademarks, service marks, Domain Names, logos or commercial symbols or substitute trade dress after notice thereof by Franchisor. Franchisor's sole obligation in this event will be to reimburse Franchisee for its tangible costs in complying with Franchisor's direction (i.e., cost of changing signs, stationery, etc.). Neither Franchisor nor its Affiliates shall have any liability to Franchisee for any other damages, costs, losses, rights or determinates related to any modification, discontinuance, or substitution of any of the Marks or any aspects of the Trade Dress.

## SECTION 7
## COPYRIGHTS

### 7.1 Ownership of Copyrights

Franchisee and Franchisor acknowledge and agree (a) that Franchisor may authorize Franchisee to use, in connection with the operation of the Shop, certain copyrighted or copyrightable works which shall be referred to herein as the "Copyrighted Works"; (b) that the Copyrighted Works are the valuable property of Franchisor or its Affiliates; and (c) that the rights herein are granted to Franchisee solely on the condition that Franchisee comply with the terms of this Section. Franchisee acknowledges and agrees that Franchisor owns or is the licensee of the owner of the Copyrighted Works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Mora Iced Creamery Shops. Such Copyrighted Works include the Franchise Owner's Manual and may include all or part of the Marks, Trade Dress and other portions of the System. Franchisor intends that all works of authorship related to the System and created in the future will be owned by Franchisor or its Affiliates.

### 7.2 Limitation on Franchisee's Use of Copyrights

Franchisee acknowledges that its right to use the Copyrighted Works is derived solely from this Agreement and is limited to the use of such Copyrighted Works pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the term of this Agreement. Franchisee shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by Franchisor specifying that Franchisor or its Affiliate is the owner of the copyright. Franchisee acknowledges that this Agreement does not confer any interest in the Copyrighted

Works upon it other than the right to operate the Shop in compliance with this Agreement. If Franchisor authorizes Franchisee to prepare any adaptation, translation or derivative work of the Copyrighted Works, Franchisee hereby agrees that such adaptation, translation or derivative work shall be Franchisor's property and Franchisee hereby assigns all its right, title and interest therein to Franchisor. Franchisee agrees to execute any documents in recordable form which Franchisor determines are necessary to reflect such ownership. Franchisee shall submit all such adaptations, translations or derivative works to Franchisor for approval prior to use.

**7.3 Notification of Infringements and Claims**

Franchisee shall immediately notify Franchisor of any actual or apparent infringement of or challenge to any of the Copyrighted Works, or claim by any person of any rights in the Copyrighted Works. Franchisee shall not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge or claim. Franchisor shall have the sole discretion to take such action as it deems appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to the Copyrighted Works.

**7.4 Discontinuance of Use**

If it becomes advisable at any time in Franchisor's sole judgment for Franchisee to modify or discontinue use of any of the Copyrighted Works and/or for Franchisee to use one or more additional or substitute copyrighted or copyrightable items, Franchisee agrees to immediately comply with Franchisor's directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials.

## SECTION 8
## CONFIDENTIAL INFORMATION

8.1 Franchisor possesses and will further develop and acquire "Confidential Information" including the following categories of information, methods, techniques, procedures, and knowledge developed or to be developed by Franchisor, its Affiliates and/or franchisees and developers:

(a) recipes, methods, techniques, specifications, standards, policies, procedures, information, concepts and systems relating to and knowledge of and experience in the development, operation, and franchising of Mora Iced Creamery Shops;

(b) marketing and promotional programs for Mora Iced Creamery Shops;

(c) knowledge of specifications for and knowledge of suppliers of certain materials, equipment and fixtures for Mora Iced Creamery Shops;

(d) the terms of this Agreement; and

(e) the Franchise Owner's Manual.

8.2 All data relating to the sales and operations of the Shop shall also be deemed to be Confidential Information for purposes of this Agreement.

8.3 Franchisor will disclose such parts of the Confidential Information as are required for the operation of a Mora Iced Creamery Shop to Franchisee during training and in guidance and assistance furnished to Franchisee during the term of the Franchise, and Franchisee may learn or otherwise obtain from Franchisor additional Confidential Information during the term of the Franchise. Franchisee acknowledges and agrees that neither Franchisee nor any other person or entity will acquire any interest in or right to use the Confidential Information, other than Franchisee's right to utilize it in the operation of the Shop, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor and other Mora Iced Creamery Shop franchisees. Franchisee agrees to disclose the Confidential Information to its Owners and to employees of the Shop only to the extent reasonably necessary for the operation of the Shop.

8.4 Franchisee acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor and its Affiliates, is proprietary, includes trade secrets of Franchisor and its Affiliates, and is disclosed to Franchisee solely on the condition that Franchisee, its Principal Owner and all of Franchisee's Owners, officers and directors (and individuals holding similar positions), trustees, beneficiaries and independent contractors who have access to Confidential Information agree, and Franchisee does hereby agree, that during and after the term of this Agreement, Franchisee, and individuals listed above

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute secrecy and confidentiality of the Confidential Information;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form;

(d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of or access to the Confidential Information; and

(e) will require all Principal Owners and all of Franchisee's Owners, officers and directors (and individuals holding similar positions), agents, trustees, beneficiaries, and independent contractors who will have access to Confidential Information to execute Confidentiality and Non-Competition Agreements in the form attached hereto. Franchisor may require Franchisee's managers who attend Franchisor's training programs to execute such agreements subject to applicable state law. It is your sole responsibility to ensure that the form of agreement meets legal requirements in your jurisdiction. Franchisee shall provide, at Franchisor's request, executed originals of each such Confidentiality and Non-Competition Agreement. Failure to procure execution of a Confidentiality and Non-Competition Agreement shall be a material breach of this Agreement.

8.5 Nothing contained herein shall be construed to prohibit Franchisee from using the Confidential Information in connection with the operation of a Mora Iced Creamery Shop other than the Shop pursuant to a franchise agreement between Franchisee and Franchisor.

8.6 Notwithstanding anything to the contrary contained in this Agreement, and provided Franchisee shall have obtained Franchisor's prior written consent, the restrictions on Franchisee's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the business of the offer and sale of Proprietary Products, other than through deliberate or inadvertent disclosure by Franchisee; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose such information, provided Franchisee has notified Franchisor prior to disclosure and shall have used its best efforts to obtain, and shall have afforded

Franchisor the opportunity to obtain, an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

8.7 Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of a Mora Iced Creamery Shop conceived or developed by Franchisee, its Affiliates, Owners or employees during the term of this Agreement. Franchisee hereby grants to Franchisor and agrees to procure from its Affiliates, Owners, officers, and directors (and individuals holding similar positions) a perpetual, non-exclusive and worldwide right to use same. Franchisor shall have no obligation to make any payment with respect to any such idea, concept, method, technique or product. Franchisee agrees that it will not use, nor will Franchisee allow any other person or entity to use, any such concept, method, technique or product without obtaining Franchisor's prior written approval.

## SECTION 9
## EXCLUSIVE RELATIONSHIP; IN-TERM NON-COMPETE

9.1 Franchisee acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Mora Iced Creamery Shops if franchisees, multi-unit operators, or their Principal Owners were permitted to engage in, hold interests in, or perform services for a Competitive Business. Franchisee further acknowledges and agrees that the restrictions contained in this Section will not hinder Franchisee's activities or the activities of its Principal Owners under this Agreement or in general. Franchisor have entered into this Agreement with Franchisee on the express condition that, with respect to the operation of Competitive Businesses, Franchisee and its Principal Owners will deal exclusively with Franchisor. Franchisee therefore agrees that during the term of this Agreement neither Franchisee nor any of its Principal Owners, directly or indirectly (such as through another individual or entity or otherwise):

(a) have any interest as a disclosed or beneficial owner in any Competitive Business; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business; or

(c) employ or seek to employ any person who is employed by Franchisor, its Affiliates or by any other developer or franchisee of Mora Iced Creamery Shops, nor induce nor attempt to induce any such person to leave said employment without the prior written consent of such person's employer.

9.2 The restrictions of clause (a) of Section 9.1 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represents less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

9.3 The restrictions of Section 9.1 shall not be construed to prohibit Franchisee, any of its Principal Owners from having a direct or indirect ownership interest in any Mora Iced Creamery Shop, Area Development Agreement, Multi-Unit Operator Agreement or Franchise Agreement for the development or operation of any Mora Iced Creamery Shop, or any entity owning, controlling or operating a Mora Iced Creamery Shop, or from providing services to any such Mora Iced Creamery Shop pursuant to other agreements with Franchisor.

## SECTION 10
## <u>FEES</u>

### 10.1 Initial Franchise Fee

Franchisee agrees to pay to Franchisor upon execution of this Agreement an "Initial Franchise Fee" in the amount of Thirty Thousand Dollars ($30,000), payable in a lump sum. The Initial Franchise Fee shall be fully earned by Franchisor upon execution of this Agreement and is non-refundable in whole or in part. If this Agreement is for Franchisee's second (or later) Mora Iced Creamery Shop (not purchased under an Area Development Agreement), then the Initial Franchise Fee shall be discounted to Twenty Five Thousand Dollars ($25,000). If this Franchise Agreement is made pursuant to an Area Development Agreement, then the amount of the Initial Franchise Fee and the timing for payment are as outlined in the Area Development Agreement.

### 10.2 Royalty Fee

Franchisee agrees to pay to Franchisor a continuing "Royalty Fee" in the amount of five percent (5%) of the Gross Revenue of the Shop. The Royalty Fee is payable each Wednesday based on the Gross Revenue of the previous week ending Sunday. In the event such Wednesday is a holiday, the Royalty Fee is due on the next business day. Franchisee will submit the required statement of the weekly Gross Revenue by each Tuesday. This Gross Revenue information shall also be accessed directly by Franchisor through its polling software from Franchisee's POS system at any time.

### 10.3 Definition of "Gross Revenue"

As used in this Agreement, the term "Gross Revenue" shall mean gross revenue from the Shop and from the sale of Proprietary Products and the sale of all other products and services by or for Franchisee or the Shop in, upon or from the Site or through or by means of the business conducted pursuant to this Agreement, whether for cash or credit, including any assumed gross revenue calculated for the purpose of an insurance claim for lost profits to the extent such claim is paid by the insurer, exclusive of: (a) sales or service taxes collected from customers and paid to the appropriate taxing authority; and (b) all customer refunds, adjustments and credits made by the Shop. We may modify the definition of "Gross Revenue" in our Franchise Owner's Manual in our reasonable discretion in good faith.

### 10.4 Interest on Late Payments

All Royalty Fees, advertising fund contributions, amounts due for purchases by Franchisee from Franchisor or its Affiliates, and other amounts which Franchisee owes to Franchisor or its Affiliates shall bear interest after the due date at a rate equal to one and one-half percent (1.5%) per month (but not to exceed the maximum interest rate permitted by law). Franchisee acknowledges that this Section shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Shop. Franchisee acknowledges that failure to pay all such amounts when due shall constitute grounds for termination of this Agreement as provided herein, notwithstanding the provisions of this Section.

### 10.5 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, advertising fund contributions, purchases from Franchisor or its Affiliates, interest, or any other indebtedness of Franchisee to Franchisor or its Affiliates.

### 10.6 Electronic Funds Transfer

10.6.1 At Franchisor's request, Franchisee must sign and deliver to Franchisor any documents Franchisor requires to authorize Franchisor to debit Franchisee's business checking account automatically for the Royalty Fee and other amounts due under this Agreement, including the Electronic Funds Authorization Form set forth in Attachment 5. On or before the day Franchisor specifies, Franchisee must report to Franchisor by telephone or electronic means or in written form, as Franchisor directs, the Shop's true and correct Gross Revenue for the previous week ending Sunday. Franchisor will debit Franchisee's account for the Royalty Fee each Wednesday for the previous week. If such day is a holiday, the Royalty Fee will be debited on the next business day. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date.

10.6.2 If Franchisee fails to report the Shop's Gross Revenue, Franchisor may debit Franchisee's account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee (as defined in Section 12 below) that Franchisor debited. If the Royalty Fee and Brand Development Fee debited from Franchisee's account are less than the Royalty Fee and brand Development Fee Franchisee actually owes to Franchisor (once Franchisor has determined the Shop's true and correct Gross Revenue), Franchisor will debit Franchisee's account for the balance of the Royalty Fee and Brand Development Fee due on the day Franchisor specifies. If the Royalty Fee and Brand Development Fee debited from Franchisee's account are greater than the Royalty Fee and Brand Development Fee actually owed, Franchisor will credit the excess against the amount Franchisor otherwise would debit from Franchisee's account during the following week.

## SECTION 11
## <u>SHOP IMAGE AND OPERATION</u>

### 11.1 Condition and Appearance of the Shop

11.1.1 Franchisee agrees that: (a) neither the Shop nor the Site will be used for any purpose other than the operation of a Mora Iced Creamery Shop in compliance with this Agreement; (b) Franchisee will maintain the condition and appearance of the Shop, its equipment, fixtures, signs, and the Site in accordance with Franchisor's specifications and standards and consistent with the image of a Mora Iced Creamery Shop at Franchisee's expense; (c) Franchisee will perform such maintenance with respect to the decor, equipment, fixtures, and signs of the Shop and the Site, at Franchisee's expense, as may be required from time to time to maintain such condition, appearance, and efficient operation including: (i) thorough cleaning, exterminating, repainting and redecorating of the interior and exterior of the Site on a daily basis or at reasonable intervals, as applicable; (ii) interior and exterior repair of the Site; (iii) repair or replacement of damaged, worn out or obsolete equipment, fixtures, and signs, provided Franchisor will not require Franchisee to replace any obsolete equipment unless Franchisor has initiated a program to replace such equipment as it becomes necessary in the Mora Iced Creamery Shops in the System; (iv) Franchisee will not make any material alterations to the Site or to the appearance of the Shop as originally developed without Franchisor's prior approval in writing; (v) subject to Franchisor's approval of plans, layouts and designs, Franchisee will remodel, expand, redecorate, reequip and refurnish the Site and the Shop when required by Franchisor, but no more often than once every five (5) years, to reflect changes in the operation of Mora Iced Creamery Shops prescribed by Franchisor and required of new Mora Iced Creamery Shop franchisees. Franchisee shall have a reasonable time period remaining under this Agreement to amortize the costs of such improvements. Notwithstanding the provisions above, Franchisor can require Franchisee to change and/or upgrade equipment at any time to comply with new specifications and standards; and (vi) Franchisee will place or display at the interior and exterior of Site only such signs, emblems, lettering, logos, and display and advertising materials that are from time to time approved by Franchisor.

11.1.2 In addition to Franchisor's rights to terminate this Agreement as set forth herein, if Franchisee does not maintain the condition and appearance of the Shop as herein required, Franchisor may, upon not less than ten (10) days' notice to Franchisee, or immediately in cases of health or sanitation hazards or other public endangerment: (a) arrange for the necessary cleaning, sanitation, repair, remodeling, upgrading, painting or decorating; or (b) replace the necessary fixtures, furnishings, equipment, or signs. Franchisee shall pay the entire cost thereof on or before the fifth (5th) day following the receipt of a bill for such work from Franchisor.

**11.2 Required Products**

Franchisee agrees that the Shop will offer for sale all Proprietary Products and related products that Franchisor from time to time prescribes and that the Shop will make available all services that Franchisor prescribes from time to time for Mora Iced Creamery Shops. Franchisee agrees that the Shop will not offer for sale or sell at the Site or any other location in conjunction with the Marks or any other marks any other products or services which have not been approved by Franchisor and in particular will not install at the Shop any vending machines, coin-operated games or comparable devices. The parties agree that the handling of prohibited products, which are products other than the Products or other products authorized by Franchisor, shall result in damages to Franchisor, which damages the parties agree shall be measured as being Two Thousand Dollars ($2,000) for the initial infraction and Two Hundred Fifty Dollars ($250) for each day of such prohibited use. The amount of damages shall be immediately payable by Franchisee to Franchisor upon demand. Franchisor's right to collect such damages shall be in addition to any other right or remedy Franchisor may have, including the right to strictly enforce or terminate this Agreement.

**11.3 Approved Products, Distributors and Suppliers**

11.3.1 The reputation and goodwill of Mora Iced Creamery Shops is based upon and can be maintained only by the sale of distinctive, high quality frozen dessert items and other food products and the presentation, packaging and service of such products in an efficient and appealing manner. Franchisor has developed a line of proprietary products which will be prepared by or for Franchisor or its Affiliate according to its secret specifications and formulas. Franchisor and its Affiliate have developed standards and specifications for its Proprietary Products and other food products, ingredients, mixes, materials and supplies incorporated in or used in the preparation, serving and packaging of food products authorized for sale at Mora Iced Creamery Shops. Franchisor has and will periodically approve suppliers and distributors of the foregoing products that meet its standards and requirements including, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Franchisee agrees that the Shop will: (a) purchase the Proprietary Products only from Franchisor, its Affiliate or a third party licensed by Franchisor to manufacture and sell such products ("Designated Supplier); and (b) purchase from distributors and other suppliers approved by Franchisor all other goods, food products, ingredients, materials and supplies used in the preparation or sale of Proprietary Products; and (c) purchase all other equipment, menus, forms, paper and plastic products, packaging or other materials from distributors and other suppliers approved by Franchisor (if applicable) and that meet Franchisor's standards and specifications for the same. Franchisor may from time to time modify the list of approved brands and/or suppliers and Franchisee shall not, after receipt in writing of such modification, reorder any brand from any supplier which is no longer approved or reorder from a supplier who is no longer approved.

11.3.2 Franchisor may approve a single distributor or other Designated Supplier for any item and may approve a distributor or other supplier only as to certain items. Franchisor may concentrate purchases with one (1) or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Mora Iced Creamery Shops franchised or operated by Franchisor. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, prompt attention to complaints, or other criteria and concentration of purchases as set forth above and may be temporary pending a further evaluation of such distributor or other supplier by Franchisor.

11.3.3 Franchisor, its Affiliate or its Designated Suppliers will sell Proprietary Products to Franchisee at the same price that they are sold to franchisees who are similarly situated. Franchisor can change the prices. Franchisor does not anticipate increasing prices beyond inflation in the applicable industry segment unless Franchisor's costs increase due to shortages, catastrophes, strikes, acts of God, or other causes that are beyond Franchisor's control. Franchisor has the right to require Franchisee to pay in full for the Proprietary Products and estimated logistics charges (such as transportation, warehousing and distribution costs) with each order that Franchisee places. Franchisor has the right, but not the obligation, to establish a national average for logistics costs to equalize such costs among franchisees in the franchise system. Franchisor or its Designated Supplier may, but is not obligated to, arrange shipment to Franchisee for Franchisee's convenience. Franchisor may permit Franchisee to cooperate with other franchisees in the same region to establish their own warehouse(s) and to handle distribution of Proprietary Products to their shops at Franchisor's discretion. Franchisor or its Designated Suppliers will have no responsibility for the selection or actions of any particular carrier. Franchisee waives any claim against Franchisor or its Designated Suppliers related to the shipment or the selection of the carrier.

11.3.4 Franchisee's only remedy and Franchisor's only liability for claims concerning delivered Proprietary Products, for delayed delivery or for non-delivery, will be the purchase price of the Proprietary Products (plus any shipping costs Franchisee may have paid) or, if Franchisor or its Designated Supplier wishes, the replacement of the Proprietary Products at Franchisee's Shop. Neither party will be liable for special, incidental, indirect or consequential damages, whether or not from the party's negligence.

11.3.5 Franchisor only warrants that the Proprietary Products that Franchisee buys meet Franchisor's specification. Franchisor and its Designated Supplier make no other warranties, express or implied, for the Proprietary Products that Franchisee purchases. Franchisor disclaims all implied warranties of merchantability and fitness for a particular purpose for the Proprietary Products.

11.3.6 If Franchisee is in default under this Franchise Agreement, Franchisor and its Designated Supplier will have no obligation to sell Franchisee Proprietary Products. Franchisee must pay for the Proprietary Products purchased from Franchisor or its Designated Supplier on the terms and conditions that Franchisor sets, at the time Franchisor sells Franchisee the Proprietary Products or as set forth in the Franchise Owner's Manual.

11.3.7 Franchisee shall notify Franchisor and submit to Franchisor such information, specifications, and samples as Franchisor requests if the Shop proposes to purchase any food products, ingredients, mixes, menus, equipment, forms, paper or plastic products, packaging or other materials, or utensils from a distributor or other supplier who has not been previously approved by Franchisor. Franchisor shall notify Franchisee within a reasonable time whether the Shop is authorized to purchase such products from such distributor or other supplier. Franchisee or the proposed supplier must reimburse Franchisor's reasonable costs for its evaluation.

11.3.8 Franchisee may not sell the Proprietary Products to any business or other customer at wholesale.

**11.4 Specifications, Standards and Procedures**

11.4.1 Franchisee acknowledges that the operation of the Shop in compliance with Franchisor's high standards is important to Franchisor and other Mora Iced Creamery Shops and Franchisee agrees to maintain such high standards in the operation of the Shop. Franchisee agrees to comply with all mandatory specifications, standards and operating procedures relating to the appearance, function, cleanliness, days and hours of operation, number of telephone lines and operation of a Mora Iced Creamery Shop, and with Franchisor's requirements for the décor, equipment, format and image of a Mora Iced Creamery Shop as they may be developed or changed by Franchisor from time to time. Franchisee acknowledges and agrees that all mandatory specifications, standards, and operating procedures prescribed from time to time by Franchisor in the Franchise Owner's Manual or otherwise shall constitute binding obligations on Franchisee's part, and any failure by Franchisee to adhere to such mandatory specifications, standards and operating procedures shall constitute grounds for termination of this Agreement by Franchisor as provided for herein. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

11.4.2 Franchisee acknowledges that due to peculiarities of particular market areas and circumstances, complete and detailed uniformity may not be practical or in the best interests of all Mora Iced Creamery Shops. Franchisor reserves the right to vary, in its sole discretion, standards and procedures as they relate to a particular franchisee or group of franchisees.

11.4.3 We reserve the right to designate the specific radio stations and/or music genres that you must play at your Shop.

**11.5 Modification of the System**

Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including altering the products, programs, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those products, programs and services which Franchisee's Shop is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which Franchisee is required to observe hereunder; and changing, improving, modifying or substituting the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder.

Franchisee shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

**11.6 Compliance with Laws and Good Business Practices**

Franchisee shall secure and maintain in force in its name all required licenses, permits, and certificates relating to the conduct of its business pursuant to this Agreement. Franchisee shall operate the Shop in full compliance with all applicable laws, ordinances and regulations including, health and safety laws, immigration laws, worker's compensation insurance, unemployment insurance, and withholding and payment of all taxes. All of Franchisee's advertising shall be completely factual, in good taste in Franchisor's judgment, and shall conform to high standards of ethical advertising. Franchisee shall in all dealings with its customers, suppliers, Franchisor, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to Franchisor's business and the goodwill associated with the Marks and other Mora Iced Creamery Shops. Franchisee shall notify Franchisor in writing within five (5) days of Franchisee's learning of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Shop.

Franchisee hereby certifies that neither it nor its owners, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.treasury.gov/offices/enforcement/ofac/sdn.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by it to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in Section 15 of this Agreement pertain to its obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

### 11.7 Management and Personnel of the Shop

11.7.1 Franchisee or its Principal Owner(s) listed in Attachment 1 hereto shall be involved in the daily operation of the Shop. In addition to Franchisee's supervision, Franchisor recommends that Franchisee maintain, at all times, a full-time manager who has completed Franchisor's training program and the number of assistant managers required for adequate staffing of the Shop at Franchisee's reasonable discretion. Franchisee shall, upon Franchisor's reasonable request, inform Franchisor of the identities of such manager and assistant managers. The Shop, at all times, shall be under the direct, on-site supervision of Franchisee or a manager or assistant manager who has completed Franchisor's training program.

11.7.2 Upon the death, disability or termination of employment of the Shop manager, Franchisee shall immediately notify Franchisor and designate a successor or acting Shop manager who meets Franchisor's then-current criteria. In no event shall the appointment of a successor or acting manager be more than thirty (30) days after the death, disability or termination of the predecessor manager. Each successor manager must satisfactorily complete Franchisor's initial training program within sixty (60) days of appointment by Franchisee.

11.7.3 The following shall apply in respect to Franchisee's employees and workers:

(a) Franchisor shall not have the power to hire, fire, direct, supervise, or discipline Franchisee's employees. Franchisee shall hire all employees of the Shop and shall be exclusively responsible for the terms of their employment, compensation, staffing, scheduling, and for the proper training of such employees in the operation of the Shop. Franchisee will maintain employee records to show clearly that Franchisee and its employees are not Franchisor's employees.

(b) It is Franchisee's responsibility to comply with federal and state wage and hour laws and to properly pay its employees.

(c) Franchisee is responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.

(d) Franchisee must indemnify and hold Franchisor legally harmless from any of Franchisee's violations of federal or state labor laws or similar laws. Franchisee acknowledges that it has had ample opportunity to investigate these and other laws applicable to Franchisee's business with its own independent legal counsel before signing this Agreement.

(e) Franchisor may require Franchisee to obtain confidentiality and non-competition agreements from certain of Franchisee's employees.

(f) Franchisee shall establish at the Shop for all employees a training program meeting Franchisor's prescribed standards.

(g) Franchisee must place a prominent, boldface statement at the top of its employee applications that the applicant is applying to work for Franchisee, not for Franchisor.

(h) Franchisee must display its entire business entity's name, not just the licensed brand, on its payroll checks.

(i) Franchisor does not post job openings for Franchisee's franchise (or for any other franchise location) on Franchisor's website or otherwise. Franchisor does not coordinate the sharing of employees among franchisees.

11.7.4 During the term of this Agreement, Franchisor shall not directly or indirectly employ or seek to employ any person who is employed by Franchisee or by any entity controlled by Franchisee nor induce any such person to leave said employment without Franchisee's prior written consent.

**11.8 Insurance**

11.8.1 During the term of this Agreement, Franchisee shall maintain in force policies of insurance with the following minimum limits of coverage for each Shop, issued by licensed insurers approved by Franchisor.

(a) broad form commercial general liability coverage, on an occurrence form, including; premises and operations, products and completed operations, personal & advertising injury, broad form contractual, and employers liability , against claims for bodily injury, personal injury, including death, and property damage with minimum limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate for each coverage;

(b) all risk property insurance including equipment breakdown for the full replacement cost sufficient to cover all business personal property including contents, leasehold improvements, furniture, fixtures, equipment, and signs;

(c) loss of income including extra expense insurance with sufficient limits to cover all ongoing expenses, including, future profits, royalty fees, advertising contributions, ordinary payroll for competent personnel and other fixed expenses for a minimum of 24 months from the date of loss;

(d) loss of business income from dependent properties with a minimum limit of $250,000;

(e) worker's compensation and employer's liability insurance in statutory amounts;

(f) plate glass insurance (if applicable);

(g) blanket employee dishonesty coverage with minimum limits of not less than $50,000;

(h) business automobile liability, including bodily injury and property damage coverage for all owned, non-owned and hired vehicles, with limits of not less than $1,000,000 per occurrence;

(i) monies and securities (crime) coverage with limits of not less than $10,000 inside limit and $5,000 outside limit;

(j) employment practices liability with limits not less than $100,000, with a retro date of the store opening if on a claim made basis.

(k) commercial umbrella liability insurance with limits not less than $4,000,000 each occurrence. The umbrella liability will be on a following form basis of the underlying policies (commercial general liability, premises and operations, products and completed operations, personal and advertising injury, automobile and employers liability);

(l) cyber and privacy liability with minimum limits of $25,000 including, crisis management and data extortion expense; and

(m) unemployment insurance and state disability as required by governing laws.

11.8.2 Franchisee shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance as well as any other insurance required by Franchisee's landlord. Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including higher liability limits, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

11.8.3 Each insurance policy shall: (1) name Franchisor and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds on a primary, non-contributory basis and provide a waiver of subrogation rights against Franchisor; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Shop is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier. Upon request, you must provide us with proof of insurance in compliance with this Agreement.

Certificates of Insurance shall name Franchisor, and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds, and include primary, non-contributory and waiver of subrogation endorsements. Certificates shall provide 30 days' notice prior written notice to Franchisor of any material modification, cancellation, or expiration of the policy, and due in our office 30 days prior to expiration and coverages listed above.

11.8.4 Franchisee shall provide Franchisor with evidence of the insurance required at least fifteen (15) days before the Shop opens. Franchisee shall provide Franchisor with a complete copy of each insurance policy no later than thirty (30) days after delivery of the original proof of insurance, if required by Franchisor. Prior to the expiration of each insurance policy term, Franchisee shall furnish Franchisor with evidence of each renewal or replacement insurance policy to be maintained by Franchisee for the immediately following term and evidence of the payment of the premium thereof. If Franchisee fails or refuses to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums thereof, Franchisor may, at Franchisor's option, and in addition to Franchisor's other rights and remedies hereunder, obtain such insurance coverage on Franchisee's behalf and Franchisee shall fully cooperate with Franchisor in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Shop which are required to obtain or maintain such insurance and pay to Franchisor on demand any costs and premiums incurred by Franchisor. If Franchisee fails to purchase or maintain any insurance required by this Agreement or fails to reimburse Franchisor for its purchase of insurance on Franchisee's behalf within fifteen (15) days of delivery to Franchisee of Franchisor's written demand for reimbursement, then Franchisor may terminate this Agreement upon notice of termination without opportunity to cure.

11.8.5 The maintenance of sufficient insurance coverage shall be Franchisee's responsibility. Franchisee's obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Franchisor nor shall the maintenance of such insurance relieve Franchisee of any indemnification obligations under this Agreement.

**11.9 Credit Cards and Other Methods of Payment**

11.9.1 If Franchisor requires, Franchisee shall, at all times, have arrangements in existence with a full range of credit and debit card issuers or sponsors, check verification services and electronic fund transfer systems as Franchisor designates from time to time in order that the Shop may accept customers' credit and debit cards, checks and other methods of payment.

11.9.2 Franchisee shall sell or otherwise issue gift cards or certificates (together "Gift Cards") and loyalty cards ("Loyalty Cards") that have been prepared utilizing the standard form of Gift Card and Loyalty Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Franchise Owner's Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards and Loyalty Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card or Loyalty Card was issued by Franchisee or another Mora Iced Creamery Shop. Franchisee shall sell, issue, and redeem Gift Cards in accordance with procedures and policies specified by Franchisor in the Franchise Owner's Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Mora Iced Creamery Shops and for making timely payment to Franchisor, other operators of Mora Iced Creamery Shops, or a third-party service provider for Gift Cards issued from the Shop that are honored by Franchisor or other Mora Iced Creamery Shop operators.

### 11.10 Best Efforts; Sole Purpose

11.10.1 Franchisee and its Principal Owners agree to use their best efforts to develop and expand the market for the Proprietary Products and services offered by the Shop and to cooperate with Franchisor to accomplish the purposes of this Agreement.

11.10.2 If Franchisee is a corporation, partnership, limited liability company or other legal entity, Franchisee will not, directly or indirectly, engage in any business or other activity other than the development and operation of Mora Iced Creamery Shops pursuant to agreements with Franchisor.

### 11.11 Website and Social Media

The Franchisee shall not maintain a World Wide Website or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Shop or utilize any domain name derivatives or outlaw websites without Franchisor's prior written approval, which Franchisor may withhold for any reason or no reason.

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the franchise System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we will list the address and phone number of your Shop on our website.

Franchisor shall have the right to modify the provisions of this Section 11.11 relating to Websites as Franchisor shall solely determine is necessary or appropriate.

Franchisee acknowledges and understands that it is expressly and strictly prohibited from promoting the Franchised Shop and using the Proprietary Marks in any manner on social and/or networking Websites, including Facebook, LinkedIn, Instagram, and Twitter, without Franchisor's prior written consent.

## SECTION 12
## ADVERTISING

### 12.1 Advertising by Franchisor

12.1.1 Franchisor shall have the right to institute a brand development fund (the "Fund") which will operate as an advertising fund for such national and/or regional advertising, marketing and public relations programs as Franchisor in its sole discretion may deem necessary or appropriate to promote Mora Iced Creamery Shops. Franchisee shall contribute to the Fund an amount equal to one percent (1%) of Gross Revenue of the Shop ("Brand Development Fee") payable weekly together with and in the same manner as the Royalty Fees payable hereunder. Franchisor can increase the Brand Development Fee to a maximum of two percent (2%) of the Gross Revenue of the Shop upon 90 days' advance notice. Mora Iced Creamery Shops owned by Franchisor and its Affiliates shall contribute to the Fund on the same basis as Franchisee. Franchisor and/or one of its Affiliates may sell advertising and promotional materials to Franchisee at prices determined in their discretion.

12.1.2 Franchisor or its designee shall administer the Fund as follows:

(a) Franchisor or its designee shall direct all advertising and public relations programs financed by the Fund with sole discretion over the creative concepts, materials and media used in such programs.

(b) the Fund will be used to meet any and all costs of (i) developing advertising ideas and concepts; (ii) developing and conducting market research and merchandising programs; (iii) preparing advertising campaigns; (iv) developing promotional ideas and strategies; (v) preparing collateral creative materials; (vi) preparing advertisements and developing and implementing Franchisor's Website; (vii) preparing public relations campaigns; (viii) providing technical and professional advice in connection with the above; and (ix) placement of advertising. Additionally, monies in the Fund may be expended by Franchisor for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees including, salary costs of employees working directly for the Fund and collecting and accounting for Brand Development Fees. All Brand Development Fees, plus income earned from the Fund, shall be maintained in an account separate from Franchisor's other funds and shall not be used by Franchisor for any purposes other than those provided for herein. Upon Franchisee's request, Franchisor shall, within one hundred twenty (120) days following the close of each fiscal year, prepare and distribute to Franchisee an unaudited statement detailing Fund income and expenses for such fiscal year.

(c) Franchisor may spend, in any fiscal year, an amount greater or less than the aggregate contribution of all Mora Iced Creamery Shops to the Fund in that year. The Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. Any monies remaining in the Fund at the end of any year will carry over to the following year.

(d) Franchisee authorizes Franchisor to collect for remission to the Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by Franchisee. Any advertising or promotional monies or credits collected by Franchisor from any supplier based upon purchases by Franchisee shall not be credited toward Franchisee's required payment of Brand Development Fees.

(e) Franchisor will have the right to cause the Fund to be incorporated or operated through an entity separate from Franchisor at such time as it deems appropriate, and such successor entity shall have all Franchisor's rights and duties pursuant to this Section.

(f) Franchisee understands and acknowledges that the Fund is intended to maximize recognition of the Marks and patronage of Mora Iced Creamery Shops generally. Although Franchisor will endeavor to utilize the Fund to develop advertising and marketing materials and programs and to place advertising in order to benefit the Mora Iced Creamery franchise system generally, Franchisor undertakes no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Mora Iced Creamery Shops operating in that geographic area or that any Mora Iced Creamery Shop will benefit directly or in proportion to its payment of the Brand Development Fee from the development of advertising and marketing materials or the placement of advertising. Franchisee acknowledges that its failure to derive any such benefit will not serve as a basis for a reduction or elimination of Franchisee's obligation to pay the Brand Development Fee. Except as expressly provided in this Paragraph (f), Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Fund. Franchisee acknowledges and agrees that Franchisor has no fiduciary obligation to Franchisee or any other Mora Iced Creamery Shop in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Franchisor expressly disavows the existence of any such fiduciary relationship.

(g) Franchisor retains the right, in its sole discretion, to terminate the Fund. The Fund shall not be terminated until all monies in the Fund have been expended for advertising and promotional purposes. If Franchisor elects to terminate the Fund, Franchisor may reinstate the Fund at any time, and any reinstated Fund shall be administered as described herein.

**12.2 Advertising by Franchisee**

12.2.1 It is recommended that Franchisee spend for local advertising and promotion of the Shop during each month not less than two percent (2%) of the Shop's Gross Revenue for such month.

12.2.2 Before Franchisee may utilize any advertising or promotional materials not prepared or previously approved by Franchisor, Franchisee must submit samples thereof to Franchisor and Franchisor must approve both the sample and its proposed placement. Promotional materials include, but are not limited to, materials provided by Franchisee on a Website. The immediately preceding sentence does not grant you the right to create your own Website. If written approval is not granted by Franchisor within fifteen (15) days from the date of receipt by Franchisor of such materials, Franchisor shall be deemed to have disapproved the submitted sample or proposed placement. Franchisee shall not use any advertising or promotional materials that Franchisor has not approved within the immediately preceding twelve (12) month period, has disapproved or that does not include the copyright registration notices and trademark registration notices Franchisor specifies. Any advertising or promotional materials submitted to Franchisor for its review will become Franchisor's property. In the event Franchisee breaches the provisions of this Section 12.2.4, Franchisor shall notify Franchisee in writing of the facts which Franchisor believes have given rise to said breach. If Franchisee fails to cure said breach within three (3) days following delivery of such notice, Franchisor shall have the right to unilaterally terminate or remove any unauthorized advertising at Franchisee's expense and shall further be entitled to terminate this Agreement unilaterally and immediately upon notice to Franchisee. Franchisee agrees that any advertising or promotional materials created by or for Franchisee shall become Franchisor's property and that Franchisor may use and allow others to use such materials as Franchisor specifies.

**12.3 Local Advertising Cooperatives**

12.3.1 Franchisor may establish local advertising cooperatives for geographic areas that encompass multiple Mora Iced Creamery Shops, or Franchisor may approve of such local advertising cooperatives formed by its franchisees within a geographic area. At such time as there are multiple Mora Iced Creamery Shops in the geographic area in which the Shop is located, Franchisee agrees that, upon notice from Franchisor, Franchisee shall participate in a local advertising cooperative ("Cooperative") approved by Franchisor comprised of franchised and company-owned Mora Iced Creamery Shops located in such area and shall execute such agreements as required by the Cooperative from time to time. Once a Cooperative is established in the Shop's area, Franchisee shall contribute to the Cooperative during each month an amount determined by the members of the Cooperative as described below. If at any meeting of the franchisees in a Cooperative, seventy-five percent (75%) of the franchisees vote to contribute to a Cooperative advertising program, all franchisees within that Cooperative will be obligated to make a contribution to a Cooperative advertising fund in the amount established by the vote. No Cooperative may require any franchisee in that Cooperative to make a contribution to a Cooperative advertising fund in excess of two percent (2%) of the Shop's Gross Revenues each month. Franchisee's failure to make required payments to the Cooperative in Franchisee's area shall constitute a material breach of this Agreement. Franchisor shall furnish to Franchisee written notice regarding the establishment of such a Cooperative encompassing Franchisee's market area which shall specify the date upon which Franchisee's contributions are to commence and the amount of such contributions.

12.3.2 Funds in any Cooperative shall be expended for any and all or a combination of the following purposes: (a) administering, directing, preparing, placing, and paying for advertising campaigns; (b) employing advertising agencies; and (c) administration of the Cooperative, including legal and accounting services. In the administration of any Cooperative it shall not be a requirement that expenditures made be proportionate to Franchisee's contributions or the contributions of any other franchisee. Franchisor reserves the right to terminate any Cooperative in its discretion.

12.3.3 The Cooperative may, in the discretion of the members, operate pursuant to governing documents. If the Cooperative is operated pursuant to such documents, Franchisee shall execute any agreement or other document to participate in the Cooperative, it shall do so.

**12.4 Local Advertising Materials**

Franchisor may from time to time develop localized advertising and sales promotion campaigns and materials employing certain advertising programs, displays, direct mail materials, promotions, brochures, catalogues, printed materials, contests, premiums, incentive prizes, gifts, ad specialties, posters, billboards and other merchandising techniques. If Franchisee determines to procure from Franchisor any such localized advertising materials, then Franchisee shall pay Franchisor for any such materials purchased on such terms and at such times as Franchisor in its sole and exclusive discretion determine from time to time.

**12.5 Advisory Councils**

Franchisor reserves the right to form advisory councils. If and when advisory councils are formed, Franchisor will select franchisees based on performance of their Shops and length of time in the System to participate in the council. Franchisor will control the council.

**12.6 Test Marketing**

Franchisor may from time to time conduct market research to determine consumer trends and test new products and services. Franchisee agrees to participate in such market research in the manner Franchisor requests, which may include purchasing reasonable amounts of test products or services from Franchisor and offering and selling such test products or services from the Shop.

**12.7 Testimonials and Endorsements**

Franchisee agrees to permit Franchisor or its agents or representatives to communicate with customers of the Shop on or off the premises of the Shop for the purpose of procuring testimonials and/or endorsements of Mora Iced Creamery Shops, its products and its services. Franchisee further agrees that Franchisor may make any or no use of such testimonials without compensation to Franchisee.

**12.8 Discount Programs**

Franchisor will notify Franchisee of the creation and provisions of any regional or national discount or coupon programs Franchisor creates. Within five days after receipt of the notice, Franchisee will advise Franchisor whether or not Franchisee wishes to participate in that program.

## SECTION 13
## <u>ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS</u>

13.1 Franchisee shall establish and maintain, at its own expense, a bookkeeping, accounting, record keeping and records retention system conforming to the requirements prescribed by Franchisor from time to time. Each transaction of the Shop shall be processed on the Designated Computer Hardware in the manner Franchisor prescribes. Franchisor shall have at all times the right to access the Designated Computer Hardware and all data processed on the Designated Computer Hardware with respect to the Shop.

Franchisee shall take such action as may be necessary to provide such access to Franchisor through a high speed connection to Franchisee's Designated Computer Hardware.

13.2 With respect to the operation and financial condition of the Shop, Franchisee shall furnish to Franchisor, in the form Franchisor prescribes, from time to time: (a) on or before the Tuesday of each week, a report of the Gross Revenue of the Shop for the preceding week ending Sunday; (b) upon Franchisor's request, such other data, information, and supporting records for such periods as Franchisor, from time to time, require; and (c) within sixty (60) days after the end of the calendar year, a year-end balance sheet, a statement of profit and loss for such fiscal year reflecting all year-end adjustments and a statement of changes in cash flow. All reports and statements must be prepared in accordance with generally accepted accounting principles consistently applied. Each report and financial statement submitted by Franchisee to Franchisor shall be signed by Franchisee and verified as correct in the manner Franchisor prescribes. Franchisee hereby authorizes Franchisor to use and/or publish information derived from Franchisee's financial statements, including in Franchisor's Disclosure Document and related documents.

13.3 Franchisee agrees to maintain and to furnish to Franchisor, upon request, complete copies of all income, sales, value added, use and service tax returns filed by Franchisee reflecting activities of the Shop.

13.4 Franchisee shall promptly deliver to Franchisor all health inspection reports (whether favorable or not) and similar reports received by Franchisee from any government or administrative body.

13.5 If Franchisee fails to timely provide Franchisor with any report, statement or tax return required to be furnished, Franchisee shall pay to Franchisor a late fee of Fifty Dollars ($50) per month per report, statement or return for each month such report, statement or return is overdue.

13.6 Franchisee shall preserve for three (3) years all business, accounting, tax, inventory, financial, legal, personnel, operations and other records relating to the Shop and to Franchisee. Franchisor shall have the right with or without prior notice to inspect, audit and copy such records during business hours. Franchisee shall make such records available for examination at the Shop.

## SECTION 14
## INSPECTIONS AND AUDITS

### 14.1 Franchisor's Right to Inspect the Shop

To determine whether Franchisee and the Shop are complying with this Agreement and with specifications, standards and operating procedures Franchisor prescribes for the operation of Mora Iced Creamery Shops, Franchisor or its agents or representatives shall have the right at any reasonable time before or after the Shop opens to: (a) inspect the Site and the equipment, fixtures, signs, food, inventory and supplies of the Shop; (b) observe, photograph and video tape the operations of the Shop for such consecutive or intermittent periods as Franchisor deems necessary; (c) remove samples of any products without payment therefor for testing and analysis; (d) interview personnel of the Shop; (e) interview customers of the Shop; and (f) inspect and copy any books, records and documents relating to the operation of the Shop. Franchisee agrees to cooperate fully with Franchisor in connection with any such inspections, observations, photographing and videotaping, product removal and interviews. Franchisee shall present to its customers such evaluation forms as Franchisor periodically prescribes and shall participate and/or request its customers to participate in any surveys performed by or on behalf of Franchisor. Franchisee shall install and maintain a high speed internet connection in accordance with Franchisor's specifications to permit Franchisor and its Affiliates to access the Designated Computer Hardware, thereby permitting Franchisor to inspect and monitor electronically information concerning sales of the Shop, transactions, Gross Revenue, and such other information as may be contained or stored in the Designated Computer Hardware. Franchisor shall have access as provided herein at such times and in such manner as Franchisor shall from time to time deem necessary. Despite the foregoing, our reviews and inspections of your operations do not replace your duty to oversee and supervise your own business operations and workers.

**14.2 Franchisor's Right to Audit**

Franchisor shall have the right, at any time during business hours and with reasonable notice to Franchisee, to inspect and audit or cause to be inspected and audited the business records, bookkeeping and accounting records, value added, sales, use and service and income tax records and returns and other records of the Shop, and the books and records of any corporation, partnership, limited liability company or other entity which holds the Franchise. Any such audit will be performed by independent accountants hired by Franchisor. Franchisee shall fully cooperate with Franchisor's representatives and independent accountants hired by Franchisor to conduct any such inspection or audit. Franchisor's right to audit shall also include its right to access the Designated Computer Hardware electronically as provided in this Agreement. In the event any such inspection or audit shall disclose an understatement of the Gross Revenue of the Shop, Franchisee shall pay to Franchisor, within fifteen (15) days after receipt of the inspection or audit report, the Royalty Fees and advertising fund contributions due on the amount of such understatement plus interest at the rate and on the terms provided for herein from the date originally due until the date of payment. In the event such inspection or audit is made necessary by Franchisee's failure to furnish reports, supporting records, other information or financial statements as herein required or to furnish such reports, records, information or financial statements on a timely basis or if an understatement of Gross Revenue for the period of any audit is determined by any such audit or inspection to be two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such inspection or audit including, reasonable legal fees and accountants' fees, and the travel expenses, room and board and applicable per diem charges for Franchisor's employees. The foregoing remedies shall be in addition to all Franchisor's other remedies and rights hereunder or under applicable law.

## SECTION 15
## INDEPENDENT CONTRACTORS; INDEMNIFICATION

**15.1 Independent Contractors**

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisor and Franchisee are and shall be independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee shall conspicuously identify itself in all dealings with customers, suppliers, public officials, its personnel, and others as the owner of the Shop under a franchise granted by Franchisor and shall conspicuously and prominently place such other notices of independent ownership on the Site and on such forms, business cards, stationery, advertising, and other materials as Franchisor may require from time to time. While we establish standards and recommendations for desired outcomes to protect our systems and brand, as an independent contractor franchisee, you generally determine the means to accomplish such outcomes. You are responsible for the day-to-day operation of your Franchise.

**15.2 No Liability for Acts of Other Party**

Franchisee shall not employ any of the Marks in signing any contract, application for any license or permit, or in a manner that may result in the liability of Franchisor or its Affiliates for any indebtedness or obligation of Franchisee nor will Franchisee use the Marks in any way not expressly authorized herein. Except as expressly authorized in writing, neither Franchisor nor Franchisee shall make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, or represent that their relationship is other than franchisor and franchisee. Neither Franchisor nor Franchisee shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Shop or Franchisee's business authorized by or conducted pursuant to the Franchise.

**15.3 Taxes**

Franchisor shall have no liability for any sales, value added, use, service, occupation, excise, gross receipts, income, property, payroll or other taxes whether levied upon this Agreement, Franchisee, the Shop, Franchisee's property, or upon Franchisor in connection with the sales made or business conducted by Franchisee, except any taxes that Franchisor are required by law to collect from Franchisee with respect to purchases from Franchisor. Payment of all such taxes shall be Franchisee's responsibility.

**15.4 Indemnification by Franchisee**

Franchisee agrees to indemnify, defend and hold Franchisor, its Affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees harmless against and to reimburse them for (a) all claims, obligations and damages described in this Section, (b) any and all taxes described above, and (c) any and all claims and liabilities directly or indirectly arising out of the operation of the Shop; the use of the Marks; or the transfer of any interest in this Agreement, the Franchise, the Shop, some or all of the assets of the Shop (other than the sale of inventory items in the ordinary course of business) or Franchisee in any manner not in accordance with this Agreement. Franchisee's indemnification obligations include claims by Franchisee's employees against Franchisor (or other indemnified parties listed above) under a theory of joint employer liability or similar theories. Franchisee's indemnification obligations do not apply to the extent that such claims, obligations, damages, taxes, losses or liabilities arise from Franchisor's gross negligence or wrongful conduct. For purposes of this indemnification, "claims" shall mean and include all obligations, actual and consequential damages, and costs incurred in the defense of any claim against Franchisor including, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses. Franchisor shall have the right to defend any such claim against it in such manner as it deems appropriate or desirable in its sole discretion. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, termination or non-renewal of this Agreement.

**15.5 Indemnification by Franchisor**

We will indemnify you against claims by third parties that your use of the Copyrighted Works or Marks infringes the third party's rights, provided that: (1) you have immediately notified us that you have become aware of such a claim; and (2) you have fully complied with this Agreement, including provisions of this Agreement regarding your use of the Copyrighted Works and the Marks. Franchisor will indemnify Franchisee from all expenses and damages, including attorneys' fees and costs, as to that claim only, and we have the right to control the litigation or other proceeding.

## SECTION 16
## TRANSFER

### 16.1 By Franchisor

Franchisor shall have the right to assign this Agreement and all of its attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing Franchisor's obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

Franchisee expressly affirms and agrees that Franchisor may sell all or a portion of its assets, its rights to the Proprietary Marks or to the System to one or more third parties; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "MORA DEVELOPMENT, LLC" as Franchisor. Nothing contained in this Agreement shall require Franchisor or its assignee to maintain the same Proprietary Marks, in the event that Franchisor exercises its right to assign its rights in this Agreement.

### 16.2 Franchisee May Not Transfer Without Franchisor's Approval

16.2.1 Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its Owners and that Franchisor has granted the rights hereunder to Franchisee in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and its Owners. Accordingly, neither (a) this Agreement nor (b) any interest in the ownership of Franchisee, the Franchise, the Shop or some or all of the assets of the Shop, other than inventory items in the ordinary course of business, may be transferred without Franchisor's prior written approval. Any such transfer without such approval shall constitute a breach hereof and convey no rights to or interests in this Agreement, the Franchise, Franchisee, the Shop or in the assets thereof.

16.2.2 As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by Franchisee or any of its Owners of any interest in or grant of any security interest in:

(a) this Agreement;

(b) the Franchise;

(c) Franchisee;

(d) the Shop; or

(e) some or all of the assets of the Shop, other than inventory items in the ordinary course of business.

16.2.3 As used above, an assignment, sale or other transfer shall include the following events:

(a) the transfer of ownership of shares, partnership interest, or other Ownership Interests;

(b) merger or consolidation or issuance of additional securities representing Ownership Interests;

(c) any sale of Ownership Interests carrying voting rights of Franchisee or any security convertible to voting Ownership Interests of Franchisee or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest; or

(d) transfer in a divorce, insolvency, corporate or partnership dissolution proceeding, or in the event of the death of Franchisee or an Owner of Franchisee, by will, declaration of or transfer in trust, or under the laws of intestate succession or otherwise by operation of law.

16.2.4 Notwithstanding the foregoing, the restrictions on transfers set forth above shall not apply to:

(a) a transfer of Ownership Interests in Franchisee by an Owner who is not a Principal Owner provided that:

(1) Franchisee has given Franchisor written notice of the proposed transfer at least ten (10) days in advance of the effective date of the transfer;

(2) the transfer is not to a Competitive Business or to an owner (active or passive), officer, or director of a Competitive Business; and

(3) the proposed transfer does not by itself or in conjunction with other transfers result in the transfer of a Controlling Interest in Franchisee or a change in the composition of the group holding a Controlling Interest in Franchisee; or

(b) any transfer of stock options that does not by itself or in combination with other transfers result in the transfer of a Controlling Interest in Franchisee or a change in the composition of the group holding a Controlling Interest in Franchisee.

### 16.3 Conditions for Approval of Transfer

16.3.1 Franchisor will not unreasonably withhold its approval of a transfer of an interest in this Agreement, Franchisee, the Franchise, the Shop, or any of the Shop's assets that meets all the applicable requirements of this Section. All of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) Franchisee and its Owners shall be in full compliance with this Agreement;

(b) the proposed transferee and its owners must be individuals of good moral character and otherwise meet Franchisor's then-applicable standards for Mora Iced Creamery Shop franchisees, and if the proposed transferee, its owners or Affiliates have any other franchise agreements or development agreements with Franchisor, they are in full compliance with any such agreements and comply with clause (f) of Section 16.3.2;

(c) a transfer of ownership in the Shop or the assets of the Shop, other than inventory in the ordinary course of business, may only be made in conjunction with a transfer of this

Agreement. If the transfer is of an Owner's interest in Franchisee then the transferee's name and relevant information shall be added as Attachment 1 hereto and the transferee shall then be bound by all provisions applicable to Owners; and

(d) Franchisee and its Owners or the transferring Owner(s) and the transferee (if it is then a multi-unit operator or franchisee of Franchisor) must execute a general release in form satisfactory to Franchisor of any and all claims against Franchisor, its Affiliates and their respective shareholders, officers, directors, employees and agents.

16.3.2 In addition to the above, if the transfer is of this Agreement, a Principal Owner's interest, or a Controlling Interest in Franchisee, or is one of a series of transfers which, in the aggregate, constitute the transfer of this Agreement or a Controlling Interest in Franchisee, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee must have sufficient business experience, aptitude and financial resources to operate the Shop and perform the obligations of the transferor under this Agreement, and neither the transferee nor its owners may be engaged in or intend to engage in a Competitive Business;

(b) Franchisee and the transferee (if it is then a multi-unit operator or franchisee of Franchisor) must pay such Royalty Fees, advertising fund contributions, amounts owed for purchases by Franchisee (or such transferee from Franchisor and its Affiliates), and all other amounts owed to Franchisor or its Affiliates which are then due and unpaid;

(c) the transferee and its personnel who will have access to the Confidential Information must have signed the Confidentiality and Non-Competition Agreement and have completed Franchisor's training program to its satisfaction. The transferee is required to pay Franchisor its then-current fee for Franchisor's initial training program;

(d) the transferee and its owners, at Franchisor's option, must agree in a manner satisfactory to Franchisor to be bound by all terms and conditions of this Agreement for the remainder of its term or execute Franchisor's then-current form of franchise agreement and such ancillary documents, including guarantees, as are then customarily used by Franchisor in the grant of franchises for Mora Iced Creamery Shops, modified as necessary to provide for the same Royalty Fees required hereunder and a term equal to the remaining term of this Agreement;

(e) Franchisee must have paid Franchisor a transfer fee. If the transferee is an existing franchisee in the System, the transfer fee is calculated as fifty percent (50%) of Franchisor's then-current initial franchise fee. If the transferee will be a new franchisee in the System, the transfer fee is calculated as seventy-five percent (75%) of Franchisor's then-current initial franchise fee;

(f) Franchisor must approve the material terms and conditions of such transfer including, that the price and terms of payment are not so burdensome as to adversely affect Franchisor's rights and interests under this Agreement and Franchisee must furnish to Franchisor a copy of the executed contract of assignment;

(g) if Franchisee and/or its transferring Owner(s) finances any part of the sale price of the transferred interest, Franchisee and/or its transferring Owner(s) must agree in a manner satisfactory to Franchisor that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee and/or its transferring Owner(s) in the assets of the Shop shall be subordinate to the obligations of the transferee to pay Royalty Fees, advertising fund contributions, and other amounts due to Franchisor and its Affiliates, and otherwise to comply with this Agreement or the franchise agreement executed by the transferee;

(h) if this Agreement is being transferred, Franchisee and its Principal Owners must execute a non-competition agreement in favor of Franchisor and the transferee. If a Principal Owner is transferring his/her interest, such Principal Owner must execute a non-competition agreement in favor of Franchisor and the transferee. In either case, the non-competition agreement shall provide that neither Franchisee, its Principal Owner(s) nor its transferring Principal Owner(s) (whichever is applicable) shall directly or indirectly for a period of two (2) years commencing on the effective date of such transfer:

(1) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within fifty (50) miles of the Shop or any other Mora Iced Creamery Shop; or

(2) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business located or operating within fifty (50) miles of the Shop or any other Mora Iced Creamery Shop; or

(3) employ or seek to employ any person who is employed by Franchisor or its Affiliates. Neither shall such person employ or seek to employ any developer or franchisee of Franchisor, nor induce or attempt to induce any of the above-mentioned employees to leave said employment;

(i) the proposed transferee must furnish the information and references Franchisor requires of potential franchisees and must present him/herself at his/her own expense for a personal interview at Franchisor's office;

(j) the lessor or sublessor of the Shop must consent in writing to the assignment of Franchisee's lease to the proposed transferee;

(k) if the proposed transferee is acquiring a portion of the interest in the legal entity that is Franchisee, then the proposed transferee must execute Franchisor's form of guaranty;

(l) except in the case of a transfer of a Principal Owner's interest that does not constitute a Controlling Interest, the transferee, at its expense, must upgrade the Shop to conform to the then-current standards and specifications for new franchises; and

(m) the transfer must be made in compliance with all applicable laws.

16.3.3 Clauses (h) and (i) of Section 16.3.2 shall not apply to transfers by gift, bequest, or inheritance. The restrictions of Section 16.3.2(h)(1) shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

16.3.4 The rights of Franchisee and its Owners to transfer interests in this Agreement, the Franchise, Franchisee, the Shop or the assets of the Shop may be exercised only by Franchisee or its Owners and shall not be exercisable by a receiver, executor, trustee, liquidator or other person acting in a comparable capacity with respect to the assets or ownership of Franchisee.

**16.4 Transfer to a Wholly Owned Entity**

If Franchisee is in full compliance with this Agreement, then Franchisor shall not unreasonably withhold its approval of a transfer, in the case of a proposed assignment or transfer of this Agreement, of the Franchise and the Shop to a corporation or comparable legal entity, one (1) time only, which conducts no business other than the Shop which is actually managed by Franchisee and in which Franchisee maintains management control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding Ownership Interests. All certificates or other documents representing Ownership Interests of such legal entity must be endorsed with a legend in form Franchisor approves reciting that the transfer of shares in Franchisee is subject to the restrictions of this Agreement. Such an assignment shall not relieve Franchisee of its obligations hereunder. Franchisee shall remain jointly and severally liable to Franchisor for all obligations hereunder.

**16.5 Franchisee's Death or Incapacity**

16.5.1 Upon Franchisee's death or disability, or if Franchisee is a corporation, limited liability company, partnership, or other legal entity, upon the death or disability of a Principal Owner of Franchisee, all of such person's interest in this Agreement or such interest in Franchisee shall be transferred to a transferee reasonably approved by Franchisor. Such disposition of this Agreement or such interest in Franchisee, including, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed nine (9) months from the date of death or disability, and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Failure to so transfer the interest in this Agreement or such interest in Franchisee within said period of time shall constitute a material breach of this Agreement subject to immediate termination upon written notice by Franchisor.

16.5.2 If, upon the death or disability of Franchisee or a Principal Owner, the Shop is not being managed by a trained manager, Franchisee's or that Principal Owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager to operate the Shop. The manager must complete training at Franchisee's expense. Pending the appointment of a manager as provided above, or if in Franchisor's judgment the Shop is not being managed properly any time after Franchisee's or the Principal Owner's death or disability, Franchisor may, but need not, assume management of the Shop. All funds from the Shop's operation during the period Franchisor is managing it will be kept in a separate account and all of the Shop's expenses will be charged to this account. Franchisor may charge a reasonable management fee plus its out-of-pocket costs. Franchisor's operation of the Shop during any such period will be solely on Franchisee's behalf but Franchisor only have a duty to utilize reasonable efforts and will not be liable to Franchisee or the Owners for any debts, losses or obligations the Shop incurs or to any creditors for any products, materials, supplies or services the Shop purchases during any period when Franchisor manages the Shop hereunder.

**16.6 Public or Private Offering**

Securities of Franchisee or an entity owning a direct or indirect equity interest in Franchisee, this Agreement, the Franchise or the Shop may not be offered to the public pursuant to a private or public or governmentally regulated offering without Franchisor's prior written consent, which may be withheld in its sole discretion. Franchisee shall reimburse Franchisor for its reasonable expenses incurred in connection with the offering or proposed offering, including attorneys' fees.

**16.7 Effect of Consent to Transfer**

Franchisor's consent to a transfer of this Agreement or any interest in Franchisee, the Shop, or the assets of the Shop shall not constitute a waiver of any claims Franchisor may have against Franchisee or its

Owners, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

### 16.8 Franchisor's Right of First Refusal

If Franchisee or any of its Owners shall at any time determine to sell an interest in this Agreement, the Franchise, the Shop, some or all of the assets of the Shop, other than inventory items in the ordinary course of business, or an Ownership Interest in Franchisee, Franchisee or its Owner(s) shall obtain a bona fide, arms-length, executed written offer and earnest money deposit in the amount of five percent (5%) or more of the offering price from a qualified, responsible, bona fide and fully disclosed purchaser. A true and complete copy of the offer and any proposed ancillary agreements shall immediately be submitted to Franchisor by Franchisee, such Owner(s) or both. The offer must apply only to an interest in this Agreement, the Franchise, the Shop, the assets of the Shop or Franchisee. It must not include the purchase of any other property or rights of Franchisee or such Owner(s). If the offeror proposes to buy any other property or rights from Franchisee or such Owner(s) under a separate, contemporaneous offer, the price and terms of purchase offered to Franchisee or such Owner(s) for the interest in this Agreement, the Franchise, the Shop, the assets of the Shop or Franchisee shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. Franchisor shall have the right, which it may exercise by written notice delivered to Franchisee or such Owner(s) within forty-five (45) days from the date of delivery of an exact copy of such offer to Franchisor, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that (a) Franchisor may substitute cash, a cash equivalent, or marketable securities of equal value for any form of payment proposed in such offer, (b) Franchisor's credit shall be deemed equal to the credit of any proposed purchaser, and (c) Franchisor shall have not less than sixty (60) days to prepare for closing. Franchisor shall be entitled to all customary representations and warranties given by the seller of a business including, representations and warranties as to (i) ownership, condition and title to Ownership Interests and/or assets; (ii) liens and encumbrances relating to the Ownership Interests and/or assets being purchased; and (iii) validity of contracts and contingent or other liabilities of the corporation whose stock is purchased. If Franchisor exercises its right of first refusal hereunder, Franchisee shall take all action necessary to cause the lease or sublease for the Shop to be assigned to Franchisor. If Franchisor does not exercise its right of first refusal, Franchisee or such Owner(s) may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to Franchisor's approval of the transfer as provided for herein, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to Franchisor or if there is a change in the terms of the sale, Franchisor shall have an additional right of first refusal for thirty (30) days on the same terms and conditions as are applicable to the initial right of first refusal.

### 16.9 Ownership Structure and Initial Capitalization

Franchisee represents and warrants that its ownership structure and initial capitalization are as set forth on Attachment 1 hereto and covenant that Franchisee will not vary from that ownership structure without Franchisor's prior written approval.

### 16.10 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Shop's operations which would cause harm to the Shop, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Shop, operate the Shop for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Shop during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Shop, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Shop franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

**16.11 Step-In Rights**

If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the franchised business which would cause harm to the franchise system and thereby lessen its value, Franchisee authorizes Franchisor to operate his/her business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In the sole judgment of Franchisor, Franchisor may deem Franchisee incapable of operating the franchised business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor**,** Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising any other right which it may have under this Agreement, including, termination pursuant to Section 18.

## SECTION 17
## GRANT OF RENEWAL FRANCHISES

**17.1 Franchisee's Right to a Renewal Franchise**

Franchisee may apply to operate the Shop for two (2) additional consecutive terms of five (5) years each if the following conditions are met prior to each renewal:

(a) Franchisor is then offering franchises for Mora Iced Creamery Shops in the state where the Shop is located;

(b) Franchisee and its Owners have complied with the terms and conditions of this Agreement during its preceding term;

(c) Franchisee and its Owners are then in full compliance with the terms and conditions of this Agreement;

(d) Franchisee pays Franchisor a renewal fee equal to twenty percent (20%) of Franchisor's then-current initial franchise fee for a single unit franchise. However, if this Agreement relates to a Franchise purchased pursuant to an Area Development Agreement, then the renewal fee is equal to twenty percent (20%) of Franchisor's then-current Initial Franchise Fee Schedule for Area Developers (for the number this Franchise represents on your Development Schedule); and

(e) (1) Franchisee maintains possession of the Site on terms reasonably acceptable to Franchisor and agree to remodel and/or expand the Site, add or replace equipment, furniture, fixtures, and signs and otherwise modify the Shop to bring it into compliance with specifications and standards then applicable under new or renewal franchises for Mora Iced Creamery Shops; or

(2) if Franchisee is unable to maintain possession of the Site or, if in Franchisor's judgment the Shop should be relocated, Franchisee shall secure a substitute site approved by Franchisor and shall develop such substitute site in such fashion as to avoid any interruption of business and which shall be in compliance with specifications and standards then applicable under new or successor franchises for Mora Iced Creamery Shops.

**17.2 Notices**

Franchisee shall give Franchisor written notice of Franchisee's election to obtain a Renewal Franchise not more than twelve (12) months and not less than six (6) months prior to the expiration of this Agreement. Franchisor agrees to give Franchisee written notice not more than ninety (90) days after receipt of Franchisee's notice of (a) Franchisor's determination whether or not Franchisor will grant Franchisee a Renewal Franchise and/or (b) any deficiencies in Franchisee's operation of the Shop or any other failure to comply with the terms of this Agreement which could cause Franchisor to refuse to grant a Renewal Franchise. Such notice shall state what actions Franchisee must take to correct the deficiencies and shall specify the time period in which such deficiencies must be corrected. Franchisor shall give Franchisee written notice of a decision not to grant a Renewal Franchise based upon Franchisee's failure to cure deficiencies not less than ninety (90) days prior to the expiration of the initial term of this Agreement. Such notice shall state the reasons for Franchisor's refusal to grant a Renewal Franchise. In the event Franchisor fails to give Franchisee (a) notice of deficiencies in the Shop or in Franchisee's operation of the Shop within ninety (90) days after receipt of Franchisee's timely election to obtain a Renewal Franchise or (b) notice of Franchisor's decision not to grant a Renewal Franchise at least ninety (90) days prior to the expiration of the term of this Agreement, Franchisor may extend the term of this Agreement for such period of time as is necessary in order to provide Franchisee reasonable time to cure deficiencies or to provide ninety (90) days' notice of Franchisor's determination not to grant a Renewal Franchise. The grant of a Renewal Franchise shall be conditioned upon Franchisee's continued compliance with all the terms and conditions of this Agreement up to the date of expiration.

**17.3 Renewal Agreement; Releases**

To obtain a Renewal Franchise, Franchisor, Franchisee and its Owners shall execute the form of franchise agreement and any ancillary agreements then customarily used by Franchisor in the grant of franchises for the operation of Mora Iced Creamery Shops with appropriate modifications to reflect the fact that the agreement relates to a Renewal Franchise. The then-current franchise agreement may provide for higher or additional fees. Franchisee and its Owners shall execute general releases in form satisfactory to Franchisor of any and all claims against Franchisor and its Affiliates and their respective shareholders, officers, directors, employees, agents, successors and assigns.

## SECTION 18
## <u>TERMINATION OF THE FRANCHISE</u>

**18.1 By Franchisor**

18.1.1 If Franchisee or any of its Owners fails to comply with any provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by Franchisor, Franchisor may terminate this Agreement effective immediately upon delivery of written notice of termination to Franchisee and if Franchisor gives written notice of such breach to Franchisee and it does not:

(a) correct such breach within fifteen (15) days after delivery to Franchisee of such notice of breach; or

(b) if such breach cannot reasonably be corrected within thirty (30) days after delivery of notice of breach, undertake within ten (10) days after delivery of such notice of breach and continue until completion efforts to cure such breach and furnish proof acceptable to Franchisor upon its request of such efforts and the date full compliance will be achieved.

(c) If the breach is related to health, sanitation or safety, Franchisee shall have five (5) days to effect a cure of the breach or, if five (5) days is insufficient to effect the cure, to initiate the cure and complete it in an expeditious manner.

18.1.2 Notwithstanding the above, Franchisor may terminate this Agreement upon delivery of notice of termination to Franchisee without opportunity to cure if Franchisee commits any of the following breaches:

(a) Franchisee fails to (i) obtain a suitable Site; (ii) obtain lawful possession of the Site in the time provided in this Agreement; (iii) develop the Shop in accordance with this Agreement; or (iv) commence operation of business within the time provided in this Agreement;

(b) Franchisee or any of its Owners abandons, surrenders or transfers control of the operation of the Shop without Franchisor's prior written approval;

(c) Franchisee or any of its Owners has made any material misrepresentation or omission in the application for the Franchise;

(d) Franchisee or any of its Owners is (i) convicted by a trial court of or pleads guilty or no contest to a felony or to another crime or offense that may adversely affect the reputation of Franchisee, or the Shop or the goodwill associated with the Marks or (ii) engaged in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of Franchisor or any Mora Iced Creamery Shop;

(e) Franchisee or any of its Affiliates or Owners makes any unauthorized use or disclosure of or duplicates any copy of any Confidential Information, makes any unauthorized use of the Marks or Copyrighted Works, or uses, duplicates or discloses any portion of the Franchise Owner's Manual, or challenges or seeks to challenge the validity of the Marks or Copyrighted Works;

(f) Franchisee loses the right to possession of the Site and does not relocate the Shop to another site in accordance with this Agreement;

(g) Franchisee, or any of its partners, if Franchisee is a partnership, or any of its officers, directors, shareholders, or members, if Franchisee is a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Shop shall be sold after levy thereupon by any sheriff, marshal, or constable;

(h) Franchisee or its Principal Owners violate the restrictions of Section 9 of this Agreement (Exclusive Relationship) or of any Confidentiality and Non-Competition Agreement;

(i) Franchisee fails to report accurately the Gross Revenue of the Shop or fails to make payments of any amounts due Franchisor or its Affiliates for Royalty Fees, advertising fund contributions, purchases from Franchisor or its Affiliates or any other amounts due to Franchisor or its Affiliates, and does not correct such failure within ten (10) days after written notice thereof;

(j) Franchisee knowingly maintains false books or records, or knowingly submits any substantially false report to Franchisor;

(k) Franchisee causes or permits to exist a default under the lease or sublease for the Site and fails to cure such default within the applicable cure period set forth in the lease or sublease;

(l) Franchisee or any of its Owners fails on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement or any mandatory specification, standard or procedure Franchisor prescribes, whether or not such failures to comply are corrected and whether or not notice of such default is given; or fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to comply with the same requirement under this Agreement, whether or not such failures to comply are corrected or whether or not notice of such default is given;

(m) Franchisee fails to purchase or maintain any insurance required by this Agreement or fails to reimburse Franchisor for its purchase of insurance on Franchisee's behalf within fifteen (15) days of delivery to Franchisee of Franchisor's written demand for reimbursement;

(n) A threat or danger to public health or safety results from the construction, maintenance or continued operation of the Shop;

(o) Franchisee refuses Franchisor permission to inspect the Shop, or Franchisee's business, books, records or other documents pursuant to this Agreement;

(p) Franchisee or any of its Affiliates or Owners interferes or attempts to interfere with Franchisor's ability to franchise or license others to use and employ the Marks or System;

(q) Franchisee or any of its Affiliates or Owners interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, suppliers, employees, advertising agencies or other third parties; or

(r) Franchisee fails to comply with all applicable laws and ordinances relating to the Shop, including Anti-Terrorism Laws.

### 18.2 Cross-Defaults. Non-Exclusive Remedies, etc.

Any default by Franchisee (or any of Franchisee's Affiliates) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any of Franchisee's Affiliates). Any default by Franchisee (or any of Franchisee's Affiliates) under any other agreement, including any lease and/or sublease, between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any of Franchisee's Affiliates), and any default by Franchisee (or any of Franchisee's Affiliates) under any obligation to Franchisor (or any of Franchisor's Affiliates) may be regarded as a default under this Agreement. Any default by Franchisee (or any of Franchisee's Affiliates) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any of Franchisor's Affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any of Franchisee's Affiliates).

In each of the foregoing cases, Franchisor (and any of Franchisor's Affiliates) will have all remedies allowed at law, including termination of Franchisee's rights (and/or those of any of Franchisee's Affiliates) and Franchisor's (and/or Franchisor's Affiliates') obligations. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity and Franchisor may pursue any rights and/or remedies available.

### 18.3 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Section, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by Franchisor that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. Franchisor shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

### 18.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to this Section 18, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee and/or suspension of Franchisee's webpage on Franchisor's Website, until such time as Franchisee corrects the breach.

## SECTION 19
## RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THE AGREEMENT

### 19.1 Payment of Amounts Owed to Franchisor

Franchisee shall immediately pay to Franchisor and its Affiliates upon termination or expiration of this Agreement such Royalty Fees, advertising fund contributions, amounts owed for purchases by Franchisee from Franchisor or its Affiliates, interest due on any of the foregoing and all other amounts owed to Franchisor or its Affiliates which are then unpaid.

**19.2 Marks, Copyrights and Trade Dress**

19.2.1 Upon the termination or expiration of this Agreement, Franchisee shall:

(a) not thereafter, directly or indirectly, at any time or in any manner identify itself or any business as a current or former Mora Iced Creamery Shop or as a current or former franchisee of or as otherwise associated with Franchisor, or use any Mark, any colorable imitation thereof or any mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark, Domain Name, or other commercial symbol or trade dress that suggests or indicates a connection or association with Franchisor;

(b) remove all signs containing any Mark and return to Franchisor or destroy forms and materials containing any Mark or otherwise identifying or relating to a Mora Iced Creamery Shop;

(c) return to Franchisor all products and equipment that have elements of Trade Dress, including stainless steel lids for ice cream cabinets.

(d) take such action as may be required to cancel or, at Franchisor's option, to transfer to Franchisor or its designee all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Mark;

(e) immediately take all such actions as may be necessary to transfer any telephone number and any telephone directory listings associated with the Marks to Franchisor. Franchisee acknowledge that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with the Marks. Franchisee, concurrently with the execution of this Agreement, shall execute Franchisor's forms of Internet Website and Listings Agreement and Telephone Listing Agreement, the current forms of which are attached to this Agreement as Attachment 3. Franchisee, by executing this Agreement, authorizes Franchisor and hereby appoints Franchisor and any of its officers as Franchisee's attorney-in-fact to direct the telephone company and all listing agencies to transfer the same to Franchisor, should Franchisee fail or refuse to do so. The telephone company and all listing agencies may accept this Agreement and/or the Collateral Assignment of Telephone Numbers and Listings as conclusive evidence of Franchisor's exclusive right in such telephone numbers and directory listings and Franchisor's authority to direct their transfer;

(f) immediately cease all use of Copyrighted Works which were furnished to Franchisee by Franchisor pursuant hereto, including all information contained therein, and return to Franchisor or destroy all forms, advertising and promotional materials or other materials containing such Copyrighted Works;

(g) at Franchisor's option, assign to Franchisor or terminate any Website that identifies Franchisee as currently or formerly associated with Franchisor or that displays any Mark as well as terminate any domain name of such Website; and

(h) if Franchisor does not purchase the Shop as provided in Section 19.6, at Franchisee's expense make such modifications and alterations, including removal of all distinctive physical and structural features associated with the Trade Dress of Mora Iced Creamery Shops, as may be necessary to distinguish the Site of the Shop so clearly from its former appearance and from other Mora Iced Creamery Shops as to prevent any possibility that the public will associate the Site with Mora Iced Creamery Shops and any confusion created by such association.

19.2.2 Franchisee shall furnish to Franchisor (a) within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to Franchisor of Franchisee's compliance with Subparagraphs (a) and (c) of the foregoing obligations, and (b) within thirty (30) days after the later of expiration of Franchisor's option to purchase the Shop as provided in Section 19.6 or receipt of notice that Franchisor elects not to purchase the Shop pursuant to Section 19.6, evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations.

**19.3 Confidential Information**

Franchisee agrees that, upon termination of the Franchise or expiration of the Franchise without grant of a Renewal Franchise: (a) Franchisee will immediately cease to use any of Franchisor's Confidential Information disclosed to or otherwise learned or acquired by Franchisee in any business or otherwise; and (b) Franchisee will return to Franchisor all copies of the Franchise Owner's Manual and any other confidential materials which have been loaned or made available to Franchisee by Franchisor.

**19.4 Covenant Not to Compete**

19.4.1 Upon termination of this Agreement by Franchisor in accordance with its terms and conditions, or by Franchisee without good cause, or upon expiration of this Agreement without the grant of a Renewal Franchise, neither Franchisee nor any of its Principal Owners shall directly or indirectly (such as through another individual or entity or otherwise) for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which Franchisee ceases to operate the Shop, whichever is later:

(a) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within a fifty (50) mile radius of the Shop or any other Mora Iced Creamery Shop; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business located or operating within a fifty (50) mile radius of the Shop or any other Mora Iced Creamery Shop in operation or under construction on the effective date of such termination or expiration; or

(c) employ or seek to employ any person who is employed by Franchisor, its Affiliates or any developer or franchisee of Franchisor, nor induce nor attempt to induce any such person to leave said employment without the prior written consent of such person's employer.

19.4.2 The restrictions of clause (a) of Section 19.4.1 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

19.4.3 The restrictions of Section 19.4.1 shall not be construed to prohibit Franchisee or any Principal Owner of Franchisee from having a direct or indirect ownership interest in any Mora Iced Creamery Shop, Multi-Unit Operator Agreement or Franchise Agreement for the development or operation of any Mora Iced Creamery Shop, or any entity owning, controlling or operating a Mora Iced Creamery Shop or from providing services to a Mora Iced Creamery Shop.

**19.5 Continuing Obligations**

All obligations of Franchisor and Franchisee which expressly or by their nature survive or are intended to survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

**19.6 Franchisor's Right to Purchase Assets of the Shop**

Upon termination of this Agreement by Franchisor in accordance with its terms and conditions, or upon expiration of this Agreement without the grant of a Renewal Franchise, Franchisor shall have the option to purchase from Franchisee all or a portion of the assets used in the Shop. Franchisor may exercise this option by giving written notice thereof within sixty (60) days from the date of such expiration or termination. Assets shall include, without limitation, leasehold improvements, equipment, furniture, fixtures, signs, inventory and the lease or sublease for the Site. Franchisor shall have the unrestricted right to assign this option to purchase. Franchisor or its assignee shall be entitled to all customary warranties and representations given by the seller of a business including, representations and warranties as to (a) ownership, condition and title to assets; (b) liens and encumbrances relating to the assets; (c) validity of contracts inuring to Franchisor or affecting the assets; and (d) contingent or other liabilities. Except as provided in Section 19.7, below, the purchase price for the assets of the Shop shall be the fair market value determined as of the date of termination of expiration of this Agreement in a manner consistent with reasonable depreciation of leasehold improvements owned by Franchisee and the equipment, furniture, fixtures, signs and inventory of the Shop. The purchase price shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Shop, goodwill or "going concern" value for the Shop. Franchisor may exclude from the assets purchased hereunder any equipment, furniture, fixtures, signs and inventory that are not approved as meeting quality standards for Mora Iced Creamery Shops. The length of the remaining term of the lease or sublease for the Site of the Shop shall also be considered in determining the fair market value hereunder. If Franchisor and Franchisee are unable to agree on the fair market value of the assets, the fair market value shall be determined by an independent appraiser selected by Franchisor and Franchisee. If Franchisor and Franchisee are unable to agree on an appraiser, Franchisor and Franchisee shall each select one (1) appraiser who shall select a third appraiser and the fair market value shall be deemed to be the average of the three (3) independent appraisals. Nothing contained herein shall restrict the manner in which the appraisers so selected value the leasehold improvements, equipment, furniture, fixtures, signs and inventory. The purchase price shall be paid in cash, a cash equivalent, or marketable securities of equal value at the closing of the purchase, which shall take place no later than ninety (90) days after receipt by Franchisee of notice of exercise of this option to purchase. At that time Franchisee shall deliver instruments transferring to Franchisor or its assignee: (a) good and merchantable title to the assets purchased free and clear of all liens and encumbrances, other than liens and security interests acceptable to Franchisor or its assignee, with all sales and other transfer taxes paid by Franchisee; (b) all licenses and permits of the Shop which may be assigned or transferred; and (c) the lease or sublease for the Site. In the event that Franchisee cannot deliver clear title to all of the purchased assets as aforesaid or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Prior to closing, Franchisee and Franchisor shall comply with all applicable legal requirements including the bulk sales provisions of the Uniform Commercial Code of the state in which the Shop is located. Franchisor shall have the right to set off against, and reduce the purchase price by, any and all amounts owed by Franchisee to Franchisor and the amount of any encumbrances or liens against the assets or any obligations assumed by Franchisor. If Franchisor or its assignee exercises this option to purchase, Franchisor shall have the right to appoint a manager to maintain the operation of the Shop pending the closing of such purchase. Alternatively, Franchisor may require Franchisee to close the Shop during such time period without removing any assets from the Site. Franchisee shall maintain in force all insurance policies required pursuant to this Agreement until the date of closing. If the Site is leased, Franchisor agrees to use reasonable efforts to effect a termination of the existing lease for the Site and enter into a new lease on reasonable terms with the landlord. In the event Franchisor is unable to enter into a new lease, Franchisor will indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date Franchisor assumes possession of the Site.

### 19.7 Franchisor's Right to Purchase Cabinets and Proprietary Lids

Upon termination of this Agreement by Franchisor in accordance with its terms and conditions, or upon expiration of this Agreement without the grant of a Renewal Franchise, Franchisor shall have the option to purchase from Franchisee all or a portion of its cabinets and proprietary lids at a purchase price determined as described below.

19.7.1 If Franchisor exercises this option to purchase upon termination of this Agreement by Franchisor (in accordance with its terms and conditions), then Franchisee will pay all shipping and insurance costs to deliver the cabinets and lids to Franchisor's then-current headquarters (or other location determined by Franchisor).

19.7.2 If Franchisor exercises this option to purchase upon expiration of this Agreement without the grant of a Renewal Franchise, then Franchisor will pay all shipping and insurance costs to deliver the cabinets and lids to Franchisor's desired destination.

19.7.3 The purchase price for the cabinets and lids will be based on a percentage discount off of Franchisee's original invoiced cost for such items. The amount of the discount will depend upon the length of time from the date you opened your Shop (at which the cabinets and lids are located) to the time of purchase per the following table:

| Time from Date of Shop Opening | Discount Percentage | Accumulated Discount Percentage |
|---|---|---|
| First Year | 25.00% | 25.00% |
| Second Year | 15.00% | 40.00% |
| Third Year | 15.00% | 55.00% |
| Fourth Year | 10.00% | 65.00% |
| Fifth Year | 10.00% | 75.00% |
| Sixth Year | 5.00% | 80.00% |
| Seventh Year | 5.00% | 85.00% |
| Eight Year | 0.00% | 85.00% |
| Ninth Year | 0.00% | 85.00% |
| Tenth Year | 0.00% | 85.00% |
| Any Time After Tenth Year of Shop Operations | 15.00% | 100.00% |

19.7.4 Despite the foregoing, Franchisor's purchase price for the cabinets and lids will be discounted by 90% of Franchisee's original invoiced cost (or 100% any time after tenth year of Shop operations) if Franchisor determines after inspection that such items are not in good and usable condition, reasonable wear and tear excepted. Franchisor will use reasonable discretion, exercised in good faith, when making this determination.

19.7.5 Franchisor will pay Franchisee for such items within fifteen (15) business days of Franchisor's receipt of such items.

## SECTION 20
## DISPUTE RESOLUTION

### 20.1 Arbitration

Franchisee and Franchisor agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and its Affiliates, and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or its owners, guarantors, affiliates, and/or employees) arising out of or related to:

20.1.1 this Agreement or any other agreement between Franchisee and Franchisor;

20.1.2 Franchisor's relationship with Franchisee;

20.1.3 the validity of this Agreement or any other agreement between Franchisee and Franchisor; or

20.1.4 any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Subsection otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 24.7 below, award any punitive, exemplary or multiple damages against either party (Franchisor and Franchisee hereby waive to the fullest extent permitted by law, except as expressly provided in Section 24.7 below, any right to or claim for any punitive, exemplary or multiple damages against the other).

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and its Affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or its owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

**20.2 Injunctive Relief**

20.2.1 Notwithstanding anything to the contrary contained in Section 20.2.1 above, Franchisor and Franchisee each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that Franchisor agrees to contemporaneously submit its dispute for arbitration on the merits as provided herein.

20.2.2 Franchisee agrees that Franchisor will not be required to post a bond to obtain any injunctive relief and that Franchisee's only remedy if an injunction is entered against it will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If Franchisor secures any such injunction or order of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief including, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by Franchisor as a result of the breach of any such provision.

## SECTION 21
## <u>SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS</u>

21.1 If any provision of this Agreement relating to the covenants to refrain from operating, owning or assisting a Competitive Business during the term of this Agreement is declared or made invalid or unenforceable by judicial action, legislation or other government action, Franchisor, if it believes in its sole discretion that the continuation of this Agreement would not be in Franchisor's best interests, may terminate this Agreement upon sixty (60) days' written notice to Franchisee.

21.2 All other provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent the post-transfer restrictive covenants or post-termination restrictive covenants contained herein are deemed unenforceable by virtue of their scope in terms of geographic area, business activity prohibited and/or length of time, but may be made enforceable by reductions of either or any thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement or refusal to grant a Renewal Franchise than is required hereunder, or requires the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure Franchisor prescribes is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof. In such case, Franchisor shall have the right in its sole discretion to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

## SECTION 22
## NOTICES AND PAYMENTS

22.1 All notices required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given:

22.1.1 Upon delivery when delivered personally, by electronic mail transmission, or by fax transmission (provided that the sender confirms the fax or electronic mail transmission by sending an original confirmation copy by one of the mail delivery methods permitted by this Section within three (3) business days after transmission); or

22.1.2 One (1) business day after being sent by overnight commercial courier service for next business day delivery; or

22.1.3 Five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid.

The parties' addresses for notices are as follows:

To Franchisor: MORA DEVELOPMENT, LLC
22195 Viking Ave. NW
Poulsbo, Washington 98370
Attention: Director of Franchise Development
Email: Franchising@MoraIceCream.com
Fax: (206) 842-3234

With a copy to: Ryan D. Smith, Attorney
Peak Franchise Law
PO Box 1112
Sherwood, OR 97140
Email: Ryan@PeakFranchiseLaw.com

To Franchisee: ______________________________
______________________________
______________________________
______________________________

22.2 Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports required to be made by Franchisee under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail or by other means as may be permitted in the Franchise Owner's Manual.

22.3 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

## SECTION 23
## SECURITY INTEREST

### 23.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Shop, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Shop. All items in which a security interest is granted are referred to as the "Collateral".

### 23.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

23.2.1 All amounts due under this Agreement or otherwise by you;

23.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

23.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

23.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

23.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Shop, including a real property mortgage and equipment leases.

### 23.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

### 23.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

### 23.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Washington (or other applicable law), including, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

### 23.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

## SECTION 24
## MISCELLANEOUS

### 24.1 Waiver of Obligations

24.1.1 Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement. Such waiver shall be effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires Franchisor's prior approval or consent, Franchisee shall make a timely written request therefor and such approval shall be obtained in writing.

24.1.2 Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee by granting any waiver, approval, or consent to Franchisee or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by Franchisor shall be without prejudice to any other rights it may have, will be subject to continuing review by Franchisor and may be revoked in its sole discretion at any time and for any reason effective upon delivery to Franchisee of ten (10) days' prior written notice.

24.1.3 Franchisor and Franchisee shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement including, the right to demand exact compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term by virtue of any (a) custom or practice of the parties at variance with the terms hereof; (b) any failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, any mandatory specification, standard or operating procedure; (c) any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any other Mora Iced Creamery Shop or any multi-unit operator agreement or franchise agreement therefor; or (d) Franchisor's acceptance of any payments from Franchisee after any breach by Franchisee of this Agreement.

### 24.2 Force Majeure

Neither Franchisor nor Franchisee shall be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's failure to perform its obligations results from any of the following and is not caused or exacerbated by the non-performing party: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; or (f) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalty fees or other fees thereafter and as soon as performance is possible the non-performing party shall immediately resume performance, nor shall such period of excused non-performance exceed six (6) months.

### 24.3 Rights of Parties are Cumulative

The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

### 24.4 Costs and Legal Fees

If Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, Franchisee shall reimburse Franchisor for Franchisor's costs and expenses, including, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by Franchisee to comply with this Agreement, Franchisee shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

### 24.5 Governing Law; Consent to Jurisdiction

24.5.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement and the relationship between the parties hereto shall be governed by the internal laws of the State of Washington without regard to its conflicts of law principles. No Washington law regulating the sale of franchises or governing the franchise relationship shall apply unless its jurisdictional requirements are met independently without reference to this Section.

24.5.2 Franchisee agrees that it and its Owners shall institute any action and that Franchisor may institute any action against Franchisee or its Owners which is not required to be arbitrated hereunder in any state or federal court of general jurisdiction in King County, Washington, or the state court of general jurisdiction or the Federal District Court nearest to Franchisor's executive office at the time such action is filed. Franchisee and each Owner irrevocably submits to the jurisdiction of such courts and waives any objection it/he/she may have to either the jurisdiction or venue of such courts.

### 24.6 Waiver of Punitive Damages and Jury Trial

Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between Franchisor and Franchisee, except as otherwise provided herein, each shall be limited to the recovery of actual damages sustained by it. Franchisor and Franchisee hereby irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or in equity, brought by either of us.

### 24.7 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

### 24.8 Construction

24.8.1 The preambles and attachments to this Agreement 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 Franchisor and Franchisee relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document. Except as expressly stated herein, nothing in this Agreement is intended nor shall be deemed to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

24.8.2 The term “Franchisee” as used herein is applicable to one (1) or more persons or entities, as the case may be, and the singular usage includes the plural, and the masculine and neuter usages include each other and the feminine. References to “ownership interests” shall include: (a) in relation to a corporation or limited liability company, the ownership of shares or membership interests; (b) in relation to a partnership, the ownership of a general or limited partnership interest; or (c) in relation to a trust, the ownership of a beneficial interest of such trust. References to a “controlling interest” in Franchisee shall mean (a) if Franchisee is a corporation or limited liability company, thirty-three and one-third percent (33-1/3%) or more of the voting shares or membership interests of Franchisee if Franchisee is owned by three (3) or more persons, otherwise fifty percent (50%) or more of the voting control of Franchisee, and (b) if Franchisee is a partnership, thirty-three and one-third percent (33-1/3%) of the general partnership interest in Franchisee if Franchisee has three (3) or more general partners, otherwise fifty percent (50%) or more of the general partnership interest. If Franchisee is two (2) or more persons at any time hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several.

### 24.9 Reasonableness

Franchisor and Franchisee agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated hereunder, the party whose consent is required agrees not to unreasonably withhold the same unless otherwise permitted to do so in this Agreement.

### 24.10 Definition of “Including”

In this Agreement, *including* means “including but not limited to” unless expressly stated otherwise.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement in multiple counterparts on the day and year first above written.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**,
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**FRANCHISEE**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:_____________________________________
Name:___________________________________
Title:____________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

## JOINDER

The undersigned Owners and Principal Owners of Franchisee hereby agree to be bound by the restrictions on transfers of interests in the ownership of Franchisee contained in the foregoing Franchise Agreement.

| **COMPANIES** | **INDIVIDUALS** |
|---|---|
| ______________________________ (Name of Company) | ______________________________ (Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________ (Signature) |
| ______________________________ (Name of Company) | ______________________________ (Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________ (Signature) |
| ______________________________ (Name of Company) | ______________________________ (Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________ (Signature) |

**ATTACHMENT 1**
**TO THE FRANCHISE AGREEMENT**

1. **Owners**: List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in Franchisee, and describe the nature of the interest.

Name:_____________________________________
Address:___________________________________
__________________________________________
__________________________________________
__________________________________________
__________________________________________

Number of Ownership Interests Owned:_______
% of Total Ownership Interests:_
Number of Ownership Interests Owner is Entitled to Vote:_________________________
Other Interest (Describe):__________________
__________________________________________

Name:_____________________________________
Address:___________________________________
__________________________________________
__________________________________________
__________________________________________
__________________________________________

Number of Ownership Interests Owned:_______
% of Total Ownership Interests:_
Number of Ownership Interests Owner is Entitled to Vote:_________________________
Other Interest (Describe):__________________
__________________________________________

Name:_____________________________________
Address:___________________________________
__________________________________________
__________________________________________
__________________________________________
__________________________________________

Number of Ownership Interests Owned:_______
% of Total Ownership Interests:_
Number of Ownership Interests Owner is Entitled to Vote:_________________________
Other Interest (Describe):__________________
__________________________________________

Name:_____________________________________
Address:___________________________________
__________________________________________
__________________________________________
__________________________________________
__________________________________________

Number of Ownership Interests Owned:_______
% of Total Ownership Interests:_
Number of Ownership Interests Owner is Entitled to Vote:_________________________
Other Interest (Describe):__________________
__________________________________________

Name:_____________________________________
Address:___________________________________
__________________________________________
__________________________________________
__________________________________________
__________________________________________

Number of Ownership Interests Owned:_______
% of Total Ownership Interests:_
Number of Ownership Interests Owner is Entitled to Vote:_________________________
Other Interest (Describe):__________________
__________________________________________

2. **Designated Principal Owners**: The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold five percent (5%) or more of the equity ownership interests in Franchisee:

Name:____________________________ Name:____________________________

Name:____________________________ Name:____________________________

Name:____________________________ Name:____________________________

Name:____________________________ Name:____________________________

3. **Management**: As required pursuant to Paragraph 1 of this Attachment 1 of this Agreement, the following Principal Owners shall have supervisory responsibilities in connection with the operation of the Shop:

Name:___________________________________

Name:___________________________________

Name:___________________________________

4. **Ownership Structure and Initial Capitalization**: Franchisee and Franchisee's Owners represent and warrant that the ownership structure and initial capitalization of Franchisee is as follows:

**OWNERSHIP STRUCTURE**

| Owner | Number of Ownership Interests | Percentage Ownership |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

As of the date hereof there are ________________ (__________) Ownership Interests authorized and there are _______________ (__________) Ownership Interests which are issued and outstanding. There are no other authorized classes of shares.

**INITIAL CAPITALIZATION**

________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC,**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**FRANCHISEE**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

____________________________________
[Name]

By:__________________________________
Name:________________________________
Title:_________________________________

**INDIVIDUALS**:

______________________________________

______________________________________
[Print Name]

______________________________________

______________________________________
[Print Name]

**<u>ATTACHMENT 2</u>**
**TO THE FRANCHISE AGREEMENT**

The Site of the Shop will be located at:

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

The Franchise Territory of the Shop is described as follows (if the Franchise Territory has not been determined when the Franchise Agreement is signed, then Franchisor will designate the Franchise Territory once it has been determined):

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

*<u>If the Site of the Shop has not been determined when the Franchise Agreement is signed, then</u> you are responsible for selecting the Site within the following Designated Area:*

*[See attached map.]*

_______________________________________________________________.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC,**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**FRANCHISEE**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:_____________________________________
Name:___________________________________
Title:____________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**ATTACHMENT 3**
**TO THE FRANCHISE AGREEMENT**

**INTERNET WEB SITES AND LISTINGS AGREEMENT**

**THIS INTERNET WEB SITES AND LISTINGS AGREEMENT** (the "Internet Listing Agreement") is made and entered into as of the _____ day of ________________, 20___ (the "Effective Date"), by and between MORA DEVELOPMENT, LLC, a Washington limited liability company (the "Franchisor"), and __________________________, __________________ (the "Franchisee").

**W I T N E S S E T H:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## 1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

## 2. TRANSFER; APPOINTMENT

2.1 Interest in Internet Web Sites and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet web sites, and the right to hyperlink to certain web sites and listings on various Internet search engines (collectively, the "Internet Web Sites and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites and Listings to Franchisor;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Web Sites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

## 3. **MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Web Sites and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of Washington, without regard to the application of Washington conflict of law rules.

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

| FRANCHISOR: | FRANCHISEE: |
|---|---|
| MORA DEVELOPMENT, LLC | |
| By:______________________ | By:______________________ |
| Name:____________________ | Name:____________________ |
| Title:_____________________ | Title:_____________________ |

# TELEPHONE LISTING AGREEMENT

**THIS TELEPHONE LISTING AGREEMENT** (the "Telephone Listing Agreement") is made and entered into as of the _____ day of ________________, 20___ (the "Effective Date"), by and between MORA DEVELOPMENT, LLC, a Washington limited liability company (the "Franchisor"), and _______________________, __________________ (the "Franchisee").

**W I T N E S S E T H:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement"); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

## 1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

## 2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers (and regular, classified, yellow-page, and other telephone directory listings, if any) (collectively, the "Telephone Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

## 3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of Washington, without regard to the application of Washington conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

| FRANCHISOR: | FRANCHISEE: |
|---|---|
| MORA DEVELOPMENT, LLC | |
| By:____________________ | By:____________________ |
| Name:__________________ | Name:__________________ |
| Title:_________________ | Title:_________________ |

**ATTACHMENT 4**
**TO THE FRANCHISE AGREEMENT**

## COLLATERAL ASSIGNMENT OF LEASE

**FOR VALUE RECEIVED**, the undersigned ("Assignor") assigns, transfers and sets over to MORA DEVELOPMENT, LLC, a Washington limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease", a copy of which is attached as an appendix, respecting premises commonly known as ____________________________________________________. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Mora Iced Creamery Shop between Assignee and Assignor, or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required, Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

**ASSIGNOR**:

Dated:____________________________

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR PROPRIETORSHIP**:

______________________________________
[Name]

By: ___________________________________
Name:__________________________________
Title: __________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignee's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right but not the obligation to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Mora Iced Creamery Shop.

DATED:______________________________

______________________________________

________________________________, Lessor

# ATTACHMENT 5

## ELECTRONIC FUNDS TRANSFER AUTHORIZATION

_____________________________________________ (Name of Person or Legal Entity)
___________________________________________________________(ID Number)

The undersigned depositor ("**Depositor**") hereby authorizes MORA DEVELOPMENT, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") ("**Bank**") to debit or credit such account(s) pursuant to Franchisor's instructions.

| | | |
|---|---|---|
| ________________________________ | ________________________________ | |
| Depository | Branch | |
| ________________________________ | ________________ | ____________ |
| City | State | Zip Code |
| ________________________________ | ________________________________ | |
| Bank Transit/ABA Number | Account Number | |

This authorization is to remain in full and force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination.

________________________________
**Depositor**

By:______________________________

Name:____________________________

Title:____________________________

Date:____________________________

# ATTACHMENT 6

## NON-TRADITIONAL SITE ADDENDUM

**THIS NON-TRADITIONAL SITE ADDENDUM** (this Addendum") is made and entered into as of the _____ day of ________________, 20___ (the "Effective Date"), by and between MORA DEVELOPMENT, LLC, a Washington limited liability company (the "Franchisor"), and __________________________, __________________ (the "Franchisee").

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor (the "Franchise Agreement") for a Non-Traditional Site; and

**WHEREAS**, Franchisor and Franchisee desire to amend the Franchise Agreement in specific particulars regarding the operation of the franchise from a Non-Traditional Site;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. **NO FRANCHISE TERRITORY**

Despite any provision in the Franchise Agreement or its attachments to the contrary, Franchisee shall not be granted a Franchise Territory.

2. **GRAND OPENING ADVERTISING**

Depending upon the type of Non-Traditional Site, the Franchisor may or may not require Franchisee to fulfill its grand opening advertising obligations described in Section 4.9 of the Franchise Agreement. Franchisor shall make this determination in its sole reasonable discretion.

3. **MISCELLANEOUS**

Any capitalized terms not otherwise defined in this Addendum will have the meanings given to such terms in the Franchise Agreement.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**,
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**FRANCHISEE**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:____________________________________
Name:__________________________________
Title:__________________________________

**Exhibit C to the Disclosure Document**

# AREA DEVELOPMENT AGREEMENT

**MORA DEVELOPMENT, LLC**

______________________________________
**AREA DEVELOPER**

______________________________________
**DATE OF AGREEMENT**

## TABLE OF CONTENTS

**MORA DEVELOPMENT, LLC**

**AREA DEVELOPMENT AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT** (this "Agreement") is entered into by and between _________________ whose principal office is at _______________ (referred to as "Area Developer" and "you") and MORA DEVELOPMENT, LLC, a Washington limited liability company whose principal office is at 22195 Viking Ave. NW, Poulsbo, Washington 98370 (referred to as "Franchisor", "we/us" and "MODE").

## SECTION 1
## INTRODUCTION

1.1 Franchisor and its Affiliate have developed and continue to develop methods of operating retail stores specializing, as of the date of this Agreement, in the sale of proprietary "Mora Iced Creamery" ice cream, sorbet, frozen yogurt, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, and frozen desserts ("Proprietary Products"), together with beverages and other complementary products which Franchisor authorizes for sale. Such a business is defined below as a "Mora Iced Creamery" Shop. Mora Iced Creamery Shops operate at locations that feature the "System" which consists of distinctive business format and color scheme and utilize distinctive, uniform business formats, signs, equipment, layouts, systems, methods, procedures, designs and marketing and advertising standards and formats, all of which Franchisor may modify from time to time. Franchisor grants to certain qualified persons and entities franchises to own and operate Mora Iced Creamery Shops using the System and the Marks.

1.2 Franchisor grants to certain qualified persons or entities who meet its qualifications, and who are willing to undertake the investment and effort, the right to develop a specified number of Mora Iced Creamery Shops within a defined geographic area. This Agreement governs the grant of rights to Area Developer to develop Mora Iced Creamery Shops within the Development Area. Pursuant to this Agreement, Franchisor will grant rights to Area Developer or Controlled Affiliates to develop Mora Iced Creamery Shops in accordance with the Development Schedule set forth in Attachment 2 to this Agreement. The operation of each Mora Iced Creamery Shop will be governed by a Franchise Agreement.

1.3 Certain terms that are capitalized in this Agreement are defined in Section 2 or at the places in this Agreement where they first appear.

## SECTION 2
## DEFINITIONS

2.1 For purposes of this Agreement, the terms listed below have the meaning that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

2.1.1 **"Affiliate"** – Any person, entity or company that directly or indirectly owns or controls a party, that is directly or indirectly owned or controlled by a party, or that is under common control with a party. For purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of an entity.

2.1.2 "**Competitive Business**" – A retail food service business other than a Mora Iced Creamery Shop that: (a) features frozen dessert products for sale as primary items; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a retail food service business described in the foregoing clause (a).

2.1.3 **"Controlled Affiliate"** – A legal entity in which Area Developer owns at least seventy-five percent (75%) of the voting equity interests and which meets Franchisor's then-current standards and requirements for franchisees. Furthermore, in order for such an entity to qualify as a Controlled Affiliate, Area Developer must establish to Franchisor's satisfaction that Area Developer has and will maintain during the term of the Franchise Agreement for the Shop to be owned and operated by such entity the right and power to direct the management, policies and operation of such entity and the sale or other disposition of such Shop.

2.1.4 **"Copyrighted Works"** – The Franchise Owner's Manual, advertising materials, menus, any computer works or other similar items authorized by Franchisor for use in the Shop or otherwise used in the operation of the Shop by Area Developer, all of which are deemed to be Franchisor's property.

2.1.5 **"Development Area"** – The geographic area described on Attachment 1 to this Agreement.

2.1.6 **"Franchise Agreement"** – The form of franchise agreement that Franchisor uses to grant franchises for Mora Iced Creamery Shops in the Development Area, as Franchisor may modify it from time to time.

2.1.7 **"Marks"** – The trademarks, service marks, logos and other commercial symbols which Franchisor authorizes franchisees to use to identify the services and/or products offered by Mora Iced Creamery Shops including the mark "Mora Iced Creamery", together with any other proprietary marks Franchisor designates for use in the System, and the Trade Dress (as defined in the Franchise Agreement); provided that such trademarks, service marks, logos, other commercial symbols, and the Trade Dress are subject to modification and discontinuance and may include additional or substitute trademarks, service marks, logos, commercial symbols and trade dress as provided in this Agreement. The Marks are owned by Franchisor's principal, Mora Holdings, LLC, and have been licensed to Franchisor so that Franchisor may sub-license them to its franchisees. This Agreement does not provide the Area Developer with the right to use the Marks.

2.1.8 **"Mora Iced Creamery Shop"** – A Shop that: (a) offers the Proprietary Products for sale as well as certain complementary products and services; (b) meets Franchisor's standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by Franchisor or its Affiliates or pursuant to a valid license from Franchisor.

2.1.9 **"Owners"** – All persons or entities holding direct or indirect legal or beneficial ownership interests in Area Developer and all persons who have other direct or indirect property rights in Area Developer or this Agreement. All current Owners are listed on Attachment 4 to this Agreement.

2.1.10 **"Ownership Interests"** – In relation to a: (a) corporation, the legal or beneficial ownership of shares in the corporation; (b) partnership, the legal or beneficial ownership of a general or limited partnership interest; (c) limited liability company, the legal or beneficial ownership of units of membership interests in the limited liability company; or (d) trust, the ownership of a beneficial interest of such trust.

2.1.11 **"Principal Owners"** – Each Owner having an equity ownership interest in Area Developer of five percent (5%) or more (regardless of whether such Owner is entitled to vote thereon) and any other Owner designated as a Principal Owner on Attachment 4 to this Agreement.

2.1.12 "**Proprietary Products**" – The proprietary ice cream, sorbet, frozen yogurt, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, and frozen desserts that Franchisor authorizes from time to time for sale by Mora Iced Creamery Shops.

2.1.13 **"Shop"** – A Mora Iced Creamery Shop developed, owned and operated by Area Developer or a Controlled Affiliate pursuant to this Agreement and a Franchise Agreement.

2.1.14 **"Website"** – An interactive electronic document contained in a network of computers linked by communications software.

## SECTION 3
## DEVELOPMENT RIGHTS AND OBLIGATIONS

### 3.1 Grant of Development Rights

Subject to the provisions of this Agreement, Franchisor grants to Area Developer the right to develop Mora Iced Creamery Shops within the Development Area. Notwithstanding any other provision of this Agreement, Area Developer's rights under this Agreement do not include the right to develop Mora Iced Creamery Shops at any "Non-Traditional Sites", which will be determined on a case-by-case basis. "Non-Traditional Sites" means outlets that serve primarily the customers located within the facility, such as captive audience facilities (examples include, but are not limited to, parks charging admission, stadiums, amusement parks and centers, theaters and art centers), limited purpose facilities (examples include, but are not limited to, airports, transportation centers, department stores, malls, indoor shopping centers, business and industrial complexes, museums, educational facilities, hospitals, art centers, and recreational parks), limited access facilities (examples include, but are not limited to, military complexes, buyer club businesses, educational facilities, business and industrial complexes), kiosks, and other types of non-traditional sites.

### 3.2 Development Area

3.2.1 Provided Area Developer is in full compliance with all the terms and conditions of this Agreement, including, without limitation, Area Developer's development obligations described in Section 3.4, and Area Developer and all Controlled Affiliates are in full compliance with all of their obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither Franchisor nor any of its Affiliates will develop or operate or grant franchises for the development or operation of Mora Iced Creamery Shops within the Development Area, except the franchises that are granted to Area Developer or Controlled Affiliates pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

3.2.2 Upon the termination or expiration of this Agreement, Franchisor and its Affiliates shall have the right to develop and operate and to grant to others development rights and franchises to develop and operate Mora Iced Creamery Shops within the Development Area.

3.2.3 Notwithstanding the above, upon the opening of the last Shop to be developed within the Development Area pursuant to the Development Schedule, Area Developer's rights with respect to the Development Area shall terminate and Franchisor and its Affiliates shall have the right to develop and operate Mora Iced Creamery Shops within the Development Area.

3.2.4 Without limiting Franchisor's other rights granted by this Agreement, Franchisor may immediately terminate Area Developer's Development Area if Area Developer fails to open and operate Shops in compliance with the Development Schedule.

**3.3 Rights Retained by Franchisor**

Except as expressly limited by Section 3.2 above, Franchisor and its Affiliates retain all rights with respect to Mora Iced Creamery Shops, the Marks and the sale of Proprietary Products and any other goods and services anywhere in the world, including, without limitation, the right:

(a) to own, acquire, establish, and/or operate and license others to establish and operate businesses, including Mora Iced Creamery Shops, operating under the Marks and the System selling the Proprietary Products at any location outside the Development Area regardless of their proximity to, or potential impact on, Area Developer's Development Area or Shops;

(b) to own, acquire, establish and/or operate and license others to establish and operate, other non-competitive businesses under a different proprietary mark, at any location within or outside the Development Area;

(c) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from the Shop, at any location within or outside the Development Area notwithstanding their proximity to the Development Area or the Site or their actual or threatened impact on sales of the Shop;

(d) to own, acquire, establish, and/or operate and license others to establish and operate, Mora Iced Creamery Shops under the Marks at Non-Traditional Sites at any location within or outside the Development Area;

(e) to sell and distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through wholesale distribution and through grocery or convenience stores, "club stores" (such as Costco or Sam's Club), or through outlets that are primarily retail in nature, or through restaurants, or through mail order, toll free numbers, or the Internet, including those products bearing the Marks, provided that distribution within the Development Area shall not be from a Mora Iced Creamery Shop established under the System that is operated from within the Development Area (except from a Mora Iced Creamery Shop at a Non-Traditional Site); and

(f) to be acquired (regardless of the form of transaction) by a business identical or similar to Mora Iced Creamery Shops, even if the other business operates, franchises and/or licenses competitive businesses near Area Developer's Shops. However, during the term of this Agreement, competitive business(es) will not bear the principal Marks then authorized for use at your Shops.

Area Developer expressly acknowledges and agrees that Franchisor shall have the unbridled right to exercise all of the rights reserved to it in this Section 3.3 at any location, regardless of the proximity of such location to the Shop.

**3.4 Development Obligations**

To maintain its rights under this Agreement, Area Developer must by the dates set forth in the "Development Schedule" attached hereto as Attachment 2 have open and in operation the cumulative number of Shops set forth on the Development Schedule. The Development Schedule (Attachment 2) shall be signed at the same time this Agreement is signed. Area Developer or a Controlled Affiliate must sign

Franchisor's then-current form of Franchise Agreement for each Shop established pursuant to this Agreement, which may be substantially different from the form of franchise agreement Franchisor uses as of the date of this Agreement; provided that the royalty fee payable under any Franchise Agreement will not exceed five percent (5%) percent of the gross revenue of the Mora Iced Creamery Shop operated pursuant to that Franchise Agreement. You sign the Franchise Agreement for the first Shop at the time you sign this Agreement. You will sign a Franchise Agreement for each subsequent Shop to be developed before you sign a commercial real property lease for each Shop. Area Developer must at all times after the Shop opening date set forth in the Development Schedule continuously maintain in operation pursuant to a Franchise Agreement the number of Shops to be developed by that date under the Development Schedule. If a Shop closes during a development period due to casualty or condemnation that is not Area Developer's fault, or with Franchisor's approval, it will consider that Shop open and operating as of the end of that particular development period for purposes of the Development Schedule, but not thereafter.

**3.5 Best Efforts**

Area Developer and its Principal Owners agree to use their best efforts to develop and expand the market for products and services offered by the Shops and to cooperate with Franchisor to accomplish the purposes of this Agreement.

**3.6 Logistics**

Franchisor may permit Area Developer to establish its own warehouse and to handle distribution of Proprietary Products to its Shops at Franchisor's discretion.

## SECTION 4
## TERM OF AGREEMENT

Subject to the provisions of this Agreement, the term shall commence on the date first written above and expire on the date for the opening of the last Shop as set forth in the Development Schedule.

## SECTION 5
## PAYMENT OF INITIAL FRANCHISE FEES

There is no development fee. However, as further consideration for the rights granted herein, simultaneously with the execution of this Agreement, Area Developer will pay to Franchisor 100% of the Initial Franchise Fee for the first Shop to be developed under the Development Schedule and 50% of the Initial Franchise Fee for *each* additional Shop to be developed under the Development Schedule. The remaining balances of the Initial Franchise Fees for each additional Shop are payable 50% upon the date you (or your Controlled Affiliate) sign the relevant Franchise Agreement. The Initial Franchise Fees are not refundable under any circumstances unless otherwise provided in each relevant franchise agreement. The schedule of Initial Franchise Fees and other terms and conditions are found in Attachment 3 to this Agreement.

Notwithstanding the foregoing, if you open a Shop by the deadline in your Development Schedule, or you are making best efforts to do so (as determined by franchisor in its sole discretion), then we will waive the remaining Initial Franchise Fee payment owed under the relevant Franchise Agreement. If we determine that you are not making best efforts to comply with your Development Schedule, then the remaining Initial Franchise Fee payment will be due at the time of execution of the relevant Franchise Agreement.

## SECTION 6
## GRANT OF FRANCHISES

### 6.1 Approval of Sites

6.1.1 Area Developer shall obtain Franchisor's approval of any proposed site for a Shop in accordance with Franchisor's procedures. Area Developer will submit to Franchisor a complete site report for each proposed site which Area Developer reasonably believes to conform to site selection criteria Franchisor establishes from time to time. The site report will contain such demographic, commercial and other information and photographs as Franchisor may reasonably require. Area Developer acknowledges that in approving a proposed site, Franchisor may consider such matters as it deems material including, without limitation, demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from Mora Iced Creamery Shops and other businesses providing similar services within the area, the proximity to other businesses, the exclusivity granted to Franchisor's other franchisees or Area Developers, the nature of other businesses in proximity to the site, its size, its appearance, other physical characteristics, the purchase or lease terms for the site and other commercial characteristics.

6.1.2 In addition, Area Developer agrees to furnish to Franchisor such pro forma financial statements and other information regarding Area Developer's or a Controlled Affiliate's development and operation of the proposed Shop, as Franchisor may reasonably require. Area Developer understands and agrees that Franchisor may refuse to grant to Area Developer or a Controlled Affiliate a franchise for a proposed Shop unless Area Developer and/or the Controlled Affiliate have demonstrated in Franchisor's reasonable judgment sufficient financial capabilities to properly develop and operate the proposed Shop. Area Developer or a Controlled Affiliate or the managing owner, if Area Developer or Controlled Affiliate is a corporation, partnership, limited liability company or other business entity, must attend and complete to Franchisor's satisfaction any initial or ongoing training programs that Franchisor may establish and Franchisor may refuse to grant Area Developer or a Controlled Affiliate a franchise for a proposed Shop unless Area Developer or the Controlled Affiliate has completed these programs or requirements.

6.1.3 Franchisor will approve or disapprove each site Area Developer proposes for the operation of a Shop by giving written notice to Area Developer. Franchisor agrees to use reasonable efforts to deliver such a notice to Area Developer within fifteen (15) days after Franchisor receives the complete site documentation, financial statements and any other materials Franchisor requests regarding Area Developer, the Controlled Affiliate and the proposed site. If Franchisor does not provide Area Developer with its specific approval of the proposed site within this fifteen (15) day period, then the proposed site is deemed not approved. Franchisor will not unreasonably withhold its approval of proposed sites that meet Franchisor's standards and specifications for Shops. A proposed site which Franchisor has approved is referred to as an "Approved Site."

6.1.4 Area Developer hereby acknowledges and agrees that Franchisor's approval of a site will not constitute an express or implied assurance, representation or warranty as to the suitability of the site for a Shop or for any other purpose. Franchisor's approval of a site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of evaluation. Area Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites may not be predictive of potential for the Shop and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors included in or excluded from Franchisor's criteria could change, thereby altering the potential of the site. Such factors are unpredictable and are beyond Franchisor's control.

6.1.5 Franchisor shall not be responsible for the failure of a site to meet Area Developer's expectations as to revenue or operational performance or other criteria or for Area Developer's failure to locate the required number of suitable sites in the Development Area. Area Developer further acknowledges and agrees that Area Developer's acceptance of a franchise for the operation of a Mora Iced Creamery Shop at the site is based on Area Developer's own independent investigation of the suitability of the site.

**6.2 Approval of Lease**

6.2.1 Upon Franchisor's approval of a proposed site, Area Developer or Controlled Affiliate will attempt to obtain lawful possession of the Approved Site through purchase, lease or sublease; provided that Franchisor must approve any lease or purchase contract for an Approved Site and the lease must contain certain terms and conditions that Franchisor designates in its form of Franchise Agreement. As soon as practicable, Area Developer will deliver to Franchisor for review a copy of the lease, sublease or purchase agreement for each Approved Site. If Franchisor does not approve a proposed lease, sublease or purchase agreement within fifteen (15) days after Franchisor receives it, it shall be deemed not approved by Franchisor. Area Developer shall deliver a copy of the signed lease, sublease or purchase agreement to Franchisor within fifteen (15) days of its execution. Area Developer further agrees that it will not execute or allow a Controlled Affiliate to execute or agree to any modification of the lease, sublease or purchase agreement which would affect Franchisor's rights without Franchisor's prior written approval. If Area Developer or a Controlled Affiliate owns an Approved Site, Area Developer or the Controlled Affiliate will, at Franchisor's request, enter into a lease with Franchisor for a term equal to the term of the franchise, and will sublease the Approved Site from Franchisor on the same terms as the prime lease.

6.2.2 If Area Developer or a Controlled Affiliate shall have failed to obtain lawful possession of an Approved Site within sixty (60) days after Franchisor's approval thereof, Franchisor may, at its sole discretion, withdraw approval of such site.

**6.3 Execution of Franchise Agreements**

Provided that (i) Area Developer is then in full compliance with all of the terms and conditions of this Agreement, (ii) Area Developer and its Controlled Affiliates are in full compliance with all Franchise Agreements they have entered into, and (iii) Area Developer or a Controlled Affiliate has obtained legal possession of an Approved Site, Franchisor agrees to offer to Area Developer or such Controlled Affiliate a Franchise to operate a Mora Iced Creamery Shop at such Approved Site by delivering to Area Developer a Franchise Agreement in form for execution by Area Developer and its Principal Owners or such Controlled Affiliate and its Principal Owners. Such Franchise Agreement shall be executed and returned to Franchisor within fifteen (15) days of Franchisor's delivery thereof, but in any event prior to the commencement of the operation of the Shop, with payment of any fees required to be paid upon execution thereof. If the Franchise Agreement is not fully executed and returned to Franchisor along with payment of any required fees within such period, Franchisor may terminate its offer to grant a Franchise for a Mora Iced Creamery Shop at such Approved Site and withdraw its approval of such site. Franchisor reserves the right to require Area Developer and its Owners to guarantee all obligations of a Controlled Affiliate under any Franchise Agreement issued to such a Controlled Affiliate pursuant to this Agreement and to require the Owners to guarantee Area Developer's obligations under any Franchise Agreement.

## SECTION 7
## CONFIDENTIAL INFORMATION

7.1 Franchisor possesses and will further develop and acquire "Confidential Information" (as defined in the Franchise Agreement). Franchisor will disclose to Area Developer such parts of the

Confidential Information as are required for the development of Mora Iced Creamery Shops. Franchisor may disclose Confidential Information in providing training and in guidance and assistance furnished to Area Developer under this Agreement, and Area Developer may learn or otherwise obtain from Franchisor additional Confidential Information during the term hereof. Area Developer acknowledges and agrees that neither Area Developer nor any other person or entity will acquire any interest in or right to use the Confidential Information other than the right to use it in the development of Shops pursuant to this Agreement and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with Franchisor and with other Mora Iced Creamery Shops, Area Developers and franchisees. Area Developer agrees to disclose the Confidential Information to its Owners and to its employees only to the extent reasonably necessary for the development of Shops hereunder.

7.2 Area Developer acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor and its Affiliates, is proprietary, includes trade secrets of Franchisor and its Affiliates, and is disclosed to Area Developer solely on the condition that Area Developer, its Owners and all of its officers and directors (and individuals holding similar positions), trustees, beneficiaries, and independent contractors who have access to Confidential Information agree, and Area Developer does hereby agree, that during and after the term of this Agreement Area Developer, its Owners and individuals listed above:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute secrecy and confidentiality of the Confidential Information;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form;

(d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of or access to the Confidential Information; and

(e) will require all Principal Owners and all of Area Developer's Owners, officers and directors (and individuals holding similar positions), trustees, beneficiaries, and independent contractors who will have access to Confidential Information to execute Confidentiality and Non-Competition Agreements in the form attached hereto. Franchisor may require Area Developer's managers who attend Franchisor's training programs to execute such agreements subject to applicable state law. It is your sole responsibility to ensure that the form of agreement meets legal requirements in your jurisdiction. Area Developer shall provide Franchisor, at its request, executed originals of each Confidentiality and Non-Competition Agreement. Failure to procure execution of a Confidentiality and Non-Competition Agreement shall be a material breach of this Agreement.

7.3 Notwithstanding anything to the contrary contained in this Agreement and provided Area Developer shall have obtained Franchisor's prior written consent, the restrictions on Area Developer's disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the business of the offer and sale of Products in the United States, other than through disclosure (whether deliberate or inadvertent) by Area Developer; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Area Developer is legally compelled to disclose such information, provided Area Developer has notified Franchisor prior to disclosure and shall have used its best efforts to obtain and shall have afforded Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

7.4 Area Developer agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of Mora Iced Creamery Shops conceived or developed by Area Developer, its Affiliates, Owners or employees during the term of this Agreement. Area Developer hereby grants to Franchisor and agrees to procure from its Affiliates, Owners, officers, and directors (and individuals holding similar positions) a perpetual, non-exclusive and worldwide right to use same. Franchisor shall have no obligation to make any payment with respect to any such idea, concept, method, technique or product. Area Developer agrees that it will not use nor will it allow any other person or entity to use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

## SECTION 8
## EXCLUSIVE RELATIONSHIP; IN-TERM NON-COMPETE

8.1 Area Developer acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Mora Iced Creamery Shops if Area Developers, franchisees or their Principal Owners were permitted to engage in, hold interests in or perform services for a Competitive Business. Area Developer further acknowledges and agrees that the restrictions contained in this Section will not hinder its activities or the activities of its Principal Owners under this Agreement or in general. Franchisor has entered into this Agreement with Area Developer on the express condition that with respect to the development and operation of Competitive Businesses, Area Developer and its Principal Owners will deal exclusively with Franchisor. Area Developer therefore agrees that during the term of this Agreement neither Area Developer nor any of its Principal Owners shall directly or indirectly (such as through another individual or entity):

(a) have any interest as a disclosed or beneficial owner in any Competitive Business;

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business; or

(c) employ or seek to employ any person who is employed by Franchisor, its Affiliates or by any other Area Developer or franchisee of Mora Iced Creamery Shops nor induce nor attempt to induce any such person to leave said employment without the prior written consent of such person's employer.

8.2 The restrictions of clause (a) of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

8.3 The restrictions of this Section shall not be construed to prohibit Area Developer any of its Principal Owners from having a direct or indirect ownership interest in any Mora Iced Creamery Shop, Area Development Agreement or Franchise Agreement for the development or operation of any Mora Iced Creamery Shop or in any entity owning, controlling or operating a Mora Iced Creamery Shop or from providing services to any such Mora Iced Creamery Shop pursuant to other agreements with Franchisor.

## SECTION 9
## MARKS

### 9.1 Goodwill and Ownership of Marks

9.1.1 Area Developer acknowledges and agrees that the Marks are owned by and are the valuable property right of Franchisor's principal. Any unauthorized use of the Marks by Area Developer shall constitute a breach of this Agreement and an infringement of Franchisor's rights in and to the Marks. Area Developer further acknowledges and agrees that all usage of the Marks by Area Developer and any goodwill established thereby shall inure to Franchisor's exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Area Developer, other than the right to develop Shops in compliance with this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any other trademarks, trade names, commercial symbols and trade dress hereafter authorized for use by and licensed to Area Developer by Franchisor.

9.1.2 Area Developer shall not apply for, or seek to apply for, registration of any of the Marks or Copyrighted Works or any portion thereof anywhere in the world or challenge or seek to challenge the validity of any of the Marks, the "Copyrighted Works" or any portion thereof or Franchisor's proprietary rights in the Confidential Information.

### 9.2 Limitations on Area Developer's Use of Marks

Area Developer shall not use any Mark or any variation thereof, including but not limited to the following terms: "Mora", "MODE" (abbreviation for Mora Development, LLC), "Mora Iced Creamery", "Iced Creamery", or "Creamery": (a) 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; (b) in connection with the performance or sale of any unauthorized services or products; (c) as part of the domain name or electronic address of any Website Area Developer may maintain; or (d) in any other manner not expressly authorized in writing by Franchisor. Area Developer agrees to display the Marks prominently in the manner prescribed by Franchisor to give such notices of trademark and trade name registrations as Franchisor specifies and to comply with all laws of the country regulating the operation of a business under a licensed trademark.

### 9.3 Notification of Infringements and Claims

Area Developer shall immediately notify Franchisor of any actual or threatened infringement of or challenge to the use of any Mark or claim by any person of any rights in any Mark or a confusingly or deceptively similar trademark or trade name. Area Developer shall not communicate with any person other than its counsel, Franchisor and/or its Affiliates and their counsel with respect to any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Area Developer agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may in the opinion of Franchisor's counsel be necessary or advisable to protect and maintain the interests of Franchisor and/or its Affiliates in any settlement, litigation, arbitration or administrative proceeding or to otherwise protect and maintain the interests of Franchisor and/or its Affiliates in the Marks. Franchisor shall reimburse Area Developer for the reasonable out-of-pocket expenses incurred and paid by Area Developer in complying with such requests made by Franchisor pursuant to this Section.

## SECTION 10
## COPYRIGHTS

### 10.1 Ownership of Copyrighted Works

Area Developer acknowledges and agrees that Franchisor owns or is the licensee of the owner of certain valuable copyrighted or copyrightable works and may create, acquire or obtain licenses for certain additional copyrights in various works of authorship used in connection with the operation of Mora Iced Creamery Shops. Such Copyrighted Works include the Franchise Owner's Manual and may include all or part of the Marks, Trade Dress and other portions of the System. Franchisor intends that all works of authorship related to the System, whether now existing or created in the future, will be deemed to be Copyrighted Works. Franchisor may authorize Area Developer to use certain Copyrighted Works solely on the condition that Area Developer complies with the terms of this Section.

### 10.2 Limitation on Area Developer's Use of Copyrighted Works

Area Developer acknowledges that its right to use any of the Copyrighted Works is derived solely from this Agreement and is limited to the use of such Copyrighted Works as Franchisor may expressly authorize from time to time. Area Developer's use of such Copyrighted Works shall be pursuant to and in strict compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor from time to time during the Agreement Term. Area Developer acknowledges that this Agreement does not confer any interest in the Copyrighted Works upon it other than the right to use expressly authorized items in connection with the operation of its business in accordance with the terms of this Agreement. Area Developer shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws as prescribed by Franchisor specifying that Franchisor or its Affiliate is the owner of the copyright. If Franchisor authorizes Area Developer to prepare any translations or derivative works from the Copyrighted Works, Area Developer hereby agrees that such translations or derivative works shall be Franchisor's property and Area Developer hereby assigns all its right, title and interest in and to such translations and derivative works to Franchisor and agrees to execute when requested by Franchisor such additional assignments and other documents as may be necessary or desirable to effectuate this provision. Area Developer shall submit all such translations or derivative works to Franchisor for approval prior to use.

### 10.3 Notification of Infringements and Claims

Area Developer shall immediately notify Franchisor of any actual or threatened infringement of or challenge to any of the Copyrighted Works, or claim by any person of any rights in the Copyrighted Works. Area Developer shall not communicate with any person other than its counsel, Franchisor and/or its Affiliates and their counsel with respect to any such infringement, challenge or claim. Area Developer agrees that Franchisor shall have the sole discretion to take such action as it deems appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to the Copyrighted Works. Area Developer agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may in the opinion of Franchisor's counsel be necessary or advisable to protect and maintain Franchisor's interests in any settlement, litigation, arbitration or administrative proceeding, or to otherwise protect and maintain the interests of Franchisor and/or its Affiliates in the Copyrighted Works. Franchisor shall reimburse Area Developer for the reasonable out-of-pocket expenses incurred and paid by it in complying with such requests made by Franchisor pursuant to this Section.

### 10.4 Discontinuance of Use

If it becomes advisable at any time in Franchisor's good faith judgment for Area Developer to modify or discontinue use of any Copyrighted Work and/or for Area Developer to use one or more additional or substitute copyrighted or copyrightable items, Area Developer agrees, at its expense, to immediately comply with Franchisor's directions in that regard.

## SECTION 11
## AREA DEVELOPER'S OBLIGATIONS

### 11.1 Senior Operating Manager

Concurrently with the execution of this Agreement, Area Developer shall designate a person acceptable to Franchisor in its sole discretion to act as the "Senior Operating Manager" of the business conducted by Area Developer pursuant to this Agreement. The Senior Operating Manager shall be identified in Attachment 4 of this Agreement. The Senior Operating Manager shall have appropriate experience operating multiple food service businesses and must own at least ten percent (10%) of the voting equity interests in Area Developer. If the relationship of the Senior Operating Manager with Area Developer terminates or if the proposed Senior Operating Manager is unable to satisfactorily complete Franchisor's management training program, Area Developer agrees to promptly designate a replacement Senior Operating Manager acceptable to Franchisor in its sole discretion who shall, at Area Developer's expense and subject to Franchisor's then-current training charges, satisfactorily complete the management training program.

Area Developer agrees that, notwithstanding anything to the contrary in any Franchise Agreement, Area Developer shall be responsible for conducting the initial training of all required trainees (including without limitation the owners and management personnel) for the third ($3^{rd}$) and any subsequent Franchised Shops developed under this Agreement, in accordance with the requirements and conditions as Franchisor may from time to time establish for the initial training. By no later than the time Area Developer is seeking Franchisor's approval to develop the third ($3^{rd}$) Franchised Shop under this Agreement, Area Developer shall have completed to Franchisor's satisfaction all requirements and conditions necessary to obtain its approval for Area Developer to conduct such training. If Franchisor does not believe that Area Developer can train its owners and management personnel to Franchisor's satisfaction, Area Developer will be required to send such individuals to Franchisor's initial training program and pay the attendees' costs, as set forth in the Franchise Agreement.

### 11.2 Management Personnel

Area Developer shall hire and maintain the number and level of management personnel required for the conduct of its business pursuant to this Agreement and adequate management and supervisory personnel for all Shops at Area Developer's reasonable discretion. Franchisor shall not have the power to hire, fire, direct, supervise or discipline Area Developer's employees. Area Developer will maintain employee records to show clearly that Area Developer and its employees are not Franchisor's employees. Area Developer shall keep Franchisor advised of the identities of such personnel. Area Developer shall be responsible for ensuring that such personnel are properly trained to perform their duties. It is Area Developer's responsibility to comply with federal and state wage and hour laws and to properly pay its employees. Area Developer is responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.

**11.3 Compliance with Laws and Good Business Practices**

Area Developer shall secure and maintain in force in its name all required licenses, permits, and certificates relating to the conduct of its business pursuant to this Agreement. Area Developer shall comply with all applicable laws, ordinances and regulations including, without limitation, laws relating to worker's compensation insurance, unemployment insurance, and withholding and payment of all taxes. Area Developer shall in all dealings with customers, suppliers, Franchisor and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct. Area Developer agrees to refrain from any business practice which may be injurious to Franchisor's business and the goodwill associated with the Marks and Mora Iced Creamery Shops. Area Developer shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of Area Developer or Mora Iced Creamery Shops.

**11.4 Insurance**

11.4.1 During the term of this Agreement, in addition to insurance required to be maintained in connection with the development and operation of each Shop, the policy shall be endorsed with a *per location* limit of not less than required by the franchise agreements for such Shops.

11.4.2 Area Developer shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including higher liability limits, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

11.4.3 Each insurance policy shall: (1) name Franchisor and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds on a primary, non-contributory basis and provide a waiver of subrogation rights against Franchisor; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Shop is located, be rated at least A-X with A.M. Best and approved by us. At our discretion, we may require you to purchase your insurance from a specific insurance carrier.

Certificates of Insurance shall name Franchisor, and each of its affiliates, directors, agents and employees (as may be specified by Franchisor) as additional insureds, and include primary, non-contributory and waiver of subrogation endorsements. Certificates shall provide 30 days' notice prior written notice to Franchisor of any material modification, cancellation, or expiration of the policy, and due in our office 30 days prior to expiration and coverages listed above.

11.4.4 Area Developer shall provide Franchisor with evidence of the insurance required within fifteen (15) days after execution of this Agreement. Area Developer shall provide Franchisor with a complete copy of each insurance policy no later than thirty (30) days after delivery of the original proof of insurance. Prior to the expiration of each insurance policy term, Area Developer shall furnish Franchisor with a copy of each renewal or replacement insurance policy to be maintained by Area Developer for the immediately following term and evidence of the payment of the premium thereof. If Area Developer fails or refuses to maintain required insurance coverage, or to furnish satisfactory evidence thereof and the payment of the premiums thereof, Franchisor may, at its option and in addition to its other rights and remedies hereunder, obtain such insurance coverage on Area Developer's behalf and Area Developer shall fully cooperate with Franchisor in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of Area Developer's operations which are required to obtain or maintain such insurance, and pay to Franchisor on demand any costs and premiums incurred by Franchisor.

11.4.5 The maintenance of sufficient insurance coverage shall be Area Developer's responsibility. Area Developer's obligation to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Franchisor nor shall the maintenance of such insurance relieve Area Developer of any indemnification obligations under this Agreement.

**11.5 Records and Reports**

Area Developer agrees at its expense to maintain and preserve at its principal office full, complete and accurate records and reports pertaining to the development and operation of Shops and the performance by Area Developer of its obligations under this Agreement, including, but not limited to, records and information relating to the following: site reports, leases for Shops, supervisory reports relating to operation of Shops, records reflecting the financial condition and performance of Area Developer and any Controlled Affiliate and such other records and reports as may be prescribed by Franchisor from time to time. To determine whether Area Developer is complying with this Agreement, Franchisor or its agents shall have the right at any reasonable time to inspect, audit and copy any books, records, reports and documents pertaining to Area Developer's obligations hereunder. Area Developer agrees to cooperate fully with Franchisor in connection with any such inspection or audit.

**11.6 Franchise Owner's Manual**

Franchisor will loan to Area Developer for its sole use during the term of this Agreement one (1) copy of an Franchise Owner's Manual which may be provided electronically and which may consist of one or more handbooks or manuals, as may be added, replaced or supplemented by Franchisor from time to time in its sole discretion (collectively the "Franchise Owner's Manual"). The Franchise Owner's Manual shall contain specifications, standards, policies and procedures prescribed from time to time by Franchisor for Mora Iced Creamery Shop Area Developers and franchisees and information relative to Area Developer's other obligations hereunder and the operation of a Mora Iced Creamery Shop. The Franchise Owner's Manual may be modified from time to time to reflect changes in the System or specifications, standards, policies and procedures. Area Developer shall keep its copy of the Franchise Owner's Manual current by immediately inserting all modified pages furnished by Franchisor. In the event of a dispute about the contents of the Franchise Owner's Manual, the master copies maintained by Franchisor at its principal office shall be controlling. Area Developer acknowledges that the Franchise Owner's Manual is proprietary and confidential and constitutes part of the Confidential Information and, therefore, agrees that it will not, at any time, copy or distribute any part of the Franchise Owner's Manual.

## SECTION 12
## TRANSFER

**12.1 By Franchisor**

Franchisor shall have the right to assign this Agreement and all of its attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing Franchisor's obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

Area Developer expressly affirms and agrees that Franchisor may sell all or any portion of its assets, its rights to the Proprietary Marks or to the System to one or more third parties through one or more transactions; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Area Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "MORA DEVELOPMENT, LLC" as Franchisor. Nothing contained in this Agreement shall require Franchisor or its assignee to maintain the same Proprietary Marks, in the event that Franchisor exercises its right to assign its rights in this Agreement.

**12.2 By Area Developer**

12.2.1 Area Developer understands and acknowledges that the rights and duties created by this Agreement are personal to Area Developer and its Owners and that Franchisor has entered into this Agreement because of the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Area Developer and the Owners. Therefore, neither this Agreement nor any part of Area Developer's interest in it, nor any ownership interest in Area Developer, may be voluntarily, involuntarily, directly or indirectly assigned, sold, subdivided, subfranchised or otherwise transferred by Area Developer or the Owners.

12.2.2 For purposes of the foregoing provision an assignment, sale or other transfer shall include the following events:

(a) the transfer of ownership of shares, partnership interest, or other Ownership Interests;

(b) merger or consolidation or issuance of additional securities representing Ownership Interests;

(c) any sale of Ownership Interests carrying voting rights of Area Developer or any security convertible to voting Ownership Interests of Area Developer or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest; or

(d) transfer in a divorce, insolvency, corporate or partnership dissolution proceeding or in the event of the death of Area Developer or an Owner of Area Developer by will, declaration of or transfer in trust, or under the laws of intestate succession or otherwise by operation of law.

**12.3 Share Structure and Initial Capitalization**

Area Developer represents and warrants that its share structure and initial capitalization are as set forth on Attachment 4 hereto and covenants that Area Developer will not vary from that share structure without Franchisor's prior written approval.

**12.4 Area Developer's Death or Incapacity**

Upon Area Developer's death or disability, or if it is a corporation, limited liability company, partnership, or other legal entity upon the death or disability of a Principal Owner of Area Developer, all of such person's interest in this Agreement or such interest in Area Developer shall be transferred to a transferee approved by Franchisor. Such disposition of this Agreement or such interest in Area Developer, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and shall be subject to terms and conditions substantially similar to those applicable to transfers contained in the Franchise Agreement. Failure to so transfer the interest in this Agreement or such interest in Area Developer within said period of time shall constitute a material breach of this Agreement subject to immediate termination upon written notice by Franchisor.

## SECTION 13
## TERMINATION

### 13.1 By Franchisor

13.1.1 If Area Developer or any of its Owners fails to comply with any provision of this Agreement, Franchisor may terminate this Agreement and Area Developer's rights to develop Shops effective immediately upon delivery of written notice of termination to Area Developer, if Franchisor gives written notice of such breach to Area Developer and it does not:

(a) correct such breach within thirty (30) days after delivery to Area Developer of such notice of breach; or

(b) if such breach cannot reasonably be corrected within thirty (30) days after delivery of notice of breach, undertake within ten (10) days after delivery of such notice of breach and continue until completion efforts to cure such breach and furnish proof acceptable to Franchisor upon its request of such efforts and the date full compliance will be achieved.

13.1.2 Notwithstanding the above, Franchisor may terminate this Agreement and Area Developer's rights to develop Shops upon delivery of notice of termination to Area Developer without opportunity to cure if Area Developer commits any of the following breaches:

(a) Area Developer fails to open and operate Shops in compliance with the Development Schedule;

(b) Area Developer or a Controlled Affiliate has failed to make one or more payments due Franchisor under this Agreement (including the payment of the balance of the initial franchise fee due under any Franchise Agreement) and does not correct such failure within ten (10) days after written notice of that failure is delivered to Area Developer;

(c) Area Developer, or any of its partners, if Area Developer is a partnership, or any of its officers, directors, shareholders, or members, if Area Developer is a corporation or limited liability company, becomes insolvent, makes an assignment for the benefit of creditors, is unable to pay its debts as they become due or a receiver or custodian is appointed for Area Developer's assets or the assets of any Shop or if a final judgment against Area Developer remains outstanding or of record for longer than fifteen (15) days unless a supersedeas bond is filed;

(d) Area Developer or any of its Owners have made any material misrepresentation or omission in its application for the development rights conferred by this Agreement;

(e) Area Developer or any of its Owners (i) is convicted by a trial court of, or plead guilty or no contest to, a felony or other crime or offense that may adversely affect the reputation of Area Developer, the Shops or the goodwill associated with the Marks; or (ii) engages in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of Franchisor or any Mora Iced Creamery Shop;

(f) Area Developer makes a direct or indirect transfer of this Agreement or an ownership interest in Area Developer;

(g) Franchisor has delivered to Area Developer or any Controlled Affiliate a notice of termination of a Franchise Agreement in accordance with its terms and conditions or Area Developer or any Controlled Affiliate terminates a Franchise Agreement without cause;

(h) Area Developer or any of its Affiliates or Owners interferes or attempts to interfere with Franchisor's ability to franchise or license others to use and employ the Marks or System;

(i) Area Developer or any of its Affiliates or Owners interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, Area Developers, customers, suppliers, employees, advertising agencies or other third parties;

(j) Area Developer or any of its Affiliates or Owners makes any unauthorized use or disclosure of or duplicate any copy of any Confidential Information, make any unauthorized use of the Marks or "Copyrighted Works" (as defined in the Franchise Agreement), or uses, duplicates, or discloses any portion of the Franchise Owner's Manual or challenges or seeks to challenge the validity of the Marks or Copyrighted Works;

(k) Area Developer or its Principal Owners violates the restrictions of Section 8 entitled "Exclusive Relationship; In-Term Non-Compete" hereof or of any Confidentiality and Non-Competition Agreement; or

(l) Area Developer or any of its Owners fails on three (3) or more separate occasions during any twelve (12) consecutive months to comply with this Agreement, whether or not such failures to comply are corrected and whether or not notice of such default is given; or fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to comply with the same requirement under this Agreement, whether or not such failures to comply are corrected and whether or not notice of such default is given.

## SECTION 14
## RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT

### 14.1 Payment of Amounts Owed to Franchisor

Area Developer shall immediately pay to Franchisor upon termination or expiration of this Agreement any amounts owed by Area Developer to Franchisor or its Affiliates which are then unpaid plus interest due on any of the foregoing.

### 14.2 Marks and Copyrights

Upon the termination or expiration of this Agreement, Area Developer shall: (1) not thereafter directly or indirectly at any time or in any manner identify itself or any business as a current or former Area Developer of or as otherwise associated with Franchisor, or use any Mark, any colorable imitation thereof or any mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose or utilize for any purpose any trade name, trademark or service mark or other commercial symbol or trade dress that suggests or indicates a connection or association with Franchisor; (2) remove all signs containing any Mark, and return to Franchisor or destroy all forms and materials containing any Mark or otherwise identifying or relating to the Marks; (3) take such action as may be required to cancel or, at Franchisor's option, to transfer to Franchisor or its designee all fictitious or assumed name or equivalent registrations relating to Area Developer's use of any Mark; and (4) immediately cease use of all Copyrighted Works which were furnished to Area Developer by Franchisor pursuant hereto, including all information contained therein, and return to Franchisor or destroy all forms, advertising and promotional materials or other materials containing such copyrighted works. Area Developer shall furnish to Franchisor within thirty (30) days after the effective date of termination or expiration evidence satisfactory to Franchisor of Area Developer's compliance with the foregoing obligations. Notwithstanding the foregoing, Area Developer shall continue to have the right to use the Marks pursuant to any Franchise Agreements Area Developer has entered into pursuant to this Agreement which are then still in effect.

**14.3 Confidential Information**

Area Developer agrees that upon termination or expiration of this Agreement: (1) Area Developer will immediately cease to use any of Franchisor's Confidential Information disclosed to or otherwise learned or acquired by Area Developer in any business or otherwise; and (2) Area Developer will return to Franchisor all copies of the Franchise Owner's Manual and any other confidential materials which have been loaned or made available to Area Developer by Franchisor pursuant to this Agreement. Notwithstanding the foregoing, Area Developer shall continue to have the right to use the Confidential Information and the Franchise Owner's Manual pursuant to any Franchise Agreements Area Developer has entered into pursuant to this Agreement which are then still in effect.

**14.4 Covenant Not to Compete**

14.4.1 Upon termination of this Agreement by Franchisor in accordance with its terms and conditions or upon expiration of this Agreement, neither Area Developer nor any of its Principal Owners shall, directly or indirectly (such as through another individual or entity or otherwise) for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which Area Developer ceases to conduct its activities hereunder, whichever is later:

(a) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within a fifty (50) mile radius of any Mora Iced Creamery Shop; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business located or operating within a fifty (50) mile radius of any Mora Iced Creamery Shop in operation or under construction on the two (2) year anniversary of the effective date of such termination or expiration; or

(c) employ or seek to employ any person who is employed by Franchisor, its Affiliates or by any other Area Developer or franchisee of Franchisor nor induce nor attempt to induce any such person to leave said employment without the prior written consent of such person's employer.

14.4.2 The restrictions of clause (a) of Section 14.4.1 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the total number of issued and outstanding shares of that class of securities.

14.4.3 The restrictions of Section 14.4.1 shall not be construed to prohibit Area Developer or any Principal Owner of Area Developer from having a direct or indirect ownership interest in any Mora Iced Creamery Shop, Area Development Agreement or Franchise Agreement for the development or operation of any Mora Iced Creamery Shop or in any entity owning, controlling or operating a Mora Iced Creamery Shop or from providing services to a Mora Iced Creamery Shop.

### 14.5 Continuing Obligations

All obligations of Franchisor and Area Developer under this Agreement which expressly or by their nature survive or are intended to survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## SECTION 15
## INDEPENDENT CONTRACTORS; INDEMNIFICATION

### 15.1 Independent Contractors

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisor and Area Developer are and shall be independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. Area Developer shall conspicuously identify itself in all dealings with customers, suppliers, public officials, Area Developer personnel and others as the Area Developer of the Shops under this Agreement and shall conspicuously and prominently display such other notices of independent ownership in the business premises and on such forms, business cards, stationery, advertising, and other materials as Franchisor may require from time to time. While we establish standards and recommendations for desired outcomes to protect our systems and brand, as an independent contractor franchisee, you generally determine the means to accomplish such outcomes. You are responsible for the day-to-day operations of your franchises.

### 15.2 No Liability for Acts of Other Party

Area Developer shall not employ any of the Marks in signing any contract, application for any license or permit or in a manner that may result in liability of Franchisor or its Affiliates for any indebtedness or obligation of Area Developer, nor will Area Developer use the Marks in any way not expressly authorized herein. Except as expressly authorized in writing, neither Franchisor nor Area Developer shall make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other or represent that their relationship is other than franchisor and Area Developer or franchisee and neither Franchisor nor Area Developer shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing, nor shall Franchisor be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Shops or Area Developer's business authorized by or conducted pursuant to this Agreement.

### 15.3 Taxes

Franchisor shall have no liability for any sales, value added, use, service, occupation, excise, gross receipts, income, property, payroll or other taxes, whether levied upon this Agreement, Area Developer, the Shops or Area Developer's property or upon Franchisor in connection with the sales made or business conducted by Area Developer. Payment of all such taxes shall be Area Developer's responsibility.

### 15.4 Indemnification

Area Developer agrees to indemnify, defend and hold Franchisor, its Affiliates, and their respective shareholders, directors, officers, employees, agents, successors and assignees harmless against and to reimburse them for (a) all claims, obligations and damages described in this Section; (b) any and all taxes described above; (c) all claims brought by Area Developer's employees against Franchisor (or other indemnified parties listed above) under a theory of joint employer liability or similar theories; and (d) any and all claims and liabilities directly or indirectly arising out of the development or operation of the Shops, the use of the Marks, or the transfer of any interest in Area Developer, this Agreement, the franchises, the Shops, some or all of the assets of the Shops, other than the sale of inventory items in the ordinary course of business, or some or all of the assets of Area Developer in any manner not in accordance with this Agreement to the extent that such claims, obligations, damages, taxes, losses or liabilities do not arise from Franchisor's negligence or wrongful conduct. For purposes of this indemnification, "claims" shall mean and include all obligations, actual and consequential damages and costs incurred in the defense of any claim against Franchisor including, without limitation, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. Franchisor shall have the right to defend any such claim against it in such manner as it deems appropriate or desirable in Franchisor's sole discretion. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## SECTION 16
## DISPUTE RESOLUTION

### 16.1 Arbitration

Area Developer and Franchisor agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and its Affiliates, and their respective shareholders, members, officers, directors, agents, and/or employees, and Area Developer (and/or its owners, guarantors, affiliates, and/or employees) arising out of or related to:

16.1.1 this Agreement or any other agreement between Area Developer and Franchisor;

16.1.2 Franchisor's relationship with Area Developer;

16.1.3 the validity of this Agreement or any other agreement between Area Developer and Franchisor; or

16.1.4 any System standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States ("AAA"). The arbitration proceedings will be conducted by one (1) arbitrator and, except as this Subsection otherwise provides, according to the AAA's then current rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's then current principal place of business. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Section 17.8 below, award any punitive, exemplary or multiple damages against either party (Franchisor and Area Developer hereby waive to the fullest extent permitted by law, except as expressly provided in Section 17.8 below, any right to or claim for any punitive, exemplary or multiple damages against the other).

Franchisor and Area Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Area Developer further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Area Developer or Franchisor.

Franchisor and Area Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and its Affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Area Developer (and/or its owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

**16.2 Injunctive Relief**

16.2.1 Notwithstanding anything to the contrary contained in Section 16.1, Franchisor and Area Developer each have the right in a proper case to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that the parties agree to contemporaneously submit their dispute for arbitration on the merits as provided herein.

16.2.2 Area Developer agrees that Franchisor will not be required to post a bond to obtain any injunctive relief and that Area Developer's only remedy if an injunction is entered against it will be the dissolution of that injunction if warranted upon due hearing. Area Developer hereby expressly waives all claims for damages by reason of the wrongful issuance of such injunction. If Franchisor secures any such injunction or order of specific performance, Area Developer agrees to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief, including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by Franchisor as a result of the breach of any such provision.

## SECTION 17
## MISCELLANEOUS

**17.1 Severability and Substitution of Valid Provisions**

17.1.1 If any provision of this Agreement relating to the covenants to refrain from operating, owning or assisting a Competitive Business during the term of this Agreement is declared or made invalid or unenforceable by judicial action, legislation or other government action, Franchisor may in its sole discretion, if it believes that the continuation of this Agreement would not be in its best interests, terminate this Agreement upon sixty (60) days' written notice to Area Developer.

17.1.2 All other provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. To the extent the post-transfer restrictive covenants or post-termination restrictive covenants contained herein are deemed unenforceable by virtue of their scope in terms of geographic area, business activity prohibited and/or length of time, but may be made enforceable by reductions of either or any thereof, Area Developer and Franchisor agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof and Franchisor shall have the right in its sole discretion to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable. Such modifications to this Agreement shall be effective only in such jurisdiction and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

**17.2 Waiver of Obligations**

17.2.1 Franchisor and Area Developer may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires Franchisor's prior approval or consent, Area Developer shall make a timely written request therefor and such approval shall be obtained in writing.

17.2.2 Franchisor makes no warranties or guarantees upon which Area Developer may rely, and assumes no liability or obligation to Area Developer by granting any waiver, approval, or consent to Area Developer or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked in Franchisor's sole discretion at any time and for any reason effective upon delivery to Area Developer of ten (10) days' prior written notice.

17.2.3 Franchisor and Area Developer shall 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 (a) custom or practice of the parties at variance with the terms hereof; (b) any failure, refusal, or neglect of Franchisor or Area Developer to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure; (c) any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, power or option whether of the same, similar or different nature with respect to any other Mora Iced Creamery Shop or any development or franchise agreement therefor; or (d) the acceptance by Franchisor of any payments from Area Developer after any breach by Area Developer of this Agreement.

**17.3 Rights of Parties are Cumulative**

Both Franchisor's and Area Developer's rights hereunder are cumulative and no exercise or enforcement by either Franchisor or Area Developer of any right or remedy hereunder shall preclude either Franchisor's or Area Developer's exercise or enforcement of any other right or remedy hereunder or which either Franchisor or Area Developer is entitled by law to enforce.

### 17.4 Costs and Legal Fees

If Franchisor asserts a claim for amounts Area Developer owes to it in any judicial proceeding or appeal thereof or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding or appeal thereof, Franchisor shall be reimbursed by Area Developer for Franchisor's costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Agreement, Area Developer shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

### 17.5 Governing Law; Consent to Jurisdiction

17.5.1 Except to the extent governed by the Federal Arbitration Act, United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement and the relationship between the parties hereto shall be governed by the internal laws of the State of Washington without regard to its conflict of laws principles. No Washington law regulating the sale of franchises or governing the franchise relationship shall apply unless its jurisdictional requirements are met independently without reference to this Section.

17.5.2 Area Developer and its Owners agree that Area Developer shall institute any action and Franchisor may institute any action against Area Developer or its Owners which is not required to be arbitrated hereunder in any state or federal court of general jurisdiction in King County, Washington, or the state court of general jurisdiction or the Federal District Court nearest to Franchisor's executive office at the time such action is filed. Area Developer and each of its Owners hereby irrevocably consents to the jurisdiction of such courts and waives any objection Area Developer or it/he/she may have to the jurisdiction or venue of such courts.

### 17.6 Force Majeure

Neither Franchisor nor Area Developer shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from any of the following and is not caused or exacerbated by the non-performing party: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts of God; (d) acts of war, insurrection, acts of terrorism or acts of sabotage; (e) strikes, lockouts, boycotts, fire and other casualties; or (f) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of amounts or fees thereafter, and as soon as performance is possible the non-performing party shall immediately resume performance; provided that in no event shall such period of excused non-performance exceed six (6) months.

### 17.7 Waiver of Punitive Damages and Jury Trial

Franchisor and Area Developer and its Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, except as otherwise provided herein, in the event of a dispute between Franchisor and Area Developer or its Owners, the party making a claim shall be limited to equitable relief and to recovery of any actual damages it sustains.

Franchisor and Area Developer and its Owners irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

**17.8 Binding Effect**

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest and shall not be modified except by written agreement signed by both Area Developer and Franchisor.

**17.9 Construction**

17.9.1 The preambles and attachments to this Agreement are a part of this Agreement, which together with all Franchise Agreements executed pursuant hereto constitute the entire agreement of the parties, and there are no other oral or written understandings or agreements between Franchisor and Area Developer relating to the subject matter of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations we made to you in our franchise disclosure document. Except as expressly stated herein, nothing in this Agreement is intended nor shall be deemed to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs. Except where this Agreement expressly obligates Franchisor to reasonably approve or not unreasonably withhold its approval of any action or request by Area Developer, Franchisor has the absolute right to refuse any request by Area Developer or to withhold its approval of any action or omission by Area Developer. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

17.9.2 Franchisor and Area Developer acknowledge and agree that Franchisor is both sophisticated in business matters and represented by counsel and, therefore, this Agreement shall not be construed against Franchisor as the author of this Agreement.

17.9.3 The term “Area Developer” as used herein is applicable to one (1) or more persons, a corporation, a partnership, a limited liability company or another business entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If Area Developer is two (2) or more persons at any time hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several. References to “ownership interests” shall include: (a) in relation to a corporation or limited liability company, the ownership of shares or membership interests; (b) in relation to a partnership, the ownership of a general or limited partnership interest; or (c) in relation to a trust, the ownership of a beneficial interest of such trust. References to a “controlling interest” in Area Developer shall mean: (a) if Area Developer is a corporation or limited liability company, thirty-three and one-third percent (33-1/3%) or more of the voting shares or membership interests of Area Developer if it is owned by three (3) or more persons, otherwise fifty percent (50%) or more of the voting control of Area Developer, and (b) if Area Developer is a partnership, thirty-three and one-third percent (33-1/3%) of the general partnership interest in Area Developer if it has three (3) or more general partners, otherwise fifty percent (50%) or more of the general partnership interest.

**17.10 Reasonableness**

Franchisor and Area Developer agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated hereunder, the party whose consent is required agrees not to unreasonably withhold the same, unless otherwise permitted in this Agreement to do so.

**SECTION 18**
**NOTICES AND PAYMENTS**

18.1 All notices required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given:

18.1.1 Upon delivery when delivered personally, by electronic mail transmission, or by fax transmission (provided that the sender confirms the fax or electronic mail transmission by sending an original confirmation copy by one of the mail delivery methods permitted by this Section within three (3) business days after transmission); or

18.1.2 One (1) business day after being sent by overnight commercial courier service for next business day delivery; or

18.1.3 Five (5) days after being deposited in the United States mail, for certified or registered delivery, return receipt requested, postage prepaid.

The parties' addresses for notices are as follows:

| | |
|---|---|
| To Franchisor: | MORA DEVELOPMENT, LLC<br>22195 Viking Ave. NW<br>Poulsbo, Washington 98370<br>Attention: Director of Franchise Development<br>Email: Franchising@MoraIceCream.com<br>Fax: (206) 842-3234 |
| With a copy to: | Ryan D. Smith, Attorney<br>Peak Franchise Law<br>PO Box 1112<br>Sherwood, OR 97140<br>Email: Ryan@PeakFranchiseLaw.com |
| To Area Developer: | ______________________________<br>______________________________<br>______________________________<br>______________________________ |

18.2 Either party may designate another address at any time by written notice to the other. Additionally, all payments and reports required to be made by Area Developer under this Agreement shall be given to Franchisor at the above address, except that regular reports may be sent by regular mail or by other means as may be permitted in the Franchise Owner's Manual.

18.3 Time is of the essence in this Agreement with respect to each and every provision in which time is a factor. Whenever this Agreement refers to a period of days, the first day to be counted shall be the first day following the designated action or event. For any period of five (5) or fewer days, only business days (excluding Saturdays, Sundays and national holidays) shall be counted. Unless expressly stated otherwise, any period longer than five (5) days shall be measured by calendar days, except that if the last day of any such period is not a business day, the period shall automatically be extended to the next business day.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement in multiple counterparts on the day and year first above written.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**AREA DEVELOPER**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:_____________________________________
Name:___________________________________
Title:____________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**JOINDER**

The undersigned Owners and Principal Owners of Area Developer hereby agree to be bound by the restrictions on transfers of interests in the ownership of Area Developer contained in the foregoing Area Development Agreement.

| COMPANIES | INDIVIDUALS |
|---|---|
| ______________________________<br>(Name of Company) | ______________________________<br>(Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________<br>(Signature) |
| ______________________________<br>(Name of Company) | ______________________________<br>(Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________<br>(Signature) |
| ______________________________<br>(Name of Company) | ______________________________<br>(Name) |
| By:___________________________<br>Name:_________________________<br>Title:__________________________ | ______________________________<br>(Signature) |

**ATTACHMENT 1**
**TO THE AREA DEVELOPMENT AGREEMENT**
**BETWEEN MORA DEVELOPMENT, LLC**
**AND ____________________________________________**

**DEVELOPMENT AREA**

The Development Area shall be:

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

Area Developer acknowledges and agrees that its rights to develop Mora Iced Creamery Shops in the Development Area may, in Franchisor's discretion exercised on a case-by-case basis, include "Non-Traditional Sites," as defined in the Area Development Agreement,.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**AREA DEVELOPER**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

______________________________________
[Name]

By:___________________________________
Name:_________________________________
Title:_________________________________

**INDIVIDUALS**:

______________________________________

______________________________________
[Print Name]

______________________________________

______________________________________
[Print Name]

**ATTACHMENT 2**
**TO THE AREA DEVELOPMENT AGREEMENT**
**BETWEEN MORA DEVELOPMENT, LLC**
**AND ___________________________________________**

## DEVELOPMENT SCHEDULE

1. **Shop Development**. Area Developer agrees to develop a total of _______ (__) Shops in accordance with the terms of this Agreement.

2. **Development Obligations**. Area Developer agrees to open each Shop specified on or before the specified opening date shown below and to have open and in operation in the Development Area on or before each opening date the cumulative number of Shops shown below:

| Shop Number | Shop Opening By: Date | Cumulative Number of Shops To Be Open and In Operation No Later Than The Opening Date |
|---|---|---|
| 1 | *[Date]*<br>(within 12 months of signing Area Development Agreement) | |
| 2 | *[Date]*<br>(within 12 months of the date the preceding Shop opened or should have opened per this Development Schedule) | |
| 3 | *[Date]*<br>(within 12 months of the date the preceding Shop opened or should have opened per this Development Schedule)) | |
| 4 | *[Date]*<br>(within 9 months of the date the preceding Shop opened or should have opened per this Development Schedule)) | |
| 5 and thereafter | *[Date]*<br>(9 months of the date the preceding Shop opened or should have opened per this Development Schedule)) | |
| | | |
| | | |
| | | |
| | | |
| | | |

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**AREA DEVELOPER**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:______________________________________
Name:____________________________________
Title:_____________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**ATTACHMENT 3**
**TO THE AREA DEVELOPMENT AGREEMENT**
**BETWEEN MORA DEVELOPMENT, LLC**
**AND ______________________________________________**

## INITIAL FRANCHISE FEE SCHEDULE

| | **3, 4, or 5 Unit Area Developer** | **6+ Unit Area Developer** |
|---|---|---|
| **Shop #** | **Franchise Fee** | **Franchise Fee** |
| **1** | $20,000 | $20,000 |
| **2** | $10,000 | $8,000 |
| **3** | $10,000 | $8,000 |
| **4** | $10,000 | $8,000 |
| **5** | $10,000 | $8,000 |
| **6** | $10,000 | $6,000 |
| **7** | $10,000 | $6,000 |
| **8** | $10,000 | $6,000 |
| **9** | $10,000 | $6,000 |
| **10+** | $10,000 | $6,000 |

1. *Standard Area Development Agreement: Timing for Payment of Initial Franchise Fees.* Upon execution of the initial Area Development Agreement and Franchise Agreement, you will pay the full Initial Franchise Fee for the first Shop, and one-half of the Initial Franchise Fee for all additional Shops to be developed per your Development Schedule. The remaining one-half payments are due upon signing the Franchise Agreement for each Shop. Notwithstanding the foregoing, if you open a Shop by the deadline in your Development Schedule, or you are making best efforts to do so (as determined by franchisor in its sole discretion), then we will waive the remaining Initial Franchise Fee payment owed under the relevant Franchise Agreement. If we determine that you are not making best efforts to comply with your Development Schedule, then the remaining Initial Franchise Fee payment will be due at the time of execution of the relevant Franchise Agreement.

2. *Revised Development Schedule.* If you wish to upgrade to a higher level of investment after executing a Franchise Agreement or Area Development Agreement by purchasing the right to open two or more additional Shops simultaneously, then, subject to our prior approval, you will sign a revised Development Schedule. After signing the revised Development Schedule, you will still pay the Initial Franchise Fee for your remaining Shops to be developed under your *original* Development Schedule at the rate stated in the above spreadsheet for the investment level you originally agreed to when you executed your Area Development Agreement and initial Franchise Agreement. Then, for each additional Shop beyond those

included in the original Development Schedule, you will pay the Initial Franchise Fees at the new development level in accordance with our then-current Initial Franchise Fees for Area Developers.

3. *Revised Development Schedule: Timing for Payment of Initial Franchise Fees.* If we agree to revise the Development Schedule (per Note 2, above) to add *more than one* additional Shop to your Development Schedule, then you will pay one-half of the Initial Franchise Fee for all such additional Shops upon signing the revised Development Schedule. The remaining one-half payments for such additional Shops are due upon signing the Franchise Agreement for each Shop.

4. *Additional Franchises Purchase One-At-A-Time: Timing for Payment of Initial Franchise Fees.* If we agree in writing to permit you to open additional Shops beyond those required to be developed per your Development Schedule on a *one-at-a-time* basis, then the Initial Franchise Fee for each such additional Shop will be paid in full upon signing the Franchise Agreement such additional Shop. The amount of the Initial Franchise Fee for each such additional Shop will be based on the Initial Franchise Fee level for the last Shop opened under the Development Schedule, but adjusted based on our then-current Initial Franchise Fee schedule for Area Developers. For example, if you initially enter into an Area Development Agreement to develop three Shops, then after opening your third Shop, we may permit you to purchase a fourth (and additional) unit franchise at our then-current Initial Franchise Fee for the third Shop for a 3-Unit Area Developer.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:_____________________________
Name:___________________________
Title: ___________________________

**AREA DEVELOPER**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

_______________________________________
[Name]

By:____________________________________
Name:__________________________________
Title:__________________________________

**INDIVIDUALS**:

_______________________________________

_______________________________________
[Print Name]

_______________________________________

_______________________________________
[Print Name]

**ATTACHMENT 4**
**TO THE AREA DEVELOPMENT AGREEMENT**
**BETWEEN MORA DEVELOPMENT, LLC**
**AND ___________________________________________**

## OWNERS

1. **Owners**: List the full name and mailing address of each person or entity who directly or indirectly owns an equity or voting interest in Area Developer and describe the nature of the interest.

| | |
|---|---|
| Name:__________________________________ | Number of Ownership Interests Owned:_______ |
| Address:________________________________ | % of Total Ownership Interests:_ |
| _______________________________________ | Number of Ownership Interests Owner is |
| _______________________________________ | Entitled to Vote:________________________ |
| _______________________________________ | Other Interest (Describe):__________________ |
| _______________________________________ | _______________________________________ |
| Name:__________________________________ | Number of Ownership Interests Owned:_______ |
| Address:________________________________ | % of Total Ownership Interests:_ |
| _______________________________________ | Number of Ownership Interests Owner is |
| _______________________________________ | Entitled to Vote:________________________ |
| _______________________________________ | Other Interest (Describe):__________________ |
| _______________________________________ | _______________________________________ |
| Name:__________________________________ | Number of Ownership Interests Owned:_______ |
| Address:________________________________ | % of Total Ownership Interests:_ |
| _______________________________________ | Number of Ownership Interests Owner is |
| _______________________________________ | Entitled to Vote:________________________ |
| _______________________________________ | Other Interest (Describe):__________________ |
| _______________________________________ | _______________________________________ |
| Name:__________________________________ | Number of Ownership Interests Owned:_______ |
| Address:________________________________ | % of Total Ownership Interests:_ |
| _______________________________________ | Number of Ownership Interests Owner is |
| _______________________________________ | Entitled to Vote:________________________ |
| _______________________________________ | Other Interest (Describe):__________________ |
| _______________________________________ | _______________________________________ |
| Name:__________________________________ | Number of Ownership Interests Owned:_______ |
| Address:________________________________ | % of Total Ownership Interests:_ |
| _______________________________________ | Number of Ownership Interests Owner is |
| _______________________________________ | Entitled to Vote:________________________ |
| _______________________________________ | Other Interest (Describe):__________________ |
| _______________________________________ | _______________________________________ |

2. **Designated Principal Owners**: The following individuals named in Paragraph 1 are designated as Principal Owners, although they do not hold five percent (5%) or more of the equity ownership interests in Area Developer:

Name:___________________________ Name:___________________________

Name:______________________________ Name:______________________________

Name:______________________________ Name:______________________________

Name:______________________________ Name:______________________________

3. **Management**: As required pursuant to Section 11.1 of this Agreement, the following person shall serve as Area Developer's Senior Operating Manager:

Name:______________________________

4. **Ownership Structure and Initial Capitalization**: Area Developer and its Owners represent and warrant that the ownership structure and initial capitalization of Area Developer is as follows:

**OWNERSHIP STRUCTURE**

| Owner | Number of Ownership Interests | Percentage Ownership |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |

As of the date hereof there are _________________ (___________) Ownership Interests authorized and there are _______________ (___________) Ownership Interests which are issued and outstanding. There are no other authorized classes of shares.

**INITIAL CAPITALIZATION**

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

______________________________________________________________________________

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**AREA DEVELOPER**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:______________________________________
Name:____________________________________
Title:_____________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**Exhibit D to the Disclosure Document**

**LIST OF FRANCHISEES AND AREA DEVELOPERS**
**AS OF DECEMBER 31, 2016**

Franchisees

WBR Holdings Inc.
Contacts: Michael D. Brooks and N. Andrew Whyte
139 Madrone Ln N
Bainbridge Island, WA 98110
Phone: (206) 347-0740

WBR Holdings Inc.
Contacts: Michael D. Brooks and N. Andrew Whyte
11250 NE State Hwy 104
Kingston, WA 98346
Phone: (206) 347-0740

WBR Holdings Inc.
Contacts: Michael D. Brooks and N. Andrew Whyte
18801 Front St NE
Poulsbo, WA 98370
Phone: (206) 347-0740

Area Developers

None

**Exhibit E to the Disclosure Document**

**FRANCHISEES AND AREA DEVELOPERS WHO HAVE LEFT THE SYSTEM**

None

**Exhibit F to the Disclosure Document**

**FINANCIAL STATEMENTS**

# MORA DEVELOPMENT, LLC

***Financial Statements***
***And***
***Independent Auditor's Report***

**For the year ended December 31, 2016**
**And two months ended December 31, 2015**

Hearthstone CPA Group
Certified Public Accountants

**TABLE OF CONTENTS**

**Hearthstone** CPA Group
Certified Public Accountants

4312 Kitsap Way, Suite 102
Bremerton, WA 98312
T 360-479-4611

Principals
Larry A. Hurley, CPA
Neal K. Williams, CPA, MPAcc (tax)
Christopher J. Cook, CPA, CFP®
David H. Ball, CPA (retired)
Dennis R. Treger, CPA

INDEPENDENT AUDITOR'S REPORT

To the Member
Mora Development, LLC
Poulsbo, Washington

We have audited the accompanying financial statements of Mora Development, LLC (a Washington Limited Liability Company) which comprise the balance sheets as of December 31, 2016, and 2015 and the related statements of income and member's equity and cash flows for the year ended December 31, 2016 and two months ended December 31, 2015, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statement**

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Mora Development, LLC as of December 31, 2016 and 2015 and the results of operations and its cash flows for the year ended December 31, 2016 and two months ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

Hearthstone CPA Group

February 21, 2017

MORA DEVELOPMENT, LLC

BALANCE SHEETS

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash | $ 59,629 | $ 2,743 |
| Accounts receivable | 456 | - |
| | 60,085 | 2,743 |
| **Equipment** | | |
| Computer equipment, net of accumulated depreciation | 1,799 | - |
| **Other Assets** | | |
| Intangible asset | 360,488 | 234,751 |
| | $ 422,372 | $ 237,494 |
| **LIABILITIES AND MEMBER'S EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 3,218 | $ 1,868 |
| Accrued liabilities | 6,901 | 4,282 |
| Total current liabilities | 10,119 | 6,150 |
| **Due to Affiliate, Mora, LLC** | 7,009 | - |
| **Total Liabilities** | 17,128 | 6,150 |
| **Member's Equity** | 405,244 | 231,344 |
| | $ 422,372 | $ 237,494 |

The accompanying notes are an integral part of the financial statements

MORA DEVELOPMENT, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

| | Year Ended December 31, 2016 | Two Months Ended December 31, 2015 |
|---|---|---|
| **REVENUE** | $ 71,244 | $ - |
| **OPERATING EXPENSES** | | |
| Franchise fees and costs | 7,168 | 1,500 |
| Advertising and promotion | 4,595 | - |
| Professional auditing fees | 3,000 | 3,875 |
| Computer and technology | 1,709 | - |
| Business licenses and fees | 1,572 | - |
| Dues and subscriptions | 1,516 | - |
| Miscellaneous | 1,248 | - |
| Office expense | 1,075 | 207 |
| Travel | 530 | - |
| Bank service charges | 431 | 35 |
| Depreciation expense | 200 | - |
| **TOTAL OPERATING EXPENSES** | 23,044 | 5,617 |
| **NET INCOME (LOSS)** | 48,200 | (5,617) |
| **BEGINNING MEMBER'S EQUITY** | 231,344 | 217,961 |
| Contribution of capital | 125,700 | 19,000 |
| **ENDING MEMBER'S EQUITY** | $ 405,244 | $ 231,344 |

The accompanying notes are an integral part of the financial statements

## MORA DEVELOPMENT, LLC

## STATEMENTS OF CASH FLOWS

**Increase (decrease) in cash**

| | Year Ended December 31, 2016 | Two Months Ended December 31, 2015 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash revenue from franchise sales, fees and royalties | $ 70,788 | $ - |
| Cash paid to vendors | (21,494) | (5,617) |
| Net cash provided (used) by operating activities | 49,294 | (5,617) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of equipment | (1,999) | |
| Franchise development costs | (123,118) | (20,840) |
| Net cash provided (used) by investing activities | (125,117) | (20,840) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Advance from affiliate | 7,009 | |
| Contribution of member's capital | 125,700 | 19,000 |
| Net cash provided (used) by financing activities | 132,709 | 19,000 |
| **NET CHANGE IN CASH** | 56,886 | (7,457) |
| **BEGINNING CASH** | 2,743 | 10,200 |
| **ENDING CASH** | $ 59,629 | $ 2,743 |
| **RECONCILIATION OF OPERATING EXPENSES TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income (loss) | $ 48,200 | $ (5,617) |
| Adjustments to reconcile net income to net cash provided (used) by operating activities | | |
| Depreciation | 200 | - |
| Change in operating assets and liabilities | | |
| Accounts receivable | (456) | - |
| Accounts payable | 1,350 | - |
| Net cash provided (used) by operating activities | $ 49,294 | $ (5,617) |

The accompanying notes are an integral part of the financial statements

## NOTE 1 – THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**The Company**
Mora Development, LLC (the Company) is an entity located in Poulsbo, Washington. The LLC was formed to seek franchisees to open and operate Mora Iced Creamery® stores in the United States. Mora Holdings, LLC is the sole member of the Company.

**Basis of Accounting**
The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

**Use of Estimates**
Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, support and expenses. Actual results may vary from the estimates that were used.

**Intangible Asset**
Franchise development costs that are specifically identifiable to the Mora Iced Creamery® franchise are being capitalized as an intangible asset in accordance with FASB ASC 350-30. Management of the Company will review this intangible asset for impairment whenever events or changes in circumstances indicate the carrying amount of this asset may not be recoverable. No impairment was recognized during the year ended December 31, 2016 and two months ended December 31, 2015.

**Income Tax**
No provision for Federal income taxes is provided. For Federal income tax purposes the Company is considered a disregarded entity and any income or expense is passed through and reported by Mora Holdings LLC, its sole member.

**Equipment**
The Company is depreciation equipment using the straight line method over five years.

**Subsequent Events**
Management has evaluated subsequent events through report date, the date the financial statements were available to be issued.

## NOTE 2 – FRANCHISE DEVELOPMENT STAGE

The Company was formed on October 9, 2015 as a Limited Liability Company (LLC). Prior to the Company's formation as an LLC, and subsequently thereafter, the Company incurred costs associated with franchising the Mora Iced Creamery® business model. These costs have been capitalized as an intangible asset, totaling $360,488 and $234,751 as of December 31, 2016 and 2015, respectively.

## NOTE 3 – RELATED PARTIES

The Company is owned 100% by Mora Holdings, LLC and is also affiliated with Mora, LLC through common ownership.

On November 1, 2015, the three entities affiliated through common ownership, entered into a "Master Intercompany Services Agreement" whereby each Company has been granted a non-exclusive and royalty free license by Mora Holdings, LLC to the extent necessary to carry on its respective business. In addition the agreement provides for the affiliated entities to share administrative services and share associated net costs as defined in the agreement.

During the year ended December 31, 2016 the Company received advances totaling $7,009 from Mora, LLC.

## NOTE 4 – CONCENTRATION OF RISK

Mora Development, LLC's primary source of income will be derived from the sale of franchises once approval to offer such franchises have been approved by State regulators.

**Exhibit G to the Disclosure Document**

# Franchise Owner's Manual
# Table of Contents

**Estimated Total Number of Pages - 168**

**CHAPTER 1: WELCOME TO MORA!** **Est. # of Pages: 3**



**CHAPTER 2: DEVELOPMENT SERVICES** **Est. # of Pages: 38**

**CHAPTER 4: MANAGING A MORA ICED CREAMERY   Est. # of Pages: 43**

## CHAPTER 5: OPERATING A MORA ICED CREAMERY  Est. # of Pages: 54

**EXHIBIT H**

**STATE LAW ADDENDUM**
**TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND**
**AREA DEVELOPMENT AGREEMENT**

**This State Law Addendum amends relevant Sections of the Franchise Agreement (FA) and/or Area Development Agreement (ADA), as applicable, for the applicable state. References in this Addendum to "Franchise Agreement" also refer to the Area Development Agreement as applicable.**

California

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

Our website addresses are www.MoraIceCream.com and www.MoraFranchising.com. **OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT** www.dbo.ca.gov**.**

FDD Item 17; FA Sections 17, 18, 19 and 20; ADA Sections 13 and 16

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

(2) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

(3) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

(5) The Franchise Agreement provides that all issues or disagreements relating to the Franchise Agreement will be mediated, tried, heard and decided in Portland, Oregon with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

(6) The Franchise Agreement requires application of the laws of the State of Oregon. This provision may not be enforceable under California law.

(7) Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form and containing such information as the Commissioner of Business Oversight may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

FDD Item 3

Neither the franchisor nor any person listed in Item 2 of the FDD nor any franchise broker 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.

FDD Item 17; FA Section 10.1; ADA Section 5

Payment of all initial fees is postponed until after all of our initial obligations are complete and you are opened for business.

**Georgia**

**DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If, for any reason, any provision set forth in the Franchise Agreement (including those related to in-term and post-term covenants against competition and non-disclosure and non-use of confidential information) exceeds any lawful scope or limit as to duration, geographic coverage, specificity, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. Indeed, the parties acknowledge their desire and intent that such provisions be modified by a court or arbitrator to comply with Georgia law if needed. The duration, geographic coverage and scope allowable by law or court of law will apply to this Agreement.

**Hawaii**

Paragraph 4110.01, Section 482E-6(3): Upon termination or refusal to renew the franchise the franchisee will be compensated for the fair market value, at the time of the termination or expiration of the franchise, of the franchisee's inventory, supplies, equipment and furnishings purchased from the franchisor or a supplier designated by the franchisor; provided that personalized materials which have no value to the franchisor need not be compensated for. If the franchisor refuses to renew a franchise for the purpose of converting the franchisee's business to one owned and operated by the franchisor, the franchisor, in addition to their remedies provided in this paragraph, will compensate the franchisee for the loss of goodwill. The franchisor may deduct from such compensation reasonable costs incurred in removing, transporting and disposing of the franchisee's inventory, supplies, equipment, and furnishings pursuant to this requirement, and may offset from such compensation any moneys due the franchisor.

**Idaho**

FDD Item 17, FA Section 9

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

**North Carolina**

FDD Cover Page

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW.

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity (or franchise). The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**Washington**

FDD Item 17; FA Section 16, 17, 18 and 20; ADA Sections 12, 13 and 16

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

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

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

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the Franchise 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.

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

FDD Item 17; FA Section 10.1; ADA Section 5

All initial franchise fees will be due and payable only after the franchisee has (a) received all initial training that it is entitled to under the Franchise Agreement, Area Development Agreement, or Franchise Disclosure Document, and (b) is open for business.

**The franchisee acknowledges receipt of this Addendum.**

It is agreed that the applicable foregoing state law addendum for the state of _____________, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

DATED this __ day of _________, 20__.

| | |
|---|---|
| ("we/us"): Mora Development, LLC | ("you"): ______________________________________ |
| By: ______________________ | By: ______________________________________ |
| Title: ______________________ | Title: ______________________________________ |
| | Print Name: _______________________________ |
| | Signed Personally: ___________________________ |

**Exhibit I to the Disclosure Document**

**ACKNOWLEDGMENTS**

1. Franchisee acknowledges that Franchisee has read the Franchise Agreement and Franchisor's Disclosure Document and that Franchisee understands and accepts the terms, conditions, and covenants contained in the Franchise Agreement as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards at Mora Iced Creamery Shops and thereby to protect and preserve the goodwill of the Marks and the System.

2. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by the Franchise Agreement and recognizes that, like any other business, the nature of the business conducted by Mora Iced Creamery Shops may evolve and change over time, that an investment in a Mora Iced Creamery Shop involves business risks and that the success of the venture is largely dependent upon Franchisee's business abilities and efforts. Franchisor recommends that applicants for Mora Iced Creamery Shop franchises make their own investigations and determine whether or not a Mora Iced Creamery Shop is profitable. Franchisor recommends that each applicant for a Mora Iced Creamery Shop franchise consult with an attorney of its choosing and further be represented by legal counsel at the time of its closing.

3. Franchisee acknowledges that no representations or statements of actual, average, projected or forecasted sales, profits or earnings have been made with respect to Mora Iced Creamery Shops other than information, if any, disclosed in Item 19 of Franchisor's Disclosure Document or in an authorized, written supplemental earnings claim which supplements Franchisor's Disclosure Document. Neither Franchisor's sales personnel nor any of its employees or officers is authorized to make any other claims or statements as to the earnings, sales or profits or prospects or chances of success that any developer or franchise owner can expect or that present or past franchise owners have had. Franchisor specifically instructs its sales personnel, agents, employees and officers that they are not permitted to make such other claims or statements as to the earnings, sales or profits or the prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to Mora Iced Creamery Shops. Franchisor will not be bound by any unauthorized representations as to Franchisee's earnings, sales, profits or prospects or chances of success. Franchisee acknowledges that it has not received or relied on any representations about the Franchise by Franchisor or its officers, directors, shareholders, employees, or agents that are contrary to the statements made in Franchisor's Disclosure Document or to the terms in the Franchise Agreement.

4. Franchisee acknowledges that in all of its dealings with them, Franchisor's officers, directors, employees, Affiliates, representatives and agents act or acted only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that the Franchise Agreement and all business dealings between Franchisee and such individuals as a result of the Franchise Agreement are solely between Franchisee and Franchisor. Franchisee further represents to Franchisor as an inducement to Franchisor's entry into the Franchise Agreement that neither Franchisee nor its Owners have made any misrepresentations in obtaining the Franchise.

5. If Franchisee is a legal entity, Franchisee (a) represents that it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, is qualified to do business in all jurisdictions in which its business activities or the nature of properties owned by Franchisee requires such qualification, and has the authority to execute, deliver and carry out all the terms of the Franchise Agreement; and (b) agrees and warrants that all certificates representing ownership interests in Franchisee now outstanding or hereafter issued will be endorsed with a legend in form approved by Franchisor reciting that the transfer of ownership interests in Franchisee is subject to restrictions contained in the Franchise

Agreement. Franchisee further represents and warrants that all Owners of Franchisee and their interests therein are completely and accurately listed in Attachment 1 to the Franchise Agreement [Attachment 4 to the Area Development Agreement) and that Franchisee will execute such revised versions of Exhibit A as may be necessary during the term of the Franchise to reflect any changes in the information contained therein.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered the Franchise Agreement in multiple counterparts on the day and year first above written.

**FRANCHISOR**:

**MORA DEVELOPMENT, LLC**
a Washington limited liability company

By:______________________________
Name:____________________________
Title: ____________________________

**FRANCHISEE**:

**CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP**:

________________________________________
[Name]

By:_____________________________________
Name:___________________________________
Title:___________________________________

**INDIVIDUALS**:

________________________________________

________________________________________
[Print Name]

________________________________________

________________________________________
[Print Name]

**Exhibit J to the Disclosure Document**

**FORM OF GENERAL RELEASE**

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20___ by and between Mora Development, LLC, a Washington limited liability company having its principal place of business located at 22195 Viking Ave. NW, Poulsbo, WA 98370 (the "Franchisor"), and __________________, a ________________ with a principal address at __________________________________ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Washington law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Washington.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

| | |
|---|---|
| Witness: | RELEASOR: |
| ____________________________ | ___________________________________ |

(Name)

Witness:

MORA DEVELOPMENT, LLC:

____________________________

By:________________________________
Name:______________________________
Title:_______________________________

**Exhibit K to the Disclosure Document**

**FRANCHISEE LOAN LETTER**

Date: _________________________, _____ __________
(Month) (Day) (Year)

Franchise Applicant(s) Legal Name(s): __________________________________________
__________________________________________
__________________________________________
__________________________________________

I, ______________________________ (the "Lender") do hereby certify the following:

1. I have made a loan of $_______________ to ______________________________ (the "Applicant(s)"), whose relationship to me is: ___________________________________.

2. This loan is to be applied toward the costs associated with becoming a Franchisee or Area Developer with Mora Iced Creamery in the state of ____________________, including fees and startup costs.

3. In return for this loan, I am not requiring any interest in the business.

4. The funds given to the Applicant(s) were not made available to me from any person or entity acquiring an interest in the business.

5. Applicant(s) has or will have immediate access to these funds and has access and proof of funds for the amount declared above.

6. By my signature below, I authorize Mora Development, LLC to verify the source of the loan and understand that Mora Development, LLC will require proof of deposit of the funds by the Applicant(s).

**BE AWARE**: **My signature below indicates that I fully understand that any misrepresentation to the facts stated above may result in the termination of the Franchise Agreement or Area Developer Agreement entered into between the Applicant(s) and Mora Development, LLC, without an opportunity to cure.**

The source of this loan is:

| | |
|---|---|
| Date | Date |
| Lender Name | Applicant 1 Signature |
| Lender Signature | Applicant 2 Signature |
| | Applicant 3 Signature |
| | Applicant 4 Signature |

Attachments: Applicant(s) is/are to provide the following:

1. Copy of the executed Promissory Note
2. Evidence of the Lenders’ ability to provide funds (or)
3. Evidence of the Receipt of Transfer of Funds to the Applicant(s)

**Exhibit K to the Disclosure Document (continued)**

**FRANCHISEE GIFT LETTER**

Date: ________________________, _____ __________
(Month) (Day) (Year)

Franchise Applicant(s) Legal Name(s): ________________________________________

________________________________________

________________________________________

________________________________________

I, ______________________________ (the "Donor") do hereby certify the following:

7. I have made a gift of $_______________ to ______________________________ (the "Applicant(s)"), whose relationship to me is: __________________________________.

8. This gift is to be applied toward the costs associated with becoming a Franchisee or Area Developer with Mora Iced Creamery in the state of ____________________, including fees and startup costs.

9. In return for this gift, I am not requiring any interest in the business.

10. The funds given to the Applicant(s) were not made available to me from any person or entity acquiring an interest in the business.

11. Applicant(s) has or will have immediate access to these funds and has access and proof of funds for the amount declared above.

12. By my signature below, I authorize Mora Development, LLC to verify the source of the gift and understand that Mora Development, LLC will require proof of deposit of the funds by the Applicant(s).

**BE AWARE**: **My signature below indicates that I fully understand that any misrepresentation to the facts stated above may result in the termination of the Franchise Agreement or Area Developer Agreement entered into between the Applicant(s) and Mora Development, LLC, without an opportunity to cure.**

The source of this gift is:

| | |
|---|---|
| Date | Date |
| Donor Name | Applicant 1 Signature |
| Donor Signature | Applicant 2 Signature |
| | Applicant 3 Signature |
| | Applicant 4 Signature |

Attachments: Applicant(s) is/are to provide the following:

4. Evidence of the Donor’s ability to provide funds (or)
5. Evidence of the Receipt of Transfer of Funds to the Applicant(s)

**Exhibit L to the Disclosure Document**

***It is your responsibility to ensure that this Form of Confidentiality and Non-Competition Agreement complies with legal requirements in your jurisdiction.***

**FORM OF CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**
**(for Principal Owners; and for Franchisee's Owners, officers, directors, agents trustees, beneficiaries and independent contractors who will have access to Confidential Information; and for Franchisee's trained managers if requested by Franchisor subject to applicable state law)**

In consideration of my being a _________________________of ____________________ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _______________, 20___ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from MORA DEVELOPMENT, LLC (the "Company") to establish and operate a Mora Iced Creamery Shop (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: ___________________________ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which feature and offer for sale to the public ice cream, sorbet, frozen yogurt, frothy milkshakes, smoothies, non-dairy fat-free sorbet shakes, frozen desserts, beverages and associated products. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As ________ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Franchise Owner's Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ________________ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such

information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Franchise Territory, as defined in the Franchise Agreement;

7.2 Fifty (50) miles of Franchisee's Franchise Territory; or

7.3 Fifty (50) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

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

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Washington. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

______________________________________
Signature

______________________________________
Name

______________________________________
Address

______________________________________
Title

**ACKNOWLEDGED BY FRANCHISEE**

By:___________________________________

Name:_________________________________

Title:_________________________________

**Exhibit M to the Disclosure Document**

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement (the “Agreement”) by MORA DEVELOPMENT, LLC, a Washington limited liability company (“Franchisor”), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for, the breach of each and every provision in the Agreement, including monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, such as provisions regarding confidentiality and non-competition.

Each of the undersigned waives:

(1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or of nonperformance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he, she or it may have to require that an action be brought against Franchisee or any other person as a condition of liability;

(5) all right to payment or reimbursement from, or subrogation against, Franchisee which the undersigned may have arising out of his or her guaranty of Franchisee’s obligations; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

(1) his, her or its direct and immediate liability under this guaranty shall be joint and several;

(2) he, she or it shall render any payment or performance required under the Agreement upon demand if Franchisee fail or refuse punctually to do so;

(3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding and prevail in such proceeding, the undersigned shall reimburse Franchisor for its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred during, prior to, in preparation for or contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses incurred by it.

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his or her signature on the same day and year as the Agreement was executed.

| **WITNESS** | **GUARANTOR(S)** |
| --- | --- |
| ______________________________ | ______________________________<br>Name: |
| ______________________________ | ______________________________<br>Name: |
| ______________________________ | ______________________________<br>Name: |

**Exhibit N to the Disclosure Document**

**This Addendum is for use only with franchisees that are getting Small Business Administration (SBA) lender financing.**

**This Addendum is subject to change based on requirements that the SBA may impose.**

## ADDENDUM TO FRANCHISE AGREEMENT

**THIS ADDENDUM** ("Addendum") is made and entered into on _________________, 20____, by and between __________________________________ ("Franchisor"), located at _____________________________________, and ________________________ ("Franchisee"), located at _____________________________________.

Franchisor and Franchisee entered into a Franchise Agreement on ________________, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for a loan ("Loan") from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement:

**CHANGE OF OWNERSHIP**

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

**FORCED SALE OF ASSETS**

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

**COVENANTS**

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor may not record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees.

This Addendum automatically terminates on the earlier to occur of the following: (i) the Loan is paid in full; or (ii) SBA no longer has any interest in the Loan.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

| **FRANCHISOR:** | **FRANCHISEE:** |
|---|---|
| By:_______________________________ | By: ____________________________ |
| Print Name:_________________________ | Print Name: ______________________ |

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**RECEIPT**

**(KEEP THIS COPY FOR YOUR RECORDS)**

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 Mora Development, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Mora Development, 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, DC 20580 and the appropriate state agency listed on Exhibit A.

The franchisor is Mora Development, LLC, located at 22195 Viking Ave. NW, Poulsbo, WA 98370. Its telephone number is (206) 855-1112. The names, principal business addresses and telephone numbers of the franchise sellers for this offering are: Jim Rowell (Director of Franchise Development), Jerry Perez (President), and Ana Orselli (Vice President), 22195 Viking Ave. NW, Poulsbo, WA 98370, (206) 855-1112, and ____________________________________________________________.

Mora Development, LLC authorizes the agents listed in Exhibit A to receive service of process for it.

Issuance date: March 10, 2017

I have received a disclosure document dated as indicated above that included the following Exhibits:

Exhibit A – List of State Agencies/Agents for Service of Process
Exhibit B – Franchise Agreement (with Attachments)
Exhibit C – Area Development Agreement (with Attachments)
Exhibit D – List of Franchisees and Area Developers
Exhibit E – List of Franchisees and Area Developers Who Have Left the System
Exhibit F – Financial Statements
Exhibit G – Franchise Owner's Manual Table of Contents
Exhibit H – State Law Addendum
Exhibit I – Acknowledgments
Exhibit J – Form of General Release
Exhibit K – Franchisee Loan Letter and Gift Letter
Exhibit L – Form of Confidentiality and Non-Competition Agreement
Exhibit M – Guaranty and Assumption of Obligations

Date:______________________ (Do not leave blank)

________________________________________
Signature of Prospective Franchisee

________________________________________
Print Name

You should retain a signed copy of this receipt for your records.

**RECEIPT**

**(RETURN THIS COPY 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 Mora Development, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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Exhibit M – Guaranty and Assumption of Obligations

Date:______________________ ________________________________________
(Do not leave blank) Signature of Prospective Franchisee

________________________________________
Print Name

Please date and sign this receipt and return it to us either by mailing it to Mora Development, LLC at 22195 Viking Ave. NW, Poulsbo, WA 98370, or by electronic means specified by Mora Development, LLC.