

FRANCHISE DISCLOSURE DOCUMENT



Holy Sweet U.S.A., Inc.
a Nevada corporation
210 Shields Court
Markham, Ontario, L3R 8V2 Canada
Phone: (905) 479-8762
Inquiries@sweetjesusicecream.com
www.sweetjesusicecream.com

The franchise is the right to develop, own and operate a single shoppe that specializes in the retail sale of soft-serve ice cream, toppings, beverages and other related products under the “*Sweet Jesus*” brand. The total investment necessary to begin operation of a Sweet Jesus® shoppe ranges from \$288,000 to \$672,500. This includes \$46,500 to \$76,000 that must be paid to the franchisor and/or its affiliate.

On your request, the franchisor may allow you to sign an area development agreement under which you will agree to purchase multiple franchises. When you sign an area development agreement, you must pay the franchisor a development fee of \$30,000 times the number of franchises that you agree to acquire. While the franchisor and you may agree to deviate from it, the franchisor’s standard area development program requires that you commit to acquiring 3 franchises, in which case the development fee would be \$90,000, all of which is must be paid to the franchisor. The development fee is the total investment necessary to sign the area development agreement.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jeffrey Young at 210 Shields Court, Markham, Ontario, Canada L3R 8V2 and (905) 479-8762.

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, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: March 8, 2019

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 ARBITRATION OR LITIGATION IN NEVADA. OUT OF STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE AND LITIGATE WITH US IN NEVADA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT NEVADA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE SYSTEM WITH A LONGER OPERATING HISTORY.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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 registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Pending
------------	---------

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of March 8, 2019.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
MICHIGAN FRANCHISE INVESTMENT LAW ONLY

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

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

owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

TABLE OF CONTENTS

Item	Page
ITEM 1 FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	3
ITEM 2 BUSINESS EXPERIENCE	5
ITEM 3 LITIGATION	6
ITEM 4 BANKRUPTCY.....	7
ITEM 5 INITIAL FEES	7
ITEM 6 OTHER FEES.....	8
ITEM 7 ESTIMATED INITIAL INVESTMENT	12
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9 FRANCHISEE’S OBLIGATIONS	18
ITEM 10 FINANCING.....	20
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	20
ITEM 12 TERRITORY	28
ITEM 13 TRADEMARKS	30
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	31
ITEM 15 OBLIGATIONS OF FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	32
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	33
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	34
ITEM 18 PUBLIC FIGURES	40
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS	40
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	41
ITEM 21 FINANCIAL STATEMENTS	43
ITEM 22 CONTRACTS.....	43
ITEM 23 RECEIPTS.....	43

EXHIBITS

- A State Agencies/Agents for Service of Process
- B Franchise Agreement
- C Area Development Agreement
- D Lists of Current Franchisees and Area Developers and of Those Franchisees and Area Developers Who Have Ceased Operations
- E Financial Statements
- F Form of General Release
- G Table of Contents to the Operations Manual
- H State Specific Addenda
- I Representation and Acknowledgment Statement
- J Receipts

ITEM 1
FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Franchisor

We are a Nevada corporation incorporated on December 10, 2018. Our principal place of business is 210 Shields Court, Markham, Ontario, Canada L3R 8V2. Our principal telephone number is (905) 479-8762. We do business under our corporate name and under the name “Sweet Jesus®.” We were formed to serve as the US franchisor of Sweet Jesus-branded ice cream shoppes (each, a “Sweet Jesus Shoppe”), after our parent, Holy Sweet Inc., an Ontario (Canada) corporation (“Holy Sweet Canada”), acquired the assets of the Sweet Jesus franchise brand from Monarch & Misfits Inc. (our “M&M”) in November 2018, including taking an assignment its then-existing franchise agreements (the “Acquisition”). In the Acquisition, Holy Sweet Canada acquired two existing US franchise agreements, one (1) for an open Sweet Jesus Shoppe and the other for a Sweet Jesus Shoppe that had not yet opened. Immediately following the Acquisition, both franchise agreements were assigned to us. We have never owned or operated a Sweet Jesus Shoppe, nor have we offered franchises for any other brands or conducted any other line of business.

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

Our Predecessor. Parents and Affiliates

Our predecessor is Monarch & Misfits Inc., a Canadian corporation (“M&M”). Its address is 44 Upjohn Road Toronto, Ontario, Canada M3B 2W1.

We are a wholly-owned subsidiary of Holy Sweet Canada, which shares our principal address. Holy Sweet Canada owns the trademarks and other intellectual property in Canada and has offered franchises for Sweet Jesus Shoppes in Canada since the Acquisition, and as of the date of this Disclosure Document and as a result of the Acquisition, is the franchisor under the 20 Canadian Sweet Jesus Shoppe franchise agreements it acquired from M&M. While it may do so in the future, Holy Sweet Canada has never granted franchises for Sweet Jesus Shoppes in the United States, has never owned or operated a Sweet Jesus Shoppe, and has never offered franchises in any other lines of business.

Holy Sweet Canada’s parent is International Franchise Inc., an Ontario, Canada corporation (“IFI”) formed on September 13, 2004. IFI shares our principal address. IFI has never owned, offered or operated Sweet Jesus Shoppes, nor has it offered franchises in any line of business.

Our affiliate, Yogen Früz U.S.A., Inc. (“YF USA”), a Nevada corporation, was formed on May 8, 1989. Since its formation, YF USA has offered master franchises that allow the master franchisee to subfranchise Yogen Früz-branded outlets that serve frozen yogurts and other specialty products. As of the date of this Disclosure Document, there are 7 YF USA master franchisees operating in the United States and 44-unit franchises operating in the United States. YF USA has never owned or operated Shoppes, nor offered franchises in any other lines of business, but may do so in the future.

Our affiliate Yogen Früz Canada, Inc. (“YFCI”), an Ontario, Canada corporation that shares our principal address, offers franchises and master franchises for Yogen Früz outlets in Canada, but has never offered, owned or operated any franchises in the United States.

Our affiliate, YF Franchise LLC (“YF”), was organized in Delaware on August 29, 2000, under the name Coolbrands Franchise LLC. YF changed its name to its current name on December 19, 2005 and shares our principal address. YF offered master franchises for the right to subfranchise Swensen’s-branded ice cream outlets from August 2000 to July 2015. YF does not currently have any master franchisees operating in the United States. In May 2017, YF began offering unit franchises for Swensen’s outlets, and as of the date of this Disclosure Document, has 3-unit franchises operating in the United States.

Description of Franchise

We offer franchises for the right to establish and operate Sweet Jesus Shoppes using our operating system (the “System”) and identified by the “Sweet Jesus®” trademark as well as other trademarks, trade names, symbols and/or logos that we designate, both now and in the future (the “Marks”). The Sweet Jesus Shoppe you would operate is referred to in this Disclosure Document as your “Shoppe.” To acquire the franchise to develop and operate your Shoppe, you would be required to sign a written franchise agreement, the current form of which is attached as Exhibit B to this Disclosure Document (the “Franchise Agreement”). The franchise will include the right to establish and operate your Shoppe at a specifically identified location and strictly under the terms the Franchise Agreement.

If you request, and we determine you are qualified, we will offer to you the right to enter into an area development agreement in the form attached as Exhibit C to this Disclosure Document (the “Area Development Agreement”). Under that agreement, you will commit to acquiring multiple franchises, one for each Sweet Jesus Shoppe you commit to develop within a specifically described geographic territory (“Development Area”). You will acquire each franchise by signing a Franchise Agreement on our then-current form as we approve your proposed sites, which may contain terms and conditions that are materially different than those in the form attached as Exhibit B to this Disclosure Document. Prior to signing the Area Development Agreement, you and we will agree on, and the Area Development Agreement will reflect, a description of the Development Area, the number of Sweet Jesus Shoppes you will be required to open, and the schedule by which you must open them (the “Development Schedule”).

Market and Competition

The ice cream and frozen yogurt market is developed and competitive, but fragmented. In areas located in colder climates, the ice cream and frozen yogurt market, and the demand for those products, may be seasonal. You will be in competition generally with any restaurant, food service, supermarket, retail business, internet catalog sellers or other business that offers desserts and baked goods and, particularly with those that offer frozen dessert products (including those products that are similar to the frozen yogurt, ice cream, yogurt or ice cream shakes, and other ice cream and yogurt based products that are offered by Sweet Jesus Shoppes), or whose menu, concept, business model or method of operation is similar to that employed by a Sweet Jesus Shoppe. That might include businesses that are owned or franchised by our affiliates or by our affiliates’ master franchisees.

Industry Regulations

You should consider that certain aspects of the restaurant and food service industry are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have

laws and regulations concerning the preparation of food, display of nutrition facts, and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Compensation of restaurant employees (including minimum wage and overtime requirements) is governed by both federal and state laws. You will need to understand and comply with these laws in operating your Shoppe. There may be other laws applicable to your business. We urge you to make further inquiries about these laws.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer: Aaron Serruya

Mr. Serruya has been our Chief Executive Officer since our formation in December 2018, and has served in that same capacity with our parent, Holy Sweet Canada, since its formation in October 2018. He is employed by YFCI and, since September 2007 has served as that company's President and Director. He has served as President and a Director of our affiliate, YF USA, since May 1989, and as President and Manager of our affiliate, YF, since December 2005. All of these companies are located in Markham, Ontario, Canada.

President: Jeffrey Young

Mr. Young has been employed by YFCI since the Acquisition in November 2018 and has served as our President since our formation in December 2018 and Holy Sweet Canada's President since November 2018. From June 2016 to November 2018, Mr. Young was the Chief Development officer for M&M in Ontario, Canada. From April 2014 to June 2016, he was the Senior Vice President of Real Estate and Franchise Development for Ricky's Family Restaurants in Vancouver, British Columbia, Canada. From May 2008 to April 2014, he served as Vice President of Franchise Development for OPA! Of Greece, based in Calgary, Alberta, Canada. Mr. Young is currently based in Markham, Ontario, Canada.

Chief Operating Officer, Secretary and Manager: Simon Serruya

Mr. Serruya has served as our Chief Operating Officer since our formation in December 2018 and Holy Sweet Canada's Chief Operating Officer, Secretary and Manager since its formation in October 2018. Mr. Serruya has served in the same roles with YF since January 2006. In addition, he been employed by and has served as Secretary, Treasurer and Director for YFCI since September 2007 and the Vice President and Director of YF USA, Inc., since May 2010, each located in Markham, Ontario, Canada.

Vice President, Domestic Operations: Brian D. Ball

Mr. Ball has served as our Vice President, Domestic Operations since our formation in December 2018. He has been employed by YF USA since September 2008 and has served as Vice President, Domestic Operations of that company and of YF since then. His employers are based in Markham, Ontario, Canada, but he works primarily from Euless, Texas.

Vice President, Franchise Development: Sarah Kulbatski

Ms. Kulbatski has served as our Vice President of Franchise Development since our formation in December 2018 and Holy Sweet Canada's Vice President of Franchise Development since its formation in October 2018. She has served in the same role with YF since October 2006, and with YF U.S.A. and YFCI (where she has also been employed) since December 2006. All of Ms. Kulbatski's positions are located in Markham, Ontario, Canada.

Manager of Operations and Business Development: Jack Serruya

Mr. Serruya has been our Manager of Operations and Business Development since our formation in December 2018 and Holy Sweet Canada's Manager of Operations and Business Development since its formation in October 2018. He has served in the same role for YF, YF USA, and YFCI (where he has been employed) since January 2007. His employer is based in Markham, Ontario, Canada, but he works primarily from Miami, Florida.

Vice President, Operations: Carlos Campo

Mr. Campo has served as our and Holy Sweet Canada's Vice President of Operations since its and our formation in December 2018. He has served in the same role for YF, YF USA, and YFCI (where he has been employed) since March 2006. His positions are based in Markham, Ontario, Canada.

ITEM 3 **LITIGATION**

2433872 Ontario Inc., James Cappellano. v. Yogurty's Yogurt Inc., Aaron Serruya, Simon Serruya, Jeff Johnston, Ontario Superior Court of Justice, Court File No. CV-16-551844. On April 28, 2016 Yogurty's franchisee, 2433872 Ontario Inc., and its principal, James Cappellano (together, "Franchisee Plaintiffs") filed a claim in the Ontario Court against Yogurty's Yogurt Inc., Aaron Serruya, Simon Serruya and Jeff Johnston (collectively "Defendants") under the Arthur Wishart Act, Ontario, Canada's franchise disclosure laws (the "Act"). Franchisee Plaintiffs seek damages based on allegations that Defendants' franchise disclosure document was materially deficient under the Act and did not constitute a disclosure document as the term is defined in the Act; that Defendants' made misrepresentations upon which Franchisee Plaintiffs relied to their detriment; and, that Franchisee Parties had validly rescinded its franchise agreement on February 26, 2016. Defendants deny all of the Franchisee Parties allegations and filed a counterclaim against Franchise Plaintiffs for breach of the Franchise Agreement. As of the date of this Disclosure Document, Defendants' Statement of Defense has been prepared and filed and the action is pending before the Ontario Court.

Fatemeh Farahmandazad, et al. vs Nickos Management Inc., et al. Ontario Superior Court of Justice, Court File No. 10-8942-00CL. On October 19, 2010, the plaintiffs, who were franchisees of the Opa! brand, filed a lawsuit against a number of people and entities including the Opa! franchisor and Jeff Young who was then employed by that franchisor. The plaintiffs claimed that there were irregularities in connection with the sale of the franchise and sought rescission and damages for breach of Ontario's Arthur Wishart Act (Franchise Disclosure), misrepresentation, violations of Ontario's Consumer Protection Act, 2002, repudiation and/or conspiracy, and punitive and exemplary damages, plus interest and costs against the defendants. On January 19, 2015, the parties entered into a Settlement Agreement and Release pursuant to which one of the defendants agreed to pay plaintiffs \$55,000 Canadian dollars,

and the remaining defendants, as a group, agreed to pay \$220,000, and the case was then dismissed. While Jeff Young was included in the “defendants” group, he made no payment toward the settlement.

Andralex Food Services Inc. v. Country Style Food Services Holdings Inc., et al. Ontario Superior Court of Justice, Court File No.: 06-CV-314403 PD3. On July 4, 2006, the plaintiff, who was a franchisee of the Country Style brand, filed a lawsuit against a number of people and entities including the Country Style franchisor and Jeff Young who was then employed by that franchisor. The plaintiff claimed that there were irregularities in connection with the sale of the franchise and sought compensatory, punitive and exemplary damages, plus interest and costs against the defendants for misrepresentation, breach of fair dealings, breach of Ontario’s Arthur Wishart Act (Franchise Disclosure), 2000, breach of contract, breach of fiduciary duty, and conspiracy to use unlawful means in connection with the granting of a “Country Style” franchise. On February 18, 2014, the parties entered into a confidential Settlement Agreement pursuant which the defendants, as a group, agreed to pay plaintiff a settlement, and the case was then dismissed. While Jeff Young was included in the “defendants” group, he made no payment toward the settlement.

We are aware of no litigation involving our predecessor.

No other litigation information is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

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

ITEM 5 **INITIAL FEES**

Initial Franchise Fee: You must pay to us an initial franchise fee of \$40,000 upon executing the Franchise Agreement. If you sign the Franchise Agreement in conjunction with an Area Development Agreement, then the initial franchise fee will be reduced to \$30,000 for each Franchise Agreement you sign in connection with the Area Development Agreement. The initial franchise fee is fully earned and non-refundable upon your execution of the Franchise Agreement.

Development Fee: If you sign an Area Development Agreement, you will, when you sign it, pay us a development fee equal to \$30,000 multiplied by the number of Shoppes you are required to open under the Development Schedule. For example, if you commit to develop the minimum of 3 Shoppes (which is our standard requirement under an Area Development Agreement), you must pay to us a development fee equal to \$90,000 when you sign the Area Development Agreement. The Development Fee is payable in a lump sum upon execution of the Area Development Agreement, is fully earned upon our receipt, and is not refundable under any circumstances. However, in consideration of your commitment to acquire at least 3 Shoppes, as shown in the Development Schedule, we will reduce the initial franchise fee for each one to \$30,000, and we will apply the Development Fee, in \$30,000 increments, toward satisfaction of the initial franchise fee due under each Franchise Agreement you and we sign pursuant to the Area Development Agreement.

On-Site Evaluations: We may, at our option, conduct an on-site evaluation of the location you propose

for your Shoppe, and you must reimburse our expenses in conducting the evaluation, which we estimate to be between \$1,000 and \$5,000. This amount is not refundable.

Initial Inventory: Before your Shoppe opens, you must purchase from us or our designated affiliate your initial inventory of logoed merchandise, such as t-shirts, pins and mugs. We expect that the cost of your initial inventory of these items will be between \$500 and \$1,000. This amount is not refundable.

Grand Opening Advertising Campaign: You are required to spend between \$5,000 and \$10,000 to conduct a grand opening advertising campaign for your Shoppe. The exact amount you are required to spend will be proposed by you and must be approved by us, depending on the characteristics of your particular market. We reserve the right to require that, instead of spending the money yourself, you give it to give us, in which case, we will conduct the grand opening advertising campaign on your behalf. The amounts you pay to us are not refundable.

ITEM 6

OTHER FEES

Fees¹	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Payable on the 5th day of each month, or, if a holiday, the next business day	Royalty Fees are calculated based on Gross Sales for the previous month and are paid electronically. See note 2 below for the definition of "Gross Sales."
Brand Development Fee	2% of Gross Sales	Payable together with the Royalty Fee	You will begin paying this fee when we establish the Brand Development Fund. With 30 days' prior written notice, we may increase this fee to 3% of Gross Sales.
Opening Assistance	Estimated to be between \$2,000 and \$10,000.	When billed	We will provide you up to 1 week of opening assistance after you open your Shoppe. You must reimburse us for our expenses incurred while providing opening assistance, including our employees' travel expenses and lodging.
Advertising & Promotional Materials	Varies, depending on your advertising needs.	When billed	We may, from time to time, allow you to purchase prepared marketing materials.
Interest	18% or highest legal rate.	On demand	Payable on all overdue amounts; accrues from the due date until paid.
Prohibited Product or Service Fine	\$500 for each day unauthorized products or services are used.	If incurred	In addition to other remedies available to us.
Initial Training of Additional or Replacement and	Our then-current per person training fee (currently, \$1,750 per	Before training	We will provide initial training, at no additional charge, for your Operating Principal, your General Manager, and

Fees¹	Amount	Due Date	Remarks
Successor Personnel	person), plus expenses.		one other person. If you request that we train any additional employees or new employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages. Maximum two weeks of additional training.
Additional On-Site Training	Our then-current per diem rate per trainer (currently, \$250), plus expenses.	When billed	If you request that we provide additional training at your Shoppe, or if we determine that you need additional training, you must pay our daily fee for each trainer we send to your Shoppe, and you must reimburse each trainer's expenses, including travel, lodging and meals.
Transfer Fee (Franchise Agreement)	\$5,000 or 5% of the purchase price, whichever is greater, plus \$2,500 to cover our expenses for document review and preparation.	Concurrently with the transfer	
Transfer Fee (Area Development Agreement)	\$5,000 or 5% of the purchase price, whichever is greater, plus \$2,500 to cover our expenses for document review and preparation.	Concurrently with the transfer	
Renewal Fee (Franchise Agreement)	50% of our then-current initial franchise fee.	Upon renewal	
Transfer Between Owners (Franchise Agreement and Area Development Agreement)	\$1,000	With request for approval of transfer	For any transfer of ownership interests or shares between the owners of the franchise, or if you are adding a new owner (as long as majority ownership does not change).
Product and Supplier Evaluation Fee	\$1,000	With request for approval of product or supplier	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Shoppe.

Fees¹	Amount	Due Date	Remarks
Audit Fee	Cost of audit (estimated to be between \$1,000 and \$5,000).	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.
Late Reporting Fee	\$100 per day for each occurrence of late report owed to us. This fee is payable daily until the required report is received.	As incurred	
Manual or Training Video Replacement Fee	\$5,000	When billed	If you request additional or replacement copies of the Manual or any training video we provide you.
Liquidated Damages	Will vary	Within 15 days following termination of the Franchise Agreement	Payable only if we terminate the Franchise Agreement based on your default or if you terminate without cause. If payable, equal to the average monthly Royalty Fees you paid or owed to us during the 12 months preceding the termination multiplied by the lesser of (a) 24 (being the number of months in two full years), or (b) the number of months remaining on the term of the Agreement had it not been terminated.
Costs and Attorneys' Fees	Will vary under circumstances.	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement.
Indemnification	Will vary under circumstances.	On demand	You must reimburse us for the damages we incur if we are sued or held liable for claims that arise from your operation your Shoppe and for costs associated with defending claims that you used the Marks in an unauthorized manner.
Insurance Premiums	Reimbursement of our costs (estimated to be \$1,000 to \$1,500, plus 15%.	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf and you must reimburse us.

Fees¹	Amount	Due Date	Remarks
Management Fee	15% of Gross Sales, plus expenses.	As incurred	We may step in and manage your Shoppe in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if we manage your Shoppe, and you must reimburse our expenses.
Relocation Fee	\$2,500, plus out-of-pocket expenses.	As incurred	This fee is payment for time expended and administrative and operational modifications attributable to your relocation.
Purchase of Branded Products	Will vary as inventory is sold.	As incurred	You must purchase your continuing supply of logoed items (such as t-shirts and aprons) from an approved supplier, which may be us or our affiliate.

Notes:

1. Unless noted differently, all the fees in this Item 6 are payable to us or our affiliates, are uniformly imposed and are non-refundable.

2. “Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Shoppe (including income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Shoppe), whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic cash register system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes the following:

(a) receipts from products sold from pre-approved vending machines located at the Shoppe, except for any amount representing your share of the revenues;

(b) sales taxes collected directly from customers and actually paid to the appropriate taxing authority; and

(c) proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Shoppe nor having any material effect on the ongoing operation of the Shoppe required under the Franchise Agreement.

[remainder of page intentionally left blank]

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	\$40,000	Lump sum	On signing Franchise Agreement	Us
On-Site Evaluation	\$1,000 to \$5,000	Lump sum	As invoiced	Us
Leasehold Improvements, Construction Cost (2)	\$100,000 to \$300,000	As arranged	As agreed	Suppliers
Blueprints & Design Fees (3)	\$10,000 to \$20,000	As arranged	As agreed	Suppliers
Lease Payments/ Rental Expenses (4)	\$10,000 to \$60,000	As arranged	As agreed	Landlord
Furnishings, Equipment & Signage Installed (5)	\$75,000 to \$125,000	Lump sum or as arranged	On purchase or delivery, as agreed	Suppliers
Point of Sale System (6)	\$3,000 to \$6,000	Lump sum or as arranged	On purchase	Suppliers
Travel & Living Expenses While Training (7)	\$2,000 to \$5,000	Lump sum	As incurred	Suppliers
Security Deposits (8)	\$4,000 to \$15,000	Lump sum	On signing lease or applying for service	Suppliers
Professional Fees (9)	\$2,000 to \$10,000	As arranged	As arranged	Suppliers
Licenses and Permits (10)	\$5,000 to \$10,000	Lump sum	As incurred	Government Agencies
Insurance (11)	\$1,000 to \$1,500	Lump sum or as arranged	As incurred	Supplier
Grand Opening Advertising (12)	\$5,000 to \$10,000	As incurred	As incurred	Us and Suppliers
Opening Inventory (13)	\$10,000 to \$15,000	Lump sum	On placing order	Us and suppliers
Additional Funds – 3 Months (14)	\$20,000 to \$50,000	As incurred	As agreed	Third parties
TOTAL	\$288,000 to \$672,500			

Unless noted, all amounts reflected in this Item 7 will be non-refundable unless you are able to negotiate a refund with a particular supplier. We do not finance any portion of your initial investment. The estimated investment shown is for a single Shoppe.

Notes:

1. As noted in Item 5, this fee will be reduced to \$30,000 if the Franchise Agreement is signed pursuant to an Area Development Agreement for which you paid us a Development Fee.

2. Leasehold improvement and construction costs vary significantly depending on the condition, location, size and configuration of the premises, the layout of the mall or retail center, and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. You will contract directly with the construction contractor and possibly other construction suppliers on terms negotiated by you. Leasehold improvements do not include exterior costs. A Shoppe will generally occupy between 200 square feet (kiosk model) and 1,200 square feet. In some instances, Shoppes may be larger depending on the size of available sites and/or franchisee preferences. Leasehold improvements and construction costs generally include: electrical, plumbing, HVAC, interior and exterior renovations, patio construction and equipment. If you are able to locate a site that previously operated as a restaurant, your estimated cost for leasehold improvements may be significantly lower.

3. We will provide you with our standard plans for the build-out of a Sweet Jesus Shoppe. You must hire your own architect to adapt our plans to the specific shape and dimensions of the approved location for your Shoppe. You may not use your architect's plans until we have approved them. Our approval only relates to how well the build-out plans implement our standard plans and implementation and presentation of the Marks. You and your architect must make sure that the plans comply with all applicable laws, rules, regulations, ordinances and building codes, including any relating to accommodations for disabled persons. If you are able to locate a site that previously operated as a restaurant, your estimated cost for blue prints & design may be significantly lower.

4. The figures shown are for the initial phase (3 months) of business for rent and assume that the premises of your Shoppe will be in a strip shopping center, mall or urban location. Landlords may also vary the base rental rate and charge rent based on a percentage of Gross Sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges"), your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of your Shoppe, the types of changes that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the region. If you choose to purchase real property on which to build your Shoppe, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

5. You must lease or purchase, as arranged by you, the following: restaurant equipment, tables & chairs, millwork, electrical fixtures, audio visual systems, smallwares, signage, phone systems, interior décor and office furniture. Signs include exterior and interior signs. Local code restrictions may restrict the signage available for a certain restaurant and affect the costs.

6. You must purchase or lease the point of sale system that we specify. Our estimate assumes that you will purchase the point of sale system and not lease it. Additional information regarding the required point of sale system is included in Item 11.

7. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first three trainees. We do not charge any initial training fee for your first three trainees.

8. Your landlord, local utility companies and other vendors may require you to pay security deposits.

9. We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney or commercial real estate professional to assist you in lease negotiations and/or to form an entity to own the franchise. Your costs may vary depending on how much you rely on your chosen advisors. Our estimate also includes loan fees or loan broker fees that you may incur in applying for financing.

10. Our estimate includes the cost of obtaining local business licenses which typically remain in effect for 1 year. The cost of these permits and licenses will vary substantially depending on the location of your Shoppe. Our estimate does not include tap-in, fixture or similar fees which, depending on the municipality, can be several thousand dollars. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

11. You must purchase and maintain insurance coverage as necessary to comply with your state and local laws, with the Franchise Agreement, and with our Operations Manual. See Item 8 for a description of our current requirements.

12. You must submit to us your grand opening advertising plan and budget for our approval and your grand opening advertising campaign must be conducted in the 60-day period that includes 30 days before and 30 days after your opening. We have the right to require you to give us the money for your grand opening advertising campaign, in which case, we will conduct this campaign on your behalf. If we do this, you must pay to us the budget approved by us for the grand opening advertising campaign, which is not refundable.

13. Our estimate includes the cost of your initial inventory of food items, beverage items, paper goods, cleaning supplies, uniforms, logoed merchandise and other supplies, which you must purchase from us and our approved suppliers. You must purchase from us your initial inventory of logoed merchandise, such as t-shirts, pins and mugs. As noted in Item 5, we expect that \$500 to \$1,000 of this amount will be paid to us or our affiliate. The amount of your initial inventory will vary depending on the size of your Shoppe, the sales volume you anticipate for your Shoppe and current market prices.

14. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be 3 months from the date you open your Shoppe. These amounts do not include any estimates for debt service or payroll costs, and it does not include any revenues you may earn during the 3-month start-up

phase. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document.

YOUR ESTIMATED INITIAL INVESTMENT- AREA DEVELOPMENT AGREEMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee (1)	\$90,000	Lump Sum	On signing Area Development Agreement	Us
Total	\$90,000			

1. The actual amount of the Development Fee varies depending on the number of Shoppes you commit to developing. As noted in Item 5, the Development Fee equals \$30,000 for each Shoppe you agree to develop. This estimate assumes that you agree to develop 3 Shoppes. While you are not required to invest any other amounts in connection with the Area Development Agreement, refer to the above chart for our estimate of your initial investment needed to develop and open a Shoppe.

We relied on M&M's (our predecessor's) and our affiliates' experience when preparing the estimates shown in the two charts above. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs in connection with the Franchise Agreement will depend on factors like your management skills, experience and business acumen, the size and condition of the space, local economic conditions, the local market for products, the prevailing wage rate, competition, and the sales level reached during the start-up phase. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. Your actual costs in connection with the Area Development will depend on factors such as the number of Sweet Jesus Shoppes we and you agree that you will develop. You should review these figures carefully with your business advisor. These estimates do not include any finance charge, interest or debt service obligation.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases, System Standards

You must acquire, via purchase or lease, use in the development and operation of your Shoppe, and offer for sale from your Shoppe all products, services and other items (and only those products, services and other items) that we designate or approve, in writing, from time to time. This includes all fixtures, furnishings, equipment, point of sale system hardware and software, smallwares, vehicles, décor items, signs, food and beverage items, ingredients, products, materials, supplies and paper goods and related items, all of which must conform to the standards and specifications in our confidential operations manual (the "Manual") or otherwise in writing (collectively, the "System Standards"). To ensure that the highest degree of quality and service is maintained, you must operate your Shoppe in strict conformity with the System Standards. All menu items must be prepared using the recipes and procedures specified in the Manual or other written materials. You must not deviate from the System

Standards by the use or offer of non-conforming items or differing amounts of any items. We may, and expect to, modify our System Standards as we deem necessary. We will provide you notice of any changes in the System Standards, the Manual or otherwise in writing.

Designated and Alternative Suppliers

As noted below, except for logoed products provided by us, you must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system hardware and software), and other products used or offered for sale at the Shoppe solely from suppliers who we determine meets our then-current standards. We are not required to provide you or any supplier with the criteria by which we approve a supplier. If you wish to purchase, lease or use any unapproved products or you wish to purchase or lease items from a supplier that we have not yet approved, you must submit a written request for approval, or must request the supplier to do so, together with payment of our then-current evaluation fee (currently \$1,000). We must approve any supplier in writing before you make any purchases from that supplier. We may require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or to an independent laboratory for testing. We may re-inspect any approved product and/or the facilities and products of any approved supplier and to revoke our approval if the product or supplier fails to continue to meet any of our then-current standards. Our approval procedure does not obligate us to approve any particular product or supplier.

We may require that you use the architectural design and engineering firms and contractors that we approve or designate. You must use a designated vendor to prepare the initial layout for your Shoppe. We will provide you with a copy of the prototypical architectural and design plans and specifications for construction of Shoppes. We may periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier does not continue to meet any of our criteria.

We will notify you in writing (which may include e-mail and/or updates to the Manual) within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We may also revoke our prior approval of any product or supplier at any time upon written notice to you. If we revoke a previously approved product or supplier, you must immediately stop purchasing that product and/or stop purchasing from that supplier.

As of the date of this Disclosure Document, none of our officers own an interest in any approved suppliers.

Proprietary Products and Logoed Merchandise

We have and may continue to develop for use in the System and for sale at Shoppes certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. You must purchase your entire supply of proprietary food products from the supplier we designate.

In addition, we have developed for use in the System and for sale at Shoppes certain logoed products and merchandise, including custom t-shirts, pins and mugs. Currently we and our affiliates are

the sole approved suppliers for these logoed items. We will sell or cause our affiliates to sell these items to our franchisees at cost plus an administrative fee. While we do not anticipate earning a profit from the sale of these items to our franchisees, we may do so in the future.

We have not yet completed our first fiscal year, but as of the date of this Disclosure Document, neither we nor our affiliates have earned any revenue from the sale of required purchases to franchisees in the United States.

We estimate that your purchases from us or approved suppliers, or that are restricted by us in some way, will represent approximately 57% to 85% of your total purchases in establishing your Shoppe, and approximately 28% to 30% of your total purchases in the continuing operation of the Shoppe.

Insurance

Before you begin construction of the Shoppe, you must obtain the insurance coverage for the Shoppe specified below. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers acceptable to us.

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and fire damage coverage, in the amount of \$2,000,000 combined single limit.
2. "All Risks" coverage for the full cost of replacement of the premises and all other property in which you may have an interest with no coinsurance clause.
3. Crime insurance for employee dishonesty in the amount of \$10,000 combined single limit.
4. Business Interruption insurance to cover expenses for a period of at least 365 days.
5. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than \$2,000,000 combined single limit.
6. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions stated in the Franchise Agreement.
7. Other insurance required by the state or locality in which the Shoppe is located and operated, as may be required by your lease, or as we may require in the future.

You may, after obtaining our written consent, elect to have reasonable deductibles under the coverage required under Paragraphs 1-7 described above. Also, related to any construction, renovation or remodeling of the Shoppe, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. All the

policies must name us, our affiliates, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and must include a waiver of subrogation in favor of all those parties. Also, all insurance policies shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies. You must provide us with a certificate of insurance showing that you have obtained the required policies before construction of your Shoppe begins and upon each policy's renewal. We may require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We may change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not maintain the insurance coverages that we require we may, but are not obligated to, obtain insurance coverage on your behalf. You must reimburse the premium costs that we incur, plus a 15% administrative fee.

Cooperatives

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

Negotiated Prices

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for Shoppes, but as of the date of this Disclosure Document, we have not made such an arrangement.

Material Benefits

Except as disclosed above, we and our affiliates do not currently provide any material benefits to franchisees based on their use of designated or approved suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise 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 2 of Franchise Agreement	Items 8 and 11
B. Pre-opening purchases/leases	Sections 2, 6, 7 and 8 of Franchise Agreement	Items 5, 7, 8 and 11
C. Site development and other pre-opening requirements	Section 2 of Franchise Agreement	Items 1, 8 and 11
D. Initial and ongoing training	Section 6 of Franchise Agreement	Items 5, 6 and 11

Obligation	Section in Agreement	Disclosure Document Item
E. Opening	Section 2 of Franchise Agreement	Item 11
F. Fees	Sections 4, 8 and 14 of Franchise Agreement and Section 2 of Area Development Agreement	Items 5 and 6
G. Compliance with standards and policies/operating manual	Sections 2, 6, 7, 8, 9, 10, 11 and 12 of Franchise Agreement	Items 8, 11, 14 and 16
H. Trademarks and proprietary information	Sections 9 and 10 and Attachment D of Franchise Agreement	Items 13 and 14
I. Restrictions on products/services offered	Section 7 of Franchise Agreement	Item 16
J. Warranty and customer service requirements	Section 7 of Franchise Agreement	Not applicable
K. Territorial development and sales quotas	Section 3 and Attachment C of Area Development Agreement	Item 12
L. Ongoing product/service purchases	Section 7 of Franchise Agreement	Items 6 and 8
M. Maintenance, appearance and remodeling requirements	Section 7 of Franchise Agreement	Items 6 and 11
N. Insurance	Section 12 of Franchise Agreement	Items 6, 7 and 8
O. Advertising	Section 8 of Franchise Agreement	Items 6, 8 and 11
P. Indemnification	Section 15 of Franchise Agreement and Section 10 of Area Development Agreement	Item 6
Q. Owner's participation/management/staffing	Section 6 of Franchise Agreement and Section 6 of Area Development Agreement	Items 1, 11 and 15
R. Records and Reports	Sections 4 and 11 of Franchise Agreement	Item 6
S. Inspections and audits	Sections 2, 7 and 11 of Franchise Agreement	Items 6 and 11
T. Transfer	Section 14 of Franchise Agreement and Section 8 of Area Development Agreement	Items 6 and 17
U. Renewal	Section 3 of Franchise Agreement	Items 6 and 17
V. Post-termination obligations	Section 18 of Franchise Agreement and Section 7 of Area Development Agreement	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
W. Non-competition covenants	Section 10 and Attachment D of Franchise Agreement, Section 9 and Attachment C of Area Development Agreement	Items 15 and 17
X. Dispute resolution	Section 19 of Franchise Agreement and Section 15 of Area Development Agreement	Item 17
Y. Liquidated damages	Section 18 of Franchise Agreement	Item 6

ITEM 10 **FINANCING**

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

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

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations – Before you open your Shoppe, we or our designee will provide you with the following:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1; Area Development Agreement, Section 4.4.)
2. On-site evaluations at your expense. (Franchise Agreement, Section 5.2; Area Development Agreement, Section 4.5.)
3. On loan, one set of prototypical architectural and design plans and specifications for a Shoppe for adaptation by you, at your expense. (Franchise Agreement, Section 5.3.)
4. On loan, one Manual and training video series (as described below), which we may revise. (Franchise Agreement, Section 5.4.)
5. A list of our approved suppliers, which includes us. (Franchise Agreement, Section 5.9.)
6. An initial training program for your Operating Principal, General Manager and one additional trainee at no additional charge to you. If you wish to have additional personnel trained you must pay our then-current training fee. (Franchise Agreement, Sections 5.10 and 6.5.)

7. Up to 1 week of additional training and opening assistance, including the time after your soft opening. The amount of time provided for opening assistance will be determined by us. (Franchise Agreement, Sections 5.11 and 6.5.)

Site Selection and Opening

You will assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for your Shoppe and for constructing and equipping your Shoppe at the accepted site. You will select the site for the Shoppe subject to our approval.

Before you lease or purchase the site for the Shoppe, you must locate a site that satisfies our site selection guidelines. You must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. You must submit information and materials for the proposed site to us for approval within 30 days after you have signed the Franchise Agreement. We will conduct an on-site evaluation of your proposed site, at your expense. We will have 15 days after we receive this information and materials from you to accept or not accept the proposed site as the location for your Shoppe. Our acceptance of a site for your Shoppe is not a guarantee that you will be successful at that site. Our acceptance only indicates that the site meets our minimum criteria for a Shoppe.

If you are unable to locate a suitable site for your Shoppe within 180 days after you sign the Franchise Agreement, and if you are developing your first Shoppe, we may choose to terminate the Franchise Agreement and we will not refund the initial franchise fee.

We estimate that the time from the signing of the Franchise Agreement to the opening of the Shoppe will be approximately 6 to 9 months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Shoppe, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of your Shoppe, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating your Shoppe, including purchasing inventory and supplies. You must open your Shoppe and begin business within 12 months after you sign the Franchise Agreement. We may provide you with an extension of this timeframe or we may terminate the Franchise Agreement without providing you a refund.

Under the Area Development Agreement, the Shoppes you develop must be opened according to the dates on your Development Schedule, subject to any extensions of time you may purchase.

Post-Opening Obligations

We are not obligated to provide you any continued services under the Area Development Agreement. We are obligated by the Franchise Agreement to provide the following services and assistance after the opening of your Shoppe:

1. As we reasonably determine necessary, visits to and evaluations of your Shoppe and the products and services provided there to make sure that our System Standards are maintained. (Franchise Agreement, Section 5.5.)

2. Advertising and promotional materials for in-store marketing and local advertising for your Shoppe at a reasonable cost to you. (Franchise Agreement, Section 5.6.)

3. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating your Shoppe, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section 5.7.)

4. Make available for purchase by you certain logoed merchandise for use in your Shoppe and for resale to your customers, in quantities sufficient to meet your reasonable customer demand, at a reasonable cost and as are made available to franchisees in the System. (Franchise Agreement, Section 5.8.)

5. Training programs and seminars and other related activities regarding the operation of your Shoppe as we may conduct for you or your personnel generally, which your Operating Principal, General Manager and/or other personnel may be required to attend. (Franchise Agreement, Section 6.5.)

6. Certain on-site remedial training for your personnel when you reasonably request it or as we find appropriate. If you request on-site assistance, you must pay our then-current per diem fee for each trainer providing the training and you must reimburse each trainer's expenses in providing the training. If we determine that you need additional on-site assistance our per diem fee will be waived, but we may charge you for our representative's expenses. (Franchise Agreement, Section 6.5.)

We are not required to provide any other service or assistance to you for the continuing operation of the Shoppe.

Advertising

Grand Opening Advertising: You must spend between \$5,000 and \$10,000 on a grand opening advertising campaign to advertise your Shoppe. Your grand opening advertising campaign must be conducted in the 60-day period comprising 30 days before and 30 days following the opening of your Shoppe. We may designate a different time period for you to conduct the grand opening advertising. We must approve of your grand opening advertising campaign before it is conducted. At our request, you must give the grand opening advertising money to us and we will conduct the grand opening advertising campaign on your behalf.

Brand Development Fund: We require you to contribute to a national advertising or brand development fund (the "Brand Development Fund"), currently in an amount equal to 2% of your Shoppe's Gross Sales, to be paid at the same time and in the same manner as the Royalty Fee. We may increase this amount to 3% of Gross Sales upon 30 days' notice to you. Since the Brand Development Fund was not established during the fiscal year ending December 31, 2018, no monies have been spent by a Brand Development Fund.

We will direct all advertising programs that the Brand Development Fund finances and have sole discretion to approve the creative concepts, materials and media used in the programs and their

placement and allocation. Advertising materials may be developed in-house by us or we may employ one or more advertising agencies to develop advertising. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Sweet Jesus Shoppes operating under the System. We may use monies from the Brand Development Fund to support development and maintenance of our website, website and e-mail hosting, social media initiatives, and menu and product development. Any Sweet Jesus Shoppe we or our affiliates operate will contribute to the Brand Development Fund generally on the same basis as your Shoppe. In administering the Brand Development Fund, we and our designees will not be required to make expenditures for you that are equivalent or proportionate to your contribution or make sure that any particular franchisee benefits directly or pro rata from the placement of advertising.

We are not required to segregate monies contributed to the Brand Development Fund from our general operating funds, but we will account for them separately. We may reimburse ourselves out of the Brand Development Fund for the total costs that we incur (including indirect costs such as salaries for our employees who devote time and effort to Brand Development Fund related activities and overhead expenses) in the administration or direction of the Brand Development Fund and advertising programs for you and the System, and collecting contributions to the Brand Development Fund (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any such contribution). The Brand Development Fund and its earnings will not otherwise benefit us. The Brand Development Fund is operated solely as a conduit for collecting and expending the monies contributed to it as outlined above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year.

No portion of the Brand Development Fund will be used for advertising that is primarily a solicitation of franchise sales. We will prepare an annual statement of the operations of the Brand Development Fund that will be made available to you if you request it. We are not required to have the Brand Development Fund statements audited. Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the option to reinstate it at any time and it will be operated as described above.

The Brand Development Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining a website that promotes Shoppes and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

Local Advertising: You must conduct local advertising, and at a minimum, you must spend 1% of Gross Sales each month on local advertising for your Shoppe. Within 30 days of our request, you must provide us with proof of your local advertising expenditures, including verification copies of the advertisements.

We must approve all advertising before you use it. You must not advertise or use our Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. We may require you to include certain language in your local advertising, such as “Franchises Available” and our website address and phone number.

Advertising Cooperatives: There are no existing cooperatives at this time. In the future, we may approve of their formation. At the present time, their formation is not required.

Advisory Council: There is no existing advisory council at this time. In the future, we may approve of its formation.

Websites: Intranet: We alone may establish, maintain, modify or discontinue all internet, World Wide 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 may design and provide for the benefit of your Shoppe a “click through” subpage at our website for the promotion of your Shoppe. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Shoppe, you must routinely provide us with updated copy, photographs and news stories about your Shoppe suitable for posting on your “click through” subpage. We may specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products or services available at Sweet Jesus Shoppes – also be devoted in part to offering Sweet Jesus 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 Shoppe; 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 “Sweet Jesus” name or any name confusingly similar to the Marks.

You are not permitted to promote your Shoppe or use any of the Marks in any manner on any social or networking websites, such as Facebook, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish

to us for your “click through” subpage.

Training

Not later than 30 days before the date your Shoppe is scheduled to begin operation, your Operating Principal, General Manager and one additional trainee must attend and complete, to our satisfaction, our initial training program. You must also pay all expenses your trainees incur while attending our initial training program, including travel, lodging, meals and applicable wages. Our initial training program is mandatory. If you wish to send additional trainees to our initial training program, you must pay our then-current training fee for each additional trainee.

Our initial training program will be conducted at our corporate headquarters and at one of our affiliate’s Shoppes in Toronto, Ontario, Canada. The initial training program will be offered at various times during the year depending on the number of new franchisees entering the System, replacement operating principals and general managers and other personnel needing training, the number of new Shoppes being opened and the timing of the scheduled openings of Shoppes to be operated by our franchisees generally. We do not currently have a set schedule for providing our initial training program. The initial training program will generally last two weeks.

We will determine whether your Operating Principal and/or General Manager has completed the initial training program to our satisfaction. If your Operating Principal and/or General Manager does not satisfactorily complete the initial training program or if we determine that your Operating Principal and/or General Manager cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training, at your expense (including payment of our training fee). Any Operating Principal or General Manager subsequently designated by you must also receive and complete the initial training. We may charge a reasonable fee for the initial training we provide to a replacement or successor Operating Principal or General Manager if we have not approved you to provide the training.

Your Operating Principal, General Manager and other personnel must attend the additional training programs and seminars we offer if we designate that attendance at these programs and seminars is mandatory. We may also offer optional training programs and seminars. For these programs and seminars, we will provide the instructors and training materials. If the training is mandatory, we will not charge you a fee for attending the training. We may charge a reasonable fee for the additional training programs and seminars that we provide on an optional basis. You must also pay all expenses you, your Operating Principal, General Manager, or other personnel incur in participating in any additional training, including costs of travel, lodging, meals, and wages.

For the opening of the Shoppe, we will provide you with one of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and management assistance to you for up to 1 week, including after your soft opening. The amount of time provided for opening assistance will be determined by us. You must reimburse the expenses our representative incurs, including travel, lodging and meals. If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day our representative provides assistance, in addition to any additional expenses incurred. If you are opening your second (or later) Shoppe, we may not provide opening assistance or to reduce the amount of opening assistance provided.

The instructional materials used in the initial training program include our Manual, training videos, marketing and promotion materials, programs related to the operation of the point of sale system, videos, and any other materials that we believe will benefit our franchisees during the training process.

The following is the initial training program currently in effect:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Administrative Training	0	12 hours	Toronto, Ontario
POS/Equipment Cleaning Training	0	8 hours	Toronto, Ontario
Service Training	0	8 hours	Toronto, Ontario
Product Training	0	28 hours	Toronto, Ontario
Total	0	56 hours	

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained. All training will be supervised by Carlos Campo, who has 25 years' experience in the subject matters being taught, all of which have been with us or our affiliates.

If you reasonably request it or if we deem it appropriate, we will, during the term of the Franchise Agreement and subject to the availability of personnel, provide you with additional trained representatives who will provide on-site remedial training to your personnel. For additional training that you request, you may be required to pay the per diem fee then being charged to franchisees under the System for the services of our trained representatives, plus their costs of travel, lodging, meals, and wages. The per diem fee will not be charged if the assistance is provided based on our determination that the training is necessary, but we may charge for our reasonable expenses incurred in providing the assistance.

We may choose to hold an annual meeting of our franchisees to provide additional training, introduce new products or changes to the System, or for other reasons. We may designate that attendance at an annual meeting is mandatory for you, your Operating Principal, General Manager and/or other personnel. We do not anticipate charging a fee to attend the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages. We will designate the location of any franchisee meeting, such as a resort hotel, but we will not designate an unreasonably expensive site.

Confidential Operations Manual

The current Manual consists of 186 pages and its Table of Contents is attached as Exhibit H to this Disclosure Document.

Computer/Point of Sale System

You must purchase or lease and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing and credit card processing.

The point of sale system must be set up to enable us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed internet connection in accordance with our specifications to permit us to access the point of sale system (or other computer hardware and software) either electronically or at your premises. This will permit us to electronically inspect and monitor information concerning your Gross Sales and any other information that may be contained or stored in the equipment and software. There are no limits on our access to the data on your point of sale system. You must make sure that we have access at the times and in the manner we specify, at your cost.

Unless we designate a different system, you must purchase the Silverware computer/point of sale system. The approved supplier for the point of sale system, if we designate one, will be included in the Manual. We expect that the point of sale system will cost approximately \$3,000 to \$6,000. You must maintain a support contract with the approved supplier which we estimate will cost approximately \$1,000. You must obtain any upgrades and/or updates to the software used with the point of sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point of sale system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point of sale system or the cost of any update and/or upgrade. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point of sale system.

You must obtain and maintain high speed Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

You must participate in the on-line ordering program that we designate.

ITEM 12

TERRITORY

Franchise Agreement

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

Under the Franchise Agreement we grant you the right to operate your Shoppe at a specific location. You will select the site for your Shoppe subject to our approval and using our site submittal forms and/or criteria. You may not relocate your Shoppe without our prior-written consent, which we will not unreasonably withhold. Our approval of a relocation may be based on all factors we consider appropriate at the time of your request, including, for example, whether you are otherwise in compliance with the Franchise Agreement, whether the proposed new site meets our criteria for new Sweet Jesus Shoppe sites, how the rent and other economics relating to the rental of the new site compare to those of the existing site, whether and to what extent you will be required to close the existing Shoppe before opening at the new site, whether there will be a period of time during which you might operate at both locations, your willingness to grant us a general release of all claims you and your related parties may have against us and our related parties, and your payment to us of a relocation fee of \$2,500 and reimbursement of our out-of-pocket expenses related to evaluating the new site.

Our affiliate YF USA, offers master franchises that sub-franchise Yogen Früz outlets, which may compete with your Shoppe for customers and sites. Yogen Früz outlets offer frozen yogurts, yogurt shakes, fruit cups, and other fruit and yogurt-based products. The principal trademark used by Yogen Früz outlets is Yogen Früz®. Our other affiliate, YF, offers franchises for Swensen's outlets, which may also compete with Shoppes for customers and sites. The principal trademark used by Swensen's outlets is Swensen's®. Swensen's outlets have two main business formats: (i) Swensen's Grill & Ice Cream Restaurants, and (ii) Swensen's Ice Cream Parlours, each of which offer proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks and frozen desserts. Swensen's Grill & Ice Cream Restaurants also offer specialty sandwiches and salads.

One or more of the competing outlets described above may already be located near your proposed Shoppe or may be established near your Shoppe in the future. Additionally, new concepts operating under different trademarks may be established, acquired or co-branded by YF USA, YF or our other affiliates, and may be located near your Shoppe. We have no system or method for resolving conflicts between Sweet Jesus Shoppes and franchisees of competing concepts. As stated in Item 1, we share our principal address with YF USA and YF and we have no plans to maintain physically separate offices or training facilities from YF USA or YF.

Nothing in the Franchise Agreement prohibits us from: (a) operating and/or franchising others to operate any businesses, including other food and beverage businesses, identified in whole or in part by the Marks and/or utilizing the System; (b) awarding national, regional or local licenses to third parties to sell products under the Marks in food service facilities primarily identified by the third party's trademark; (c) merchandising and distributing products identified by the Marks through any method or channel of distribution other than through the operation of a Shoppe, including distribution of proprietary products through grocery stores, club stores and similar stores; (d) selling and distributing products identified by the Marks to food service businesses other than Shoppes, provided those food service

businesses are not licensed to use the Marks in connection with their retail sales; (e) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalogue; (f) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (g) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Sweet Jesus Shoppes in general or your Shoppe in particular. We are not required to seek your consent or pay any compensation to you should we engage in those activities.

The Franchise Agreement does not give you any options, rights of first refusal or similar rights to acquire additional franchises.

Area Development Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, except as described below, during the term of the Area Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of a Sweet Jesus Shoppe to be located within the Development Area so long as you are in full compliance with all the terms and conditions of the Area Development Agreements and Franchise Agreements signed under it.

Under the Area Development Agreement, you are assigned a Development Area where you will acquire franchises develop multiple Shoppes according a specified development schedule which will be described in the Area Development Agreement and agreed to before it is signed (the “Development Schedule”). The Development Area will include a town or city and may be described in terms of contiguous zip codes and/or counties, or it may be drawn on a map that is attached to the Area Development Agreement. Your territorial rights to the Development Area do not include the right to develop Sweet Jesus Shoppes at any Non-Traditional Site.

Except as expressly limited by the Area Development Agreement, we and our affiliates retain all rights with respect to Sweet Jesus Shoppes, the Marks, and any products and services anywhere in the world including the right: (i) to establish, and license others to establish, Sweet Jesus Shoppes, and otherwise sell proprietary products and logoed merchandise under the Marks at or from any location outside of the Development Area; (ii) to establish, and license others to establish, Sweet Jesus Shoppes and otherwise sell proprietary products and logoed merchandise under the Marks at or from any Non-Traditional Site, wherever located; and (iii) to sell and distribute, directly and indirectly, proprietary products and logoed merchandise under the Marks using any alternative distribution channels. We are not required to seek your approval or pay you any compensation should we exercise any of these rights.

Once the final Sweet Jesus Shoppe to be developed under the Development Schedule has opened, your rights to the Development Area will expire and you will have no more rights to develop Sweet Jesus Shoppes within the Development Area, and we will have the right to develop ourselves, or grant rights to others to develop, Sweet Jesus Shoppes within the Development Area. You are not granted a right of first refusal to develop additional Sweet Jesus Shoppes, but if you are in compliance with your obligations under the Area Development Agreement and all Franchise Agreements, we will in good faith negotiate a new Area Development Agreement with you.

The territorial rights granted to you under the Area Development Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency, but you must

develop and open Sweet Jesus Shoppes according to the Development Schedule. Also, except as stated below, the Development Area may not be altered before the Area Development Agreement expires or is terminated.

If you fail to open Sweet Jesus Shoppes in compliance with the Development Schedule or if you otherwise commit a material event of default under the Area Development Agreement, we may, in addition to our other remedies, terminate or modify your Development Area, reduce the size of your Development Area, reduce the number of Sweet Jesus Shoppes that you may develop, or accelerate the Development Schedule under the Area Development Agreement.

The Area Development Agreement does not give you any options, rights of first refusal or similar rights to acquire additional development rights.

ITEM 13 **TRADEMARKS**

The Franchise Agreement grants you the non-exclusive right to use the Marks, as well as other trademarks, service marks and commercial symbols we authorize in the development and operation of your Shoppe. These Marks may be used only in the manner we authorize and only for the operation of your Shoppe at the location specified in the Franchise Agreement. The Area Development Agreement does not grant you the right to use the Marks.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of, or our rights in and to, the Marks.

We acquired from M&M (our predecessor) ownership of the Marks in the United States and hold, by assignment from M&M, registrations on the US Patent and Trademark's ("USPTO") Principal Register for the following principal Marks used to identify Sweet Jesus Shoppes:

Title	Status	Date Filed	Registration Date	Registration Number
SWEET JESUS (word mark)	Registered	7/12/2016	June 19, 2018	5,498,449
	Registered	4/12/2016	June 19, 2018	5,498,329

All required affidavits have been filed, and we intend to renew these registrations and file additionally required affidavits at the appropriate time. There are no effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court in the United States concerning the Marks. There is no pending infringement, opposition, or cancellation action in the United States. There is no pending material litigation involving the Marks in

the United States. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in a manner material to the franchise. We know of no superior prior rights or infringing uses of any Mark that could materially affect your use of the Marks in this or any other state.

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 owners 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 may 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 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 you and your owners have acted in full compliance with the terms of the Franchise Agreement and otherwise according to our instructions regarding any proceeding related to the Marks.

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.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the Manual (which contains our trade secrets), handbooks, all websites, advertising and marketing materials, all or part of the Marks, and other portions of the System and other similar materials used in operating Shoppes. We have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Shoppe (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the System's best interests. We may control any action involving the copyrights,

even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Manual and other materials contain our and our affiliates' confidential information (some of which constitutes trade secrets under applicable law) (the "Confidential Information"). All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material (i) is proprietary, (ii) will be held by you in strict confidence, (iii) will not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) will not be used in connection with any other business or capacity. You will not acquire any interest in Confidential Information other than the right to use it as we specify in operating your Shoppe.

You will protect the Confidential Information from unauthorized use, access or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care. We may require that any employee, agent or independent contractor that you hire execute a non-disclosure and non-competition agreement to protect the Confidential Information. We may regulate the form of non-disclosure and non-competition agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement right. You will be solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality and non-compete agreement that your employees, agents and independent contractors sign.

We are the sole owner of all right, title, and interest in and to the System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the System and any Confidential Information (collectively, "Innovations") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, will be owned solely by us. You will assign all right, title and interest in and to such Innovations to us. To that end, you will execute, verify, and deliver such documents (including, without limitation, assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof.

ITEM 15
OBLIGATIONS OF FRANCHISEE TO PARTICIPATE
IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend that you actively participate in the operation of your Shoppe. If you are not an individual, you must designate and retain at all times an individual to serve as the "Operating Principal" under the Area Development Agreement and Franchise Agreement. If you are an individual, you must perform all obligations of the Operating Principal. If you are a corporation, partnership or other form of entity, the Operating Principal must hold an ownership interest of at least 10% in you or any entity that directly or indirectly controls you, and work on a full-time basis in your Shoppe.

The Operating Principal must either serve as the General Manager or may, at his/her option and subject to our approval, designate an individual to perform the duties and obligations of the General Manager described in the Franchise Agreement and in this Disclosure Document. If the Operating

Principal hires a third-party General Manager, the General Manager must satisfy our educational and business criteria as provided to you in the Manual or other written instructions, must be individually acceptable to us and must complete our training program to our satisfaction. If the appointed General Manager leaves the position, you must replace the General Manager within 60 days. We may require each your General Manager to execute and bind himself to confidentiality and non-competition covenants that we approve

We may also require you, your owners and the spouse of each such person, to jointly, severally and personally guaranty and assume your obligations under the Franchise Agreement pursuant to the Guaranty and Assumption of Obligations which is attached as Attachment G of the Franchise Agreement

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale from your Shoppe all menu items, food products, and other products and services we require, in the manner and style we require, including dine-in and carry-out, as we expressly authorize in writing. You must sell and offer for sale from your Shoppe all of the menu items, and other products and services that we have expressly approved in writing from time to time, and only those menu items and other products and services that we have expressly approved in writing from time to time. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Shoppe at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We may vary the menu items offered at your Shoppe based on regional or local tastes or ingredients. We may designate the maximum prices for the goods, products and services offered from your Shoppe, where permitted by applicable law, and you must comply with our pricing requirements. We make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

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	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.
b. Renewal or extension of the term	Section 3.2	Agreement may be renewed at your option for 2 additional 5-year terms.
c. Requirements for franchisee to renew or extend	Section 3.2	You must notify us, in writing, within the last 6 months of the term of your Franchise Agreement, that you desire to renew the Franchise Agreement. We will send you any documents that you must sign for the renewal, which may include a renewal Franchise Agreement and a release, and you maintain possession of the premises. If you do not wish to renew your agreement, you must provide us with notice of this election no later than 60 days before your agreement expires. If you do not sign the documents we require, your agreement will not be renewed. You may be asked to sign a contract with materially different terms and conditions than your original contract, but 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 may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with “cause”	Sections 17.1 and 17.2	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 17.1 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us or our vendors and do not cure within five days after notice (or longer period required), fail to obtain execution of the Confidentiality and Non-Competition Covenants contained in the Franchise Agreement within 5 days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
h. “Cause” defined – non-curable defaults	Sections 17.1.2 and 17.1.3	We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Shoppe when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, maintain false books or records, or you or any of your Principals violate any anti-terrorism law.
i. Franchisee’s obligations on termination/non-renewal	Section 18	Obligations include: you must stop operating the Shoppe and using the Marks and System and completely de-identify the premises, pay all amounts due to us, return all Manuals, training materials, software and other proprietary materials, comply with confidentiality requirements, and at our option, sell or assign to us your rights in the premises and the equipment and fixtures used in the business.
j. Assignment of contract by franchisor	Section 14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction.

Provision	Section in Franchise Agreement	Summary
k. “Transfer” by franchisee – defined	Section 14.2	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Shoppe or you (if you are not a natural person).
l. Franchisor approval of transfer by franchisee	Section 14.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Section 14.2	Conditions include: you must pay all amounts due to us, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction and execute current Franchise Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.4	We have the option to purchase the interest proposed to be transferred on the same terms and conditions.
o. Franchisor’s option to purchase franchisee’s business	Section 18.12	On termination or expiration of the Franchise Agreement, we have the right to purchase all or a portion of the assets of the Shoppe.
p. Death or disability of franchisee	Section 14.5	If you are or your Operating Principal is a natural person, on death or permanent disability, your or the Operating Principal’s interests or the franchise must be transferred to someone approved by us within 12 months after death or within six months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section 10.3	You are prohibited from operating or having an interest in a similar business.
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 50 miles of any Shoppe in the System.
s. Modification of the agreement	Section 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended.
t. Integration/merger clause	Section 19.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 19.7	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at our headquarters or arbitrated in Las Vegas, Nevada, subject to state law.
v. Choice of forum	Section 19.8	Las Vegas, Nevada, subject to state law.
w. Choice of law	Section 19.8	The State of Nevada, subject to state law.

THE DEVELOPER RELATIONSHIP

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

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	Section 5	Term continues until you have completed your development obligations in accordance with the Development Schedule, unless earlier terminated.
b. Renewal or extension of the term	Not applicable	You have no right to renew or extend the Area Development Agreement.
c. Requirements for developer to renew or extend	Not applicable	
d. Termination by developer	Not applicable	You may terminate the Area Development Agreement on any grounds available at law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with "cause"	Sections 7.1, 7.2 and 7.3	Following certain defaults, we may terminate the Agreement or modify your territorial rights or alter your Development Schedule, rather than terminate the Agreement.
g. "Cause" defined - curable defaults	Sections 7.2 and 7.3	We may terminate you for cause if you fail to cure certain defaults, including: if you or your affiliates fail to pay any monies owed to us, or our vendors, and do not cure within five days

Provision	Section in Area Development Agreement	Summary
		after notice (or longer period required), fail to obtain execution of the Confidentiality and Non-Competition Covenants contained in the Agreement within 30 days after a request, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice or fail to cure any other default that is susceptible of cure within 30 days after notice. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us.
h. “Cause defined – non-curable defaults	Sections 7.1 and 7.2	We may terminate you for cause based on certain non-curable defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws or similar state laws, have outstanding judgments against you for over 30 days, fail to comply with the Development Schedule, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, or you or your owners violate any anti-terrorism law.
i. Developer’s obligations on termination/non- renewal	Sections 7.5 and 7.8	Obligations include: you must stop developing Shoppes or, on a partial termination of territorial or development rights under Section 7.4, must continue to develop only in accordance with any modified Development Schedule, and must comply with all applicable confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1	We have the right to transfer or assign the Area Development Agreement to any person or entity without restriction.
k. “Transfer” by developer – defined	Section 8.2	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Area Development Agreement or you (if you are not a natural person).

Provision	Section in Area Development Agreement	Summary
l. Franchisor approval of transfer by developer	Section 8.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	Section 8.2	Conditions include: you must pay all amounts due us, not otherwise be in default, execute a general release, remain liable for pre-transfer obligations and pay a transfer fee. Transferee must meet our criteria, assume post-transfer obligations, execute our then-standard Agreement and complete training.
n. Franchisor's right of first refusal to acquire developer's business	Section 8.4	We have the option to purchase the interest proposed to be transferred on the same terms and conditions.
o. Franchisor's option to purchase developer's business	Not applicable	
p. Death or disability of developer	Section 8.5	If you or a Controlling Principal are a natural person, on death or permanent disability, you or the Controlling Principal's interest must be transferred to someone approved by us within 12 months after death or 6 months after notice of permanent disability.
q. Non-competition covenants during the term of the Area Development Agreement	Section 9.3	Except for Shoppes you operate under Franchise Agreements with us, you and your Controlling Principals are prohibited from operating or having an interest in a similar business in the U.S. or anywhere else we have used, registered or sought to register the Marks or where we operate or license others.
r. Non-competition covenants after the Area Development Agreement is terminated or expires	Section 9.4	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 50 miles of any Shoppe in the System.
s. Modification of the agreement	Section 15.1	The Area Development Agreement may not be modified unless mutually agreed to in writing, except we may unilaterally decrease the scope of certain non-competition covenants and if you are in default of the Area Development Agreement, we can modify your territorial and/or development rights.

Provision	Section in Area Development Agreement	Summary
t. Integration/merger clause	Section 15.1	Only the terms of the Area Development Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 15.2	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated at our headquarters or in Las Vegas, Nevada, subject to state law.
v. Choice of forum	Section 15.3	Las Vegas, Nevada, subject to state law.
w. Choice of law	Section 15.3	The State of Nevada, subject to state law.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit H.

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.

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, other than as set forth in this Item 19. 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 Jeffrey Young at 210 Shields Court, Markham, Ontario, Canada L3R 8V2, and (905) 479-8762, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 Systemwide Outlet Summary
For years 2016, 2017, 2018¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised ²	2016	0	0	0
	2017	0	1	+1
	2018	1	1	0
Company- Owned ³	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
Total Outlets	2016	0	0	0
	2017	0	1	+1
	2018	1	1	0

1. Unless otherwise indicated, all figures in all Tables of this Item 20 are as of August 31 of each year, which is when our fiscal year ends. Note that we did not exist until December 10, 2018.
2. Since the Acquisition did not occur until November 2018, the activity shown in this Table and in Tables 2 through 4 took place while the Sweet Jesus system was owned and operated by our predecessor (M&M). The franchised unit was sold by M&M and opened prior to the Acquisition, and the franchise agreement for the unit was assigned to us in connection with the Acquisition.
3. Company-owned includes affiliate-owned or managed. As of the date of this Disclosure Document, we do not currently have any company-owned locations.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2016, 2017, 2018

State	Year	Number of Transfers
All States	2016	0
	2017	0
	2018	0
Total	2016	0
	2017	0
	2018	0

Table No. 3
Status of Franchised Outlets For years 2016, 2017, 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Maryland	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Total	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1

Table No. 4
Status of Company-Owned Outlets For years 2016, 2017, 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
Total	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2018

States	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	1	1	0
Georgia	0	1	0
Totals	1	3	0

A list of the names of all franchisees and developers and the addresses and telephones numbers of their franchises 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 developer who had a franchise terminated, cancelled, not

renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable 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 is listed on Exhibit D to this Disclosure Document.

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

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System.

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

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E is our audited opening balance sheet, as of our formation (December 10, 2018) and the accompanying auditor's opinion, dated January 28, 2019. We were formed on December 10, 2018 and have not been in business long enough to provide 3 years of historical financial statements.

Our fiscal year end is August 31.

ITEM 22

CONTRACTS

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments:

- | | | |
|----|----------------------------|------------------|
| 1. | Franchise Agreement | <u>Exhibit B</u> |
| 2. | Area Development Agreement | <u>Exhibit C</u> |
| 3. | Form of General Release | <u>Exhibit F</u> |

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

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Business Oversight:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

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

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7117

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

NYS Department of Law
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services
Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex
Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9672

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Securities Commission
201 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-1064

(agent for service of process)

Division of Securities
Wisconsin Securities Commission
201 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-1064

EXHIBIT B
FRANCHISE AGREEMENT

HOLY SWEET U.S.A., INC.
FRANCHISE AGREEMENT

FRANCHISEE

DATE OF AGREEMENT

TABLE OF CONTENTS

SECTION 1	2
GRANT.....	2
1.1 <i>Grant of Franchise</i>	2
1.2 <i>Accepted Location</i>	2
1.3 <i>Relocation</i>	2
1.4 <i>Our Reserved Rights</i>	2
1.5 <i>Forms of Agreement</i>	3
SECTION 2	3
SITE SELECTION, PLANS AND CONSTRUCTION.....	3
2.1 <i>Your Responsibility to Locate a Site</i>	3
2.2 <i>Site Selection</i>	3
2.3 <i>Zoning Clearances, Permits and Licenses</i>	4
2.4 <i>Design of Franchised Business</i>	4
2.5 <i>Build-Out of Franchised Business</i>	4
2.6 <i>Opening Date; Time is of the Essence</i>	5
SECTION 3	5
TERM AND RENEWAL.....	5
3.1 <i>Term</i>	5
3.2 <i>Renewal</i>	5
3.3 <i>Refusal to Renew Franchise Agreement</i>	6
3.4 <i>Your Election Not to Renew</i>	6
SECTION 4	6
FEES.....	6
4.1 <i>Initial Franchise Fee</i>	6
4.2 <i>Royalty Fees</i>	7
4.3 <i>Brand Development Fee</i>	7
4.4 <i>Payments to Us</i>	7
4.5 <i>Interest on Overdue Amounts</i>	8
4.6 <i>Definition of Gross Sales</i>	8
4.7 <i>Late Reporting Fee</i>	9
4.8 <i>Payment of Additional Fees</i>	9
SECTION 5	9
OUR OBLIGATIONS	9
5.1 <i>Site Selection Guidelines</i>	9
5.2 <i>On-Site Evaluation</i>	9
5.3 <i>Design Plans</i>	9
5.4 <i>Confidential Operations Manual</i>	9
5.5 <i>Visits and Evaluations</i>	9
5.6 <i>Advertising and Promotional Materials</i>	9
5.7 <i>Management and Operations Advice</i>	10
5.8 <i>Products for Resale</i>	10
5.9 <i>Approved Suppliers</i>	10
5.10 <i>Initial Training Program</i>	10

5.11	<i>Opening Assistance</i>	10
5.12	<i>Brand Development Fund</i>	10
SECTION 6		10
YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS.....		10
6.1	<i>Use Commercially Reasonable Efforts</i>	10
6.2	<i>Representations of Corporate Entity</i>	10
6.3	<i>Operating Principal</i>	12
6.4	<i>General Manager</i>	13
6.5	<i>Training</i>	13
6.6	<i>Franchisee Meetings</i>	14
6.7	<i>Compliance with Laws</i>	14
6.8	<i>Compliance with All Other Obligations</i>	15
SECTION 7		15
FRANCHISE OPERATIONS		15
7.1	<i>Maintenance of Franchised Business</i>	15
7.2	<i>Remodeling and Redecorating</i>	15
7.3	<i>Approved Suppliers</i>	15
7.4	<i>Operation of Franchised Business in Compliance with Our Standards</i>	16
7.5	<i>Proprietary Products</i>	18
7.6	<i>Advertising and Promotional Materials</i>	18
7.7	<i>Complaints</i>	18
7.8	<i>Power of Attorney for Telephone Listings, etc.</i>	18
7.9	<i>Power of Attorney for Taxes</i>	18
7.10	<i>Unapproved Products and Services</i>	19
7.11	<i>Customer Surveys</i>	19
7.12	<i>Mystery Shopper Service</i>	19
7.13	<i>Pricing</i>	19
7.14	<i>On-Line Ordering</i>	20
SECTION 8		20
ADVERTISING AND PROMOTION.....		20
8.1	<i>Participation in Advertising & Brand Development Programs</i>	20
8.2	<i>Local Advertising</i>	20
8.3	<i>Brand Development Fund</i>	20
8.4	<i>Conduct of Advertising; Our Approval</i>	21
8.5	<i>Grand Opening Advertising</i>	22
8.6	<i>Websites</i>	22
8.7	<i>Advisory Council</i>	23
SECTION 9		23
MARKS		23
9.1	<i>Use of Marks</i>	23
9.2	<i>Ownership of Marks; Limited License</i>	23
9.3	<i>Limitation on Use of Marks</i>	24
9.4	<i>Notification of Infringement or Claim</i>	24
9.5	<i>Retention of Rights by Us</i>	25
SECTION 10		25

CONFIDENTIALITY AND NON-COMPETITION COVENANTS	25
10.1 Confidential Operations Manuals.....	25
10.2 Confidential Information	26
10.3 Non-Competition.....	26
10.4 Failure to Comply	28
SECTION 11.....	28
BOOKS AND RECORDS	28
11.1 Books and Records.....	28
11.2 Reports.....	29
11.3 Inspections; Audits.....	29
11.4 Correction of Errors.....	29
11.5 Authorization of Us	29
11.6 We are Attorney-in-Fact.....	30
SECTION 12.....	30
INSURANCE.....	30
SECTION 13.....	32
DEBTS AND TAXES	32
13.1 Taxes.....	32
13.2 Payments to Us	32
13.3 Tax Disputes	32
13.4 Compliance with Laws	32
13.5 Notification of Action or Proceeding	32
SECTION 14.....	32
TRANSFER OF INTEREST.....	32
14.1 Transfer by Us.....	33
14.2 Transfer by You.....	33
14.3 Transfer to a Corporation or Limited Liability Company.....	35
14.4 Our Right to Purchase Business	35
14.5 Death or Disability.....	36
14.6 No Waiver of Claims	37
14.7 Transfer Among Owners.....	37
SECTION 15.....	38
INDEMNIFICATION	38
15.1 Indemnification by You.....	38
15.2 Notification of Action or Claim.....	38
15.3 We May Settle	39
15.4 Losses and Expenses	39
15.5 Indemnitees Do Not Assume Liability	39
15.6 Recovery from Third Parties.....	39
15.7 Survival of Terms	40
SECTION 16.....	40
RELATIONSHIP OF THE PARTIES	40
16.1 No Fiduciary Relationship.....	40
16.2 Independent Contractor.....	40

16.3	<i>Sole and Exclusive Employer of Your Employees</i>	41
16.4	<i>You are Not Authorized</i>	41
SECTION 17.....		41
TERMINATION		41
17.1	<i>Automatic Termination – No Right to Cure</i>	41
17.2	<i>Notice of Termination – 30 Days to Cure</i>	44
17.3	<i>Cross-Defaults, Non-Exclusive Remedies, etc.</i>	44
17.4	<i>Our Right to Discontinue Services to You</i>	45
17.5	<i>Amendment Pursuant to Applicable Law</i>	45
SECTION 18.....		45
POST-TERMINATION.....		45
18.1	<i>Cease Operations</i>	45
18.2	<i>Stop Using the System</i>	45
18.3	<i>Cancellation of Assumed Names</i>	45
18.4	<i>No Use of Similar Marks</i>	46
18.5	<i>Payment of Sums Owed</i>	46
18.6	<i>Payment of Damages, Costs and Expenses</i>	46
18.7	<i>Delivery of Manuals and Materials</i>	46
18.8	<i>Confidential Information</i>	46
18.9	<i>Advertising and Promotional Materials</i>	46
18.10	<i>Signage</i>	46
18.11	<i>Assignment of Lease</i>	47
18.12	<i>Our Right to Purchase</i>	47
18.13	<i>Assignment of Options by Us</i>	48
18.14	<i>Telephone Numbers, Yellow Pages Listings, etc.</i>	48
18.15	<i>Liquidated Damages</i>	48
SECTION 19.....		49
MISCELLANEOUS		49
19.1	<i>Notices</i>	49
19.2	<i>Entire Agreement</i>	49
19.3	<i>No Waiver</i>	49
19.4	<i>Our Prior Approval</i>	50
19.5	<i>No Warranty or Guaranty</i>	50
19.6	<i>Continued Obligation to Pay Sums</i>	50
19.7	<i>Arbitration</i>	50
19.8	<i>Venue; Governing Law</i>	52
19.9	<i>Agreement Regarding Governing Law and Choice of Forum</i>	52
19.10	<i>Waiver of Punitive Damages; Waiver of Jury Trial</i>	52
19.11	<i>Execution in Multiple Counterparts</i>	53
19.12	<i>Captions</i>	53
19.13	<i>Survival of Terms</i>	53
19.14	<i>Severability of Provisions</i>	53
19.15	<i>Joint and Several Obligations</i>	53
19.16	<i>Rights and Remedies Cumulative</i>	53
19.17	<i>Terminology</i>	53
19.18	<i>References</i>	54
19.19	<i>No Rights or Remedies Except to the Parties</i>	54

19.20	<i>Effectiveness of Agreement</i>	54
19.21	<i>Modification of the System</i>	54
19.22	<i>Operation in the Event of Absence or Disability</i>	55
19.23	<i>Step-In Rights</i>	55
19.24	<i>Costs and Legal Fees</i>	55
SECTION 20		56
SECURITY INTERESTS		56
20.1	<i>Collateral</i>	56
20.2	<i>Indebtedness Secured</i>	56
20.3	<i>Additional Documents</i>	56
20.4	<i>Possession of Collateral</i>	56
20.5	<i>Our Remedies in Event of Default</i>	56
20.6	<i>Special Filing as Financing Statement</i>	57
SECTION 21		57
TECHNOLOGY		57
21.1	<i>Computer Systems and Software</i>	57
21.2	<i>Data</i>	57
21.3	<i>Privacy</i>	58
21.4	<i>Telecommunications</i>	58
21.5	<i>Intranet</i>	58
21.6	<i>On-line Use of Proprietary Marks</i>	58
21.7	<i>No Outsourcing Without Prior Written Consent</i>	58
21.8	<i>Changes to Technology</i>	59
SECTION 22		59
YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS.....		59
22.1	<i>Your Representations</i>	59
22.2	<i>Your Acknowledgments</i>	60
 ATTACHMENTS		
A -	Accepted Location	
B -	Collateral Assignment of Lease	
C -	Statement of Ownership Interests and Franchisee's Principals	
D -	Confidentiality, Non-Disclosure and Non-Competition Agreement	
E -	Electronic Funds Transfer Authorization	
F -	Internet Websites and Listing Agreement; Telephone Listing Agreement	
G -	Guaranty of Controlling Principals	

HOLY SWEET U.S.A., INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into by and between **HOLY SWEET U.S.A. INC.**, a Nevada corporation having its principal place of business at 210 Shields Court, Markham, Ontario L3R 8V2 (Canada) (“we”, “us” or “our”) and _____, a _____ corporation/limited liability company/partnership, having its principal place of business at _____ (“you” or “your”) on the date this Agreement is executed by us below (the “Effective Date”).

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of quick-serve ice cream shoppes that operate under the name “Sweet Jesus” and offer a variety of beverages, pastries, and frozen desserts, including soft-serve ice cream with various toppings that we specify from time to time. In this Agreement, we use “Shoppe” to refer to Sweet Jesus-branded ice cream shoppes that operate as part of our System, and we use “Franchised Business” to refer to the Shoppe that you will own, develop and operate pursuant to this Agreement.

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark “Sweet Jesus”, and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks” or “Proprietary Marks”);

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a Franchised Business at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith. In support of your request, you have provided us with certain information about your and, if applicable, your Owners’ capabilities and resources (the “Application Information”). You and we are willing to enter into this Agreement to describe our agreement and understanding with respect to those rights.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

SECTION 1

GRANT

1.1 Grant of Franchise

In reliance on the Application Information and the representations and warranties of you and your Controlling Principals (as defined in Section 19.17) hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate the Franchised Business under the Marks and the System in accordance with this Agreement. You and the Controlling Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Franchised Business hereunder and not for the purpose of reselling the rights to develop the Franchised Business hereunder. You and the Controlling Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Controlling Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Franchised Business is open for business to the public in accordance with Section 2.6, and then only in accordance with Section 14 hereof.

1.2 Accepted Location

The specific street address of the Franchised Business location accepted by us shall be set forth in Attachment A (“Location” or “Accepted Location”). You shall not relocate the Franchised Business without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any location other than the Accepted Location. You acknowledge that you are not granted any exclusivity or territorial protection around your Shoppe.

1.3 Relocation

If you are unable to continue the operation of the Franchised Business at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate the Franchised Business to another location, which approval shall not be unreasonably withheld. Any other relocation of the Franchised Business not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Franchised Business, then you shall comply with the site selection and construction procedures set forth in Section 2. When we notify you of our decision whether to approve or disapprove your request for relocation, you shall pay to us a relocation fee equal to Two Thousand Five Hundred Dollars (\$2,500), and you shall reimburse our out-of-pocket expenses related to your relocation request.

1.4 Our Reserved Rights

Nothing in this Agreement will prohibit us from doing anything that we have not expressly agreed in this Agreement that we will not do, including: (a) operating and/or franchising others to operate any businesses, including other food and beverage businesses, identified in whole or in part by the Marks and/or utilizing the System; (b) selling or licensing others the right to sell products under the Marks in foodservice facilities primarily identified by the third party’s trademark; (c) directly or through third-parties, merchandising and distributing products identified by the Marks through any method or channel of distribution, including through grocery stores, club stores, similar stores, the Internet, wholesale, mail order and catalogue; (d) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and (e) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Shoppes in general or your Franchised Business in particular. We are not required to pay you any consideration if we exercise any right specified above.

1.5 Forms of Agreement

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

SECTION 2 **SITE SELECTION, PLANS AND CONSTRUCTION**

2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Business, and for constructing and equipping the Franchised Business at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Franchised Business is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Franchised Business operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 If you do not already have possession of a location that we have accepted upon your execution of this Agreement, then prior to acquiring by lease or purchase a site for the Franchised Business, but within thirty (30) days of the date this Agreement is executed, you shall locate a site for the Franchised Business that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have fifteen (15) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Franchised Business.

2.2.2 We will conduct an on-site evaluation of your proposed site, at your expense. No site may be used for the location of the Franchised Business unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for the Franchised Business is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Franchised Business will be profitable. Our acceptance of a location for the Franchised Business only signifies that the location meets our then-current minimum criteria for a Franchised Business. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion.

2.2.3 If this Agreement is for your first Franchised Business and you cannot locate a suitable site for your Franchised Business within one hundred eighty (180) days after this Agreement is executed, we shall have the right to terminate this Agreement, in which event we will not refund the initial franchise fee you paid.

2.2.4 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within fifteen (15) days after execution. If you will occupy the

premises of the Franchised Business under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within fifteen (15) days after execution. We reserve the right to require you and/or your lessor to sign a lease rider with the terms we specify before approving of a proposed lease. No lease or sublease for the Franchised Business premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment B, is attached to the lease and incorporated therein. We shall have fifteen (15) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific approval of the lease, sublease or contract of sale within this fifteen (15) day period, then it shall be deemed not accepted.

2.2.5 After a location for the Franchised Business is accepted by us and acquired by you pursuant to this Agreement the location shall be described in Attachment A.

2.3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Franchised Business premises. Prior to beginning the construction of the Franchised Business, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business, and (ii) certify in writing to us that the insurance coverage specified in Section 12 is in full force and effect (or provide us with a certificate of insurance evidencing coverage) and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.4 Design of Franchised Business

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Franchised Business at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. You shall adapt the prototypical architectural and design plans and specifications for construction of the Franchised Business provided to you by us in accordance with Section 5.3 as necessary for the construction of the Franchised Business and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and presentation of the Proprietary Marks, and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Franchised Business

You shall commence and diligently pursue construction or remodeling (as applicable) of the Franchised Business. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Franchised Business. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of

construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Franchised Business.

You acknowledge and agree that you will not open the Franchised Business for business without our written authorization and that our authorization to open shall be conditioned upon your strict compliance with this Agreement and that the Franchised Business has been constructed in compliance with the Americans with Disabilities Act.

2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Franchised Business and commence business within nine (9) months after you execute this Agreement, unless you obtain an extension of such time period from us in writing. The date the Franchised Business actually opens for business to the public is herein called the “Opening Date”. Prior to opening, you shall complete all exterior and interior preparations for the Franchised Business, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. Prior to opening the Franchised Business, and before any renovation to the Franchised Business, you agree that the Franchised Business and any proposed renovations must comply with the Americans with Disabilities Act. Your failure to open the Franchised Business and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

SECTION 3 **TERM AND RENEWAL**

3.1 Term

Unless sooner terminated as provided in Section 17 hereof, the term of this Agreement shall continue from the date stated on the first page hereof for a period of ten (10) years (“Initial Term”).

3.2 Renewal

This Agreement shall automatically renew for up to two (2) additional terms of five (5) years each, provided the conditions set forth in this Section 3.2 have been met for each such renewal.

3.2.1 You shall have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.

3.2.2 You are able to maintain possession of the premises for the Franchised Business (or at relocated premises of which we have approved, as described in Section 1.3) pursuant to a lease reasonably acceptable to us.

3.2.3 We shall, within six (6) months before the expiration of the Initial Term, provide you with any documents that you are required to execute for the renewal term, which documents may

include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of business franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a further initial franchise fee, but will require payment of a renewal fee equal to fifty percent (50%) of our then-current initial franchise fee (the “Renewal Franchise Documents”).

3.2.4 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement. You shall return the executed Renewal Franchise Documents to us, together with payment of the renewal fee, by no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Section 18 and any other provisions that survive termination or expiration of this Agreement.

3.2.5 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect your Franchised Business to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Franchised Business in order to bring the Franchised Business up to our then-current image and standards for new Shoppes. We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents.

3.3 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Accepted Location is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us or our affiliates when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

3.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a renewal franchise within the timeframe specified in Section 3.2, or if you provide written notice to us within the final sixty (60) days of the Initial Term indicating that you do not wish to renew this Agreement.

SECTION 4 **FEES**

4.1 Initial Franchise Fee

You shall pay to us an initial franchise fee of \$40,000 upon the execution of this Agreement; provided, however, if this Agreement is being signed pursuant to an Area Development Agreement, the initial franchise fee will be reduced to \$30,000. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party.

4.2 Royalty Fees

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing monthly royalty fee equal to six percent (6%) of Gross Sales (the “Royalty Fee”).

4.2.2 The Royalty Fee shall be due and payable on the fifth (5th) day of each month, or the next business day, if the fifth (5th) is not a business day, for the prior month’s Gross Sales.

4.2.3 Each month during the Initial Term, you shall provide to us a royalty report (“Royalty Report”), in such format as we may require, summarizing your Gross Sales. The Royalty Report is due to us not later than the third (3rd) day of each month reporting Gross Sales for the previous calendar month. Notwithstanding the foregoing, we have the right to poll your point of sale system directly to obtain such Gross Sales information, but this does not diminish your responsibility to provide us with the required Royalty Report when required. If you fail to provide the required Royalty Report when due, you shall pay to us a late reporting fee as described in Section 4.7 below.

4.2.4 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.2.5 You understand and acknowledge that we reserve the right to change the frequency of the payment of Royalty Fees, Brand Development Fees and any other continuing fees payable to weekly, semi-monthly, bi-monthly or another timeframe we designate. We will provide you with sixty (60) days’ prior written notice of any change in the frequency of required payments.

4.3 Brand Development Fee

In addition to the Royalty Fee described in Section 4.2 above, you agree to pay to us a brand development fee (“Brand Development Fee”) in an amount equal to two percent (2%) of the Franchised Business’s Gross Sales. Such amount shall be contributed to a Brand Development Fund maintained by us, as described in Section 8.3 below. If the Brand Development Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying this Brand Development Fee upon thirty (30) days’ advance notice from us that the Brand Development Fund has been established. The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee. You understand and acknowledge that we have the right to increase this amount to three percent (3%) of Gross Sales upon thirty (30) days’ prior written notice to you.

We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Brand Development Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Development Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee.

4.4 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account each month by electronic funds transfer (“EFT”) in the amount of the Royalty Fee, Brand Development Fee and any other payments due to us and/or our affiliates. You agree to execute any documents required by us, our bank and/or your bank, including the Electronic Funds Transfer Authorization attached hereto as Attachment E, in order to effectuate EFTs.

If you do not report the Franchised Business’s Gross Sales as provided in Section 4.2.3 above, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand

Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe to us, once we have been able to determine the Franchised Business's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following month. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

4.5 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the greater of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Controlling Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

4.6 Definition of Gross Sales

For the purposes of determining the Royalty and Brand Development Fees to be paid hereunder, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business (including income related to catering and delivery activities, and any sales or orders of products or services provided from or related to the Franchised Business), whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the electronic cash register system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes the following:

4.6.1 Receipts from the operation of any public telephone installed in the Franchised Business or products from pre-approved vending machines located at the Franchised Business, except for any amount representing your share of the revenues;

4.6.2 Sums representing sales taxes collected directly from customers, based on present or future laws of federal, state or local governments, collected by you in the operation of the Franchised Business, and any other tax, excise or duty which is levied or assessed against you by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Franchised Business, provided that the taxes are actually transmitted to the appropriate taxing authority; and

4.6.3 Proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale at the Franchised Business nor having any material effect on the ongoing operation of the Franchised Business required under this Agreement.

4.7 Late Reporting Fee

If the reports required by Section 4.2.3 or Section 11 are not received by us as required by such Sections, you shall pay to us a fee of One Hundred Dollars (\$100) per day for each day that any required report is not received. This fee is reasonably related to our costs resulting from the delay in receipt of any report, is not a penalty, and is in addition to any other remedy available to us under this Agreement for your failure to submit reports in accordance with the terms of this Agreement. If you incur three (3) late reporting fees in any twelve (12) month period, you shall be in default of this Agreement for which we may terminate this Agreement.

4.8 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

SECTION 5 **OUR OBLIGATIONS**

We agree to provide the services described below with regard to the Franchised Business:

5.1 Site Selection Guidelines

We will provide our written site selection guidelines and such site selection assistance as we may deem advisable.

5.2 On-Site Evaluation

We shall provide an on-site evaluation of the proposed location for the Franchised Business. You agree to pay our then-current fee for each on-site evaluation we conduct. You will also be responsible for the travel, food and lodging and incidental expenses of the representative we send to conduct the evaluation. For any on-site evaluation requested by you, we shall not be required to conduct such evaluation until we receive of all required information and materials concerning such site prepared pursuant to Section 2.

5.3 Design Plans

We will provide, on loan, one (1) set of prototypical architectural and design plans and specifications for a Shoppe. You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Franchised Business in accordance with Section 2.

5.4 Confidential Operations Manual

We will provide, on loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Shoppes in the System.

5.5 Visits and Evaluations

We will conduct visits to the Franchised Business and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.4.6.

5.6 Advertising and Promotional Materials

We may provide certain advertising and promotional materials and information developed by us and/or our affiliate from time to time for use by you in marketing and conducting local advertising for the Franchised Business at a reasonable cost to you. We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Section 8.

5.7 Management and Operations Advice

We will provide advice and written materials concerning techniques of managing and operating the Franchised Business from time to time developed by us, including new developments and improvements in Franchised Business equipment, food products and the packaging and preparation thereof and menu items.

5.8 Products for Resale

From time to time and at our reasonable discretion, at a reasonable cost, we may make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

5.9 Approved Suppliers

We will provide a list of approved suppliers as described in Section 7.3 from time to time as we deem appropriate.

5.10 Initial Training Program

We will provide an initial training program for your Operating Principal, your General Manager (as described below), and another employee (for a maximum of three trainees at no additional charge, as well as other training programs in accordance with the provisions of Section 6.5.

5.11 Opening Assistance

We will provide on-site opening assistance at the Franchised Business in accordance with the provisions of Section 6.5.2.

5.12 Brand Development Fund

We may establish and administer a Brand Development Fund in accordance with Section 8.

SECTION 6

YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Use Commercially Reasonable Efforts

Each of you and the Controlling Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

6.2 Representations of Corporate Entity

If you are a corporation, limited liability company, or partnership, you and the Controlling Principals represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Franchised Business, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited

liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment C. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 If, after the execution of this Agreement, any person ceases to qualify as one of your Principals (defined in Section 19.17) or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify him as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person by us as one of your Principals or as a Controlling Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions;

6.2.10 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment D to this Agreement (see Sections 10.2.2 and 10.3.4). The Controlling Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein; and

6.2.11 You and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.10 are continuing obligations of you and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Controlling Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 Operating Principal

Upon execution of this Agreement, you shall designate and retain an individual to serve as the Operating Principal of the Franchised Business (“Operating Principal”). If you are an individual, you shall perform all obligations of the Operating Principal. The Operating Principal shall, during the entire period he/she serves as Operating Principal, meet the following qualifications:

6.3.1 The Operating Principal must either serve as the General Manager (as defined in Section 6.4 below) of the Franchised Business or, subject to our approval, designate a qualified individual to serve as the General Manager.

6.3.2 The Operating Principal must maintain a ten percent (10%) ownership interest in you or any entity that directly or indirectly controls you, and work on a full-time basis in the Franchised Business. Except as may otherwise be provided in this Agreement, the Operating Principal’s interest in you shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

6.3.3 You and the Operating Principal shall devote substantially all of your time and best efforts to the supervision and conduct of the Franchised Business. The Operating Principal shall execute this Agreement and the Guaranty as one of the Controlling Principals, and shall be individually, jointly and severally bound by all the obligations contained herein and therein.

6.3.4 The Operating Principal shall meet our reasonable standards and criteria for such individual, as set forth in the Manuals or otherwise in writing by us.

6.3.5 The Operating Principal shall satisfy the training requirements set forth in Section 6.5. If, during the term of this Agreement, the Operating Principal is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the Operating Principal ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Franchised Business until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o) hereof.

6.4 General Manager

You shall designate and retain at all times a general manager (“General Manager”) to direct the operation and management of the Franchised Business. The General Manager may be the Operating Principal and shall be responsible for the daily operation of the Franchised Business and may be one of the Controlling Principals. The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications:

6.4.1 The General Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.4.2 The General Manager shall devote full time and best efforts to the supervision and management of the Franchised Business;

6.4.3 The General Manager shall be an individual acceptable to us; and

6.4.4 The General Manager shall satisfy the training requirements set forth in Section 6.5. If, during the term of this Agreement, the General Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly (not later than seven (7) days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Franchised Business until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.4 shall be deemed a material event of default under Section 17.1.3(o) hereof.

6.5 Training

You agree that it is necessary to the continued operation of the System and the Franchised Business that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.5.1 Not later than thirty (30) days prior to the scheduled Opening Date, your Operating Principal, General Manager and one (1) additional trainee shall have completed, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Franchised Business at such location(s) as may be designated by us. We shall provide instructors and training materials for the initial training program for three (3) trainees at no additional charge to you; provided that we shall have the right to charge a reasonable fee for such training of any additional managers or personnel.

We shall determine, in our reasonable discretion, whether the Operating Principal and/or the General Manager has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the Operating Principal and/or General Manager, or (c) if we in our reasonable business judgment, based upon the performance of the Operating Principal or General Manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any Operating Principal or General Manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other personnel. You shall be responsible for any and all expenses incurred by your Operating Principal, your General Manager and/or other personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.

6.5.2 In connection with the opening of the Franchised Business, we shall provide you with one (1) of our representatives to provide on-site pre-opening and opening training, supervision, and management assistance to you for up to one (1) week, including after your soft opening. The amount of time provided for opening assistance will be determined by us, in our discretion. You must reimburse the expenses our representative incurs, including travel, lodging and meals. If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day our representative provides assistance, in addition to any additional expenses incurred. If this Agreement is for your second (2nd) or later Franchised Business, we reserve the right to not provide opening assistance or to reduce the amount of opening assistance provided.

6.5.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial training and assistance to your Franchised Business personnel. For additional training and assistance requested by you, or if we determine that you need remedial training, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals. The per diem fee will not be charged if such assistance is provided based on our determination that such training and assistance is necessary; however, we reserve the right to charge for our representative's reasonable expenses incurred in connection with such training and assistance.

6.5.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Franchised Business. Such training programs and seminars may be offered to you, your managers or other personnel generally, and we may designate that such training programs and seminars are mandatory for your Operating Principal, your General Manager, and/or other personnel. We do not anticipate charging a fee for such training, but you will pay for all of the expenses incurred by your trainees, including travel, lodging, meals and wages.

6.6 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Franchised Business operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you, your General Manager, and/or other personnel. We do not anticipate charging a fee for the meeting, but you will pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.7 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any

blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.8 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder.

SECTION 7 **FRANCHISE OPERATIONS**

7.1 Maintenance of Franchised Business

You shall maintain the Franchised Business in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point of sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point of sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Franchised Business or to provide the Franchised Business services by alternative means, such as through catering arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Franchised Business or its premises without our prior written approval, which shall not be unreasonably withheld.

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Franchised Business or the Accepted Location and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Accepted Location and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting.

7.2 Remodeling and Redecorating

To assure the continued success of the Franchised Business, you shall, upon our request, remodel and/or redecorate the Franchised Business premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Franchised Business to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Franchised Business franchise is transferred pursuant to Section 14, we may request that the transferee remodel and/or redecorate the Franchised Business premises as described herein.

7.3 Approved Suppliers

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Franchised Business. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Shoppes and who possess adequate quality controls

and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so, together with payment of our then-current evaluation fee. You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

7.4 Operation of Franchised Business in Compliance with Our Standards

You understand the importance of maintaining uniformity among all Shoppes and the importance of complying with all of our standards and specifications relating to the operation of the Franchised Business. Therefore, to ensure that the highest degree of quality and service is maintained, you shall operate the Franchised Business in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.4.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us.

7.4.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time.

7.4.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, merchandise, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.4.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Franchised Business, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if

the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.4.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Franchised Business premises, without our prior written consent, any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.4.6 To grant us and our agents the right to enter upon the Franchised Business premises, during normal business hours, for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.4.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.4.8 To install and maintain equipment and a high speed telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Franchised Business premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Franchised Business, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain Internet access or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at such times and in such manner as we shall from time to time specify.

7.4.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.4.10 To sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Shoppe in the System. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other

Shoppes and for making timely payment to us, other operators of Shoppes, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by us or other Shoppe operators. We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

7.5 Proprietary Products

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System and for retail sale certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.6 Advertising and Promotional Materials

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

7.7 Complaints

You shall process and handle all consumer complaints connected with or relating to the Franchised Business, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Franchised Business or equipment located in the Franchised Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination of this Agreement.

7.8 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 18.15: (i) all rights to the telephone numbers of the Franchised Business and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the Internet or World Wide Web without our express written consent, which consent may be denied without reason.

7.9 Power of Attorney for Taxes

Upon execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by you with any state or federal taxing authority relating to the Franchised Business.

7.10 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Five Hundred Dollars (\$500) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

7.11 Customer Surveys

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Franchised Business. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.12 Mystery Shopper Service

We may designate an independent evaluation service to conduct a “mystery shopper” quality control and evaluation program with respect to Shoppes. You agree that the Franchised Business will participate in such mystery shopper program, as prescribed and required by us, provided that Shoppes owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program.

7.13 Pricing

Where permitted by applicable law, we may provide you written advice regarding the maximum prices which you may charge your customers for menu items, products and services provided or sold under the System. Any such advice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit. You are obligated to inform us of all prices charged for products sold by you and to inform us of any modifications of your prices. We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law. These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Franchised Business; recommending retail prices; advertising specific retail prices for some or all programs, products or sold by your Franchised Business, which prices you agree to observe (sometimes known as “price point advertising campaigns”); engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as “buy one, get one free”); and, otherwise mandating, directly or indirectly, the maximum retail prices which your Franchised Business may charge the public for the programs, products and services it offers. We may engage in any such activity at any time throughout the Initial Term of this Agreement. Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum or other prices we establish or suggest may or may not optimize the revenues or profitability of your Franchised Business. You entirely waive any and all claims related to our establishment of prices charged at your Franchised Business.

7.14 On-Line Ordering

You agree to participate in the on-line ordering program that we designate, and to pay the costs associated therewith to the designated supplier. Such on-line ordering program will permit your customers to place orders on-line at your Franchised Business.

SECTION 8 **ADVERTISING AND PROMOTION**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Participation in Advertising & Brand Development Programs

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Shoppes operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

We may, from time to time, incorporate into the System, programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Proprietary Marks and which your Franchised Business will be required to offer and sell. This activity, referred to as “cobranding”, may involve changes to the Proprietary Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Franchised Business. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees, Brand Development Fee or local advertising expenditure obligations under this Agreement.

8.2 Local Advertising

In addition to the Brand Development Fee set forth herein, you shall spend each month throughout the term of this Agreement an amount equal to one percent (1%) of Gross Sales on advertising and promotion of your Franchised Business (“Local Advertising”). You shall submit to us, within thirty (30) days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all marketing and any other information that we require.

8.3 Brand Development Fund

We reserve the right to establish and administer a Brand Development Fund for the purpose of advertising the System on a regional or national basis (the “Brand Development Fund”). You agree to contribute to the Brand Development Fund as described in Section 4.3 above. You agree that the Brand Development Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Shoppes operating under the System. We and our affiliates shall, with respect to Shoppes operated by us, contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees undertake no obligation to make expenditures for you which are

equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Brand Development Fund for our reasonable expenses in managing the Brand Development Fund (including indirect costs such as salaries for our employees who devote time and effort to Brand Development Fund related activities and overhead expenses) and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). The Brand Development Fund and its earnings shall not otherwise inure to our benefit.

8.3.2 You agree that the Brand Development Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; product research and development; public relations activities; employing advertising agencies to assist therein; menu and product development; development and maintenance of our website; website and e-mail hosting; social media initiatives; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Brand Development Fund may be commingled with our general funds but will be accounted for separately by us. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above.

8.3.3 An annual statement of the operations of the Brand Development Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations is not required to be unaudited.

8.3.4 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year. Although the Brand Development Fund is intended to be of perpetual duration, we may terminate the Brand Development Fund. The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for advertising or promotional purposes or returned to contributing Shoppes or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time. If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein.

8.3.6 Notwithstanding the foregoing, money in the Brand Development Fund can be used to produce commercials and ad layout templates that you must adapt for your Franchised Business and use in Local Advertising, at your expense. The Brand Development Fund may also develop new menus and table tents for use by all Shoppes in the System, and we may designate that our approved supplier will automatically ship these items to you, at your expense, when they are to be used.

8.4 Conduct of Advertising; Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) days period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not

advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all advertising to be used locally by you, including, but not limited to, “Franchises Available” and reference to our telephone number and/or website.

8.5 Grand Opening Advertising

In addition to the ongoing advertising contributions set forth herein, you shall be required to spend between Five Thousand Dollars (\$5,000) and Ten Thousand Dollars (\$10,000) on a grand opening advertising campaign to advertise the opening of the Franchised Business. The grand opening advertising campaign shall be conducted generally in the sixty (60) day period comprising thirty (30) days prior to and thirty (30) days following the Franchised Business’s opening, or such other period of time as we may designate. All advertisements proposed to be used in the grand opening advertising campaign are subject to our review and approval in the manner set forth in this Section 8. Your grand opening advertising campaign must include the giveaways and other promotions as we require. We reserve the right to require you to give the grand opening advertising campaign monies to us and we will conduct the grand opening advertising campaign on your behalf.

8.6 Websites

8.6.1 We alone may establish, maintain, modify or discontinue all internet, world wide 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 may design and provide for the benefit of your Franchised Business a “click through” subpage at our website for the promotion of your Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

8.6.2 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 Shoppes– also be devoted in part to offering Shoppe franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

8.6.3 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 Franchised Business; 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 “Sweet Jesus” name or any name confusingly similar to the Marks.

8.6.4 Unless we give you our permission, you are not permitted to promote your Franchised Business or use any of the Marks in any manner on websites or apps, such as Facebook, Snapchat, Instagram, LinkedIn or Twitter. We will control all social media initiatives.

8.6.5 We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

8.7 Advisory Council

We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Shoppes, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. The advisory council will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System. If you participate in an advisory council, you will pay for any costs or expenses you incur related to your participation, such as travel and living expenses related to attending council meetings. We will have the right to form, change, merge or dissolve any advisory council.

SECTION 9 **MARKS**

9.1 Use of Marks

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in the Marks shall be deemed to include the owner’s right, title and interest in the Marks.

9.2.2 Neither you nor any Controlling Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Franchised Business and only at or from its accepted location or in approved advertising related to the Franchised Business.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any other claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

9.3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Franchised Business only under the Marks. You shall not use the Marks as part of your corporate or other legal name and shall obtain our approval of a trade name or “d/b/a” prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any renewal hereof, you shall identify yourself as the independent owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Controlling Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem 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. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Controlling

Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Section 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

SECTION 10 **CONFIDENTIALITY AND NON-COMPETITION COVENANTS**

10.1 Confidential Operations Manuals

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business. We reserve the right to provide such Manuals, materials and/or directives electronically.

10.1.2 You and the Controlling Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Section 10. You and the Controlling Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Franchised Business. You and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.

10.1.7 We will charge a replacement fee of Five Thousand Dollars (\$5,000) for any replacement copy of the Manuals or video requested by you.

10.2 Confidential Information

10.2.1 Neither you nor any Controlling Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. You and the Controlling Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement. Neither you nor the Controlling Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Controlling Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment D. All of your Principals not required to sign this Agreement as a Controlling Principal (including your Operating Principal) also must execute such covenants.

10.2.3 If you, the Controlling Principals, Operating Principal, General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Franchised Business, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Controlling Principals, Operating Principal, General Manager or other employee acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, you and the Controlling Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees. You and the Controlling Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and confidential information is,

therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees), you and the Controlling Principals covenant that with respect to you, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of “Controlling Principals” as described in Section 19.17 of this Agreement), except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

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

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Franchised Business, including a food service business which offers and sells the same or substantially similar food products (a “Competitive Business”) without our prior written consent.

10.3.2 With respect to you, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Controlling Principals” as described in Section 19.17 of this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a fifty (50) mile radius of the location of any Shoppe in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you

and the Controlling Principals 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 Section.

(a) You and the Controlling Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Controlling Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Controlling Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment D. All of your Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment D or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

You and the Controlling Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Section 17 hereof. You and the Controlling Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Controlling Principals in violation of the terms of this Section. You and the Controlling Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

SECTION 11 **BOOKS AND RECORDS**

11.1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Reports

In addition to the Royalty Report required by Section 4 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a reports of Gross Sales and a profit and loss statement for each calendar quarter (which may be unaudited) for you within fifteen (15) days after the end of each calendar quarter during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of operations of you during such fiscal year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Franchised Business. You shall make such books and records available to us or our designees immediately upon request. If any required royalty or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies we may have at law or in equity.

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Franchised Business. You authorize us to disclose data from your reports, if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

11.6 We are Attorney-in-Fact

Notwithstanding any forms and documents which may have been executed by you under Section 7.9, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

SECTION 12 **INSURANCE**

12.1 You shall procure, before beginning construction or build-out of the Franchised Business, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law. Currently you must maintain the following insurance:

12.2.1 Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and fire damage coverage, in the amount of Two Million Dollars (\$2,000,000) combined single limit;

12.2.2 “All Risks” coverage for the full cost of replacement of the Franchised Business premises and all other property in which you may have an interest with no coinsurance clause for the premises;

12.2.3 Crime insurance for employee dishonesty in the amount of Ten Thousand Dollars (\$10,000) combined single limit.

12.2.4 Business interruption insurance to cover expenses for a period of not less than three hundred sixty five (365) days.

12.2.5 Automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with coverage in amounts not less than Two Million Dollars (\$2,000,000) combined single limit.

12.2.6 Worker’s compensation insurance in amounts provided by applicable law or, if permissible under applicable law, a legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to us, provided that (i) you maintain an excess indemnity or “umbrella” policy covering employer’s liability and/or a medical/disability policy covering medical expenses for on-the-job accidents, which policy or policies shall contain such coverage amounts as you and

we shall mutually agree upon and (ii) you conduct and maintain a risk management and safety program for your employees as you and we shall mutually agree is appropriate.

12.2.7 Such other insurance as may be required by the state or locality in which the Franchised Business is located and operated, as may be required by the lease for the premises, or as we may require in the future.

12.2.8 You may, with our prior written consent, elect to have reasonable deductibles in connection with the coverage required under Sections 12.2.1 through 12.2.7 hereof. All such policies shall also include a waiver of subrogation in favor of us, our affiliates, parents and partners and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Franchised Business, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a carrier or carriers, reasonably satisfactory to us.

12.4 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 15 of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.6 Before beginning construction of the Franchised Business, and thereafter within ten (10) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Franchised Business, and you agree to comply with any such changes, at your expense.

SECTION 13

DEBTS AND TAXES

13.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Section 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term “Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, or the exercise of rights granted pursuant to this Agreement.

13.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify and deliver to us, 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, other governmental instrumentality or by a third party against you or an insurer, which may adversely affect the operation or financial condition of the Franchised Business.

SECTION 14

TRANSFER OF INTEREST

14.1 Transfer by Us

We shall have the right to assign this Agreement and all of our 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 our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our 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, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Holy Sweet U.S.A., Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

14.2 Transfer by You

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Controlling Principals. Accordingly, neither you nor any Controlling Principal, nor any successor or assignee of you or any Controlling Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business and/or any of the Franchised Business’s material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Controlling Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Franchised Business, any of the Franchised Business’s material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Controlling Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Controlling Principal that is an entity, then in each such case (any or all of which are referred to in this Section 14 as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Shoppes owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such renewal terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current Royalty Fee and Brand Development Fee; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Franchised Business to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Franchised Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's Operating Principal, General Manager and/or any other applicable personnel shall complete any training programs then in effect for franchisees of Shoppes upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee equal to (i) Five Thousand Dollars (\$5,000), or (ii) five percent (5%) of the purchase price, whichever is greater, plus Two Thousand Five Hundred Dollars (\$2,500) to cover our expenses for document review and preparation;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Section 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in the Franchised Business or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.3 Transfer to a Corporation or Limited Liability Company

In the event the proposed transfer is to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right to Purchase Business

14.4.1 If you wish to transfer all or part of your interest in the Franchised Business or this Agreement or if you or a Controlling Principal wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "Offer Terms"). In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option

afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Franchised Business (including lease and contract rights and other assets of you and your affiliates used in connection with the Franchised Business, excluding the assets of your benefit plans) (collectively, the “Franchised Business Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Controlling Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Franchised Business Interests, determined in a manner consistent with Section 18.11.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.11.1) of any assets included in the Restricted Transfer that are not related to the Franchised Business. If you have more than one (1) Franchised Business, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Shoppes equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Section 14 to perform all of the obligations imposed on such persons under this Section 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Franchised Business or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death or Disability

14.5.1 Upon your death (if you are a natural person) or upon the death of any Controlling Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to

the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Controlling Principal who is a natural person and who has an interest in this Agreement, the Franchised Business or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section 14 within six (6) months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Controlling Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business to our required standards, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

14.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

14.7 Transfer Among Owners

If any person holding an interest in you, this Agreement or the Franchised Business (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer, together with payment of One Thousand Dollars (\$1,000). Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto

as Attachment D (see Sections 10.2.2 and 10.3.4). We also reserve the right to designate the transferee as one of the Controlling Principals. Notwithstanding the provisions contained in Section 14.2 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred.

SECTION 15

INDEMNIFICATION

15.1 Indemnification by You

You and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Controlling Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Section 10), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;

15.1.2 The violation, breach or asserted violation or breach by you or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any developer or franchisee operating under the System, by you or by any of the Controlling Principals;

15.1.4 The violation or breach by you or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Franchised Business, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

You and each of the Controlling Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Controlling Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint associate counsel of our own choosing with respect to, the defense and/or settlement of any such

action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Controlling Principals to indemnify the Indemnitees and to hold them harmless.

15.3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this Section 15 shall be chargeable to and paid by you or any of the Controlling Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Section 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Controlling Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Controlling Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Controlling Principals. You and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Controlling Principals by the Indemnitees.

15.7 Survival of Terms

You and the Controlling Principals expressly agree that the terms of this Section 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

SECTION 16 **RELATIONSHIP OF THE PARTIES**

16.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, that, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be our independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Franchised Business does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

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

16.2 Independent Contractor

During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your Franchised Business operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Franchised Business premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manuals. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees. If ever it is asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

16.3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Sweet Jesus brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

16.4 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Controlling Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Controlling Principals or any claim or judgment arising therefrom. It is understood that you may not, without our prior written approval, have any authority to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Unless otherwise explicitly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business.

SECTION 17 **TERMINATION**

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will

adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are 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 you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your 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 you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, (except as otherwise stated below), effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Franchised Business or sell any products or services authorized by us for sale at the Franchised Business at a location which has not been approved by us;

(b) If you fail to acquire an Accepted Location for the Franchised Business within the time and in the manner specified in Section 2;

(c) If you fail to construct or remodel the Franchised Business in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Franchised Business for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Franchised Business, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control; provided, however, that Force Majeure shall not include your lack of financing), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of our relocation fee;

(f) If you or any of the Controlling Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is

reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Business;

(h) If you or any of the Controlling Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Franchised Business to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Section 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Controlling Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Controlling Principals disclose or divulge any confidential information provided to you or the Controlling Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Section 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants in any material respect set forth in Section 6 or have falsely made any of the representations or warranties set forth in Section 6;

(o) If you fail to propose a qualified replacement or successor Operating Principal or General Manager within the time required under Sections 6.3 and 6.4, respectively, following ten (10) days prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Section 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(r) If you or any of the Controlling Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If you fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation; and./or

(t) Any license or permit you are required to maintain for the operation of the Franchised Business is revoked.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.2.4 If any license or permit you are required to maintain for the operation of the Franchised Business is suspended.

17.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

17.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Section 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our website, until such time as you correct the breach.

17.5 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 our 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 us 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. We 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.

SECTION 18 **POST-TERMINATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

18.1 Cease Operations

You shall immediately cease to operate the Franchised Business under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

18.2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

18.5 Payment of Sums Owed

You and your Controlling Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

You and the Controlling Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.

18.7 Delivery of Manuals and Materials

You shall immediately deliver to us all Manuals, videos, software licensed by us (if any), records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Franchised Business in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. Notwithstanding the foregoing, if any of the aforesaid information is in digital format, we reserve the right to require you to return the digital files to us or to destroy the digital files and provide proof of their destruction.

18.8 Confidential Information

You and the Controlling Principals shall comply with the restrictions on confidential information contained in Section 10 of this Agreement and shall also comply with the non-competition covenants contained in Section 10. Any other person required to execute similar covenants pursuant to Section 10 shall also comply with such covenants.

18.9 Advertising and Promotional Materials

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

18.10 Signage

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Franchised Business are

hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

18.11 Assignment of Lease

If you operate the Franchised Business under a lease for the Franchised Business premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Franchised Business or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to renew) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Franchised Business premises or do not have such option, you shall make such modifications or alterations to the Franchised Business premises as are necessary to distinguish the appearance of the Franchised Business from that of other Shoppes and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Franchised Business premises from and after the date of the assignment of lease.

18.12 Our Right to Purchase

18.12.1 Except as provided in Sections 18.9 and 18.10, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Franchised Business, at fair market value. We shall be purchasing your assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Franchised Business premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Franchised Business premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Franchised Business is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

18.13 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Section to any other party, without your consent.

18.14 Telephone Numbers, Yellow Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Franchised Business and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents which may have been executed under Section 7.8, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.15 Liquidated Damages

If we terminate this Agreement with cause, you must pay us, within fifteen (15) days after the date of termination, liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is less.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public

and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

SECTION 19 **MISCELLANEOUS**

19.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario L3R 8V2 (Canada)
Attention: Aaron Serruya

Notices to Franchisee and
the Controlling Principals:

Attention: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Controlling Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Controlling Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Controlling Principals, or as to a subsequent breach or default by you or the Controlling Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us, and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Section 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Arbitration

We and you agree that all controversies, disputes, or claims between us or our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your Controlling Principals, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your Controlling Principals) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your Controlling Principals) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section 19.7, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any standard which forms part of the System must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in Las Vegas, Nevada. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The decision of the arbitration shall be final and binding upon each party and may be enforced by 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, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or, except as expressly provided in this Section 19.7, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your Controlling Principals, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) or brought on your behalf by any association or agency. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreements.

Despite our and your agreement to arbitrate, we and you 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 we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

You and we agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded. With respect to any electronic discovery, you and we agree that:

- (a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media;
- (b) the production of electronic documents shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;
- (c) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and
- (d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions. Each side's depositions are to consume no more than a total of 15 hours, and each deposition

shall be limited to 5 hours. There are to be no speaking objections at the depositions, except to preserve privilege.

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 the expiration or termination of the Agreements.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

19.8 Venue; Governing Law

Except to the extent governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement shall be interpreted under the laws of the State of Nevada, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, shall be governed by and determined in accordance with the substantive laws of the State of Nevada, which laws shall prevail in the event of any conflict of law. Subject to the obligation to arbitrate under Section 19.7 above, you and your Controlling Principals agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to Las Vegas, Nevada, and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in such courts

19.9 Agreement Regarding Governing Law and Choice of Forum

You, the Controlling Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Sections 19.7 and 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Controlling Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Waiver of Punitive Damages; Waiver of Jury Trial

19.10.1 You, the Controlling Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.10.2 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.11 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.12 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.13 Survival of Terms

Any obligation of you or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Controlling Principals therein, shall be deemed to survive such termination, expiration or transfer.

19.14 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.15 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

19.16 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section 17 of this Agreement shall not discharge or release you or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.17 Terminology

The term “your Principals” shall include, collectively and individually, (1) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (2) all officers, directors, managers and general partners (or persons holding comparable positions in

non-corporate entities) of any Controlling Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in this Section 19.17, the terms “control” and “controlling” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds ten percent (10%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity). The initial Principals shall be listed on Attachment C. The term “Controlling Principals” shall include, collectively and individually, any Principal who has been designated by us as a Controlling Principal hereunder. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

19.18 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.19 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section 14), any rights or remedies under or as a result of this Agreement.

19.20 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.21 Modification of the System

You understand and agree 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 marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business 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 you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You 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.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.22 Operation in the Event of Absence or Disability

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

19.23 Step-In Rights

If we determine in our sole judgment that the operation of your 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 System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of any and every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

19.24 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', 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 we are required to engage legal counsel in connection

with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20

SECURITY INTERESTS

20.1 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 Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the “Collateral”.

20.2 Indebtedness Secured

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

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

20.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, 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;

20.2.3 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

20.2.4 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.

20.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

20.3 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.

20.4 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.

20.5 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 laws of the State of Nevada (or other applicable

law), including, without limitation, 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.

20.6 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 21 **TECHNOLOGY**

21.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

21.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Shoppes, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Shoppes, between or among Shoppes, and between and among the Franchised Business and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the “Computer System”).

21.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

21.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing (“Point of Sale Systems”), which shall be deemed part of your Computer System.

21.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, “Computer Upgrades”).

21.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

21.2 Data

We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Franchised Business, and you shall

provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Franchised Business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

21.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

21.4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

21.5 Intranet

We may establish a website, virtual private network, cloud-based system or the like providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an "Intranet"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

21.6 On-line Use of Proprietary Marks

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

21.7 No Outsourcing Without Prior Written Consent

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

21.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Section 21 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

SECTION 22

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

22.2 Your Acknowledgments

You acknowledge, warrant and represent to us and we rely on such acknowledgments, warranties and representations that:

22.2.1 No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other Franchised Business, whether owned by us, our affiliates or our franchisees. We make no guaranties, promises, representations, statements or warranties that you can or will achieve any level or range of sales, income or other measures of performance.

Initials: _____

22.2.2 No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your anticipated income, earnings and growth or that of us or the System, or the viability of the business opportunity being offered under this Agreement.

Initials: _____

22.2.3 Before executing this Agreement, you have had the opportunity to contact any and all of our existing franchisees.

Initials: _____

22.2.4 You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your choosing. You have been advised to consult with your advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business, and the prospects for the Franchised Business. You have either consulted with these advisors or have deliberately declined to do so.

Initials: _____

22.2.5 You have received from us a copy of our Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at least fourteen (14) calendar days before the execution of this Agreement or at least fourteen (14) calendar days before the payment by you to us or any of our affiliates of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

Initials: _____

22.2.6 No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the operation of the Franchised Business.

Initials: _____

22.2.7 You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

Initials: _____

22.2.9 You understand and agree that we may manage and change the System and our business in any manner that is not expressly prohibited by this Agreement. Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you. Absent applicable statute, we shall have no liability for such a decision and you agree that our decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

Initials: _____

22.2.10 Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the Franchised Business, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business.

Initials: _____

22.2.11 You acknowledge and agree that we may modify the offer of our franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

Initials: _____

22.2.12 You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

Initials: _____

[Signatures appear on the next page]

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

FRANCHISOR:

HOLY SWEET U.S.A., INC.
a Nevada corporation

By

Name

Title

Date
(The “Effective Date”)

FRANCHISEE:

By

Name

Title

Date

ATTACHMENT A TO THE FRANCHISE AGREEMENT

ACCEPTED LOCATION

1. **ACCEPTED LOCATION**

Pursuant to Section 1.2 of the Franchise Agreement, the Franchised Business shall be located at the following Accepted Location:

FRANCHISOR:

FRANCHISEE:

HOLY SWEET U.S.A., INC.:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT B TO THE FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over to **HOLY SWEET U.S.A., INC.**, a Nevada corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A 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 Sweet Jesus Shoppe 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.

ASSIGNEE:

HOLY SWEET U.S.A., INC.:

By: _____

Name: _____

Title: _____

Date: _____

ASSIGNOR:

By: _____

Name: _____

Title: _____

Date: _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor'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 Shoppe.

Dated: _____

_____, Lessor

ATTACHMENT C TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS AND FRANCHISEE'S PRINCIPALS

A. The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest
------	--

B. In addition to the persons listed in paragraph A., the following is a list of all of Franchisee's Principals described in and designated pursuant to Section 19.17 of the Franchise Agreement. Unless designated as a Controlling Principal, each of Franchisee's Principals shall execute the Confidentiality and Non-Competition Agreement substantially in the form set forth in Attachment D (see Sections 10.2.2 and 10.3.4 of the Franchise Agreement):

C. The following Controlling Principal is hereby designated as the Operating Principal:

ATTACHMENT D TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

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 Holy Sweet U.S.A., Inc. (the “Company”) to establish and operate a Sweet Jesus Shoppe (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 Accepted Location: _____ (the “Accepted 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 a quick-serve ice cream shoppe operating under the name “Sweet Jesus” offering a variety of beverages, pastries, and frozen desserts, including soft-serve ice cream with toppings. The Franchised Business operates using the franchisor’s proprietary recipes, formulae, techniques, trade dress, trademarks and logos. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, 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 Operations 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 food service 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 Fifty (50) miles of Franchisee's Shoppe; or

7.2 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, without limitation, 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 Nevada, without regard to the application of Nevada conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature

Name

Title

Address

ACKNOWLEDGED BY FRANCHISEE:

By

Name

Title

ATTACHMENT E TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO HOLY SWEET U.S.A., INC. ("COMPANY")

Depositor hereby authorizes and requests _____ (the
"Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select
one) indicated below drawn by and payable to the order of Company by Electronic Funds Transfer, provided
there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same
as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any
such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the
Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

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

Depositor: (Please Print)

Date Signed: _____

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT F 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 **HOLY SWEET U.S.A., INC.**, a Nevada corporation (the “Franchisor”), and _____, a _____ (the “Franchisee”).

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Sweet Jesus Shoppe (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 without limitation 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 set-off, 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 exhibits 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 Nevada, without regard to the application of Nevada 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.

HOLY SWEET U.S.A., INC.:

FRANCHISEE:

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 **HOLY SWEET U.S.A., INC.**, a Nevada corporation (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Sweet Jesus Shoppe (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 (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, without limitation, 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 exhibits 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 Nevada, without regard to the application of Nevada conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

HOLY SWEET U.S.A., INC.:

FRANCHISEE:

By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

ATTACHMENT G TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20 __, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by **HOLY SWEET U.S.A., INC.** ("us"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, the undersigned shall present updated financial information to us as reasonably necessary to demonstrate his or her ability to satisfy the financial obligations of Franchisee under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

Each of the undersigned represents and warrants that, if it is a business entity, retirement or investment account, or trust, that if Franchisee is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, account holder or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

The provisions contained in the Agreement pertaining to dispute resolution, including Section 19.7 (Arbitration) and Section 19.8 (Venue; Governing Law) are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. If we are required to

engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

#1: _____

Address: _____

Sign: _____

#2: _____

Address: _____

Sign: _____

#3 _____

Address: _____

Sign: _____

SPOUSE(S)

#1: _____

Address: _____

Sign: _____

#2: _____

Address: _____

Sign _____

#3 _____

Address: _____

Sign: _____

EXHIBIT C

AREA DEVELOPMENT AGREEMENT

HOLY SWEET U.S.A., INC.
AREA DEVELOPMENT AGREEMENT

DEVELOPER

DATE OF AGREEMENT

TABLE OF CONTENTS

1.	GRANT	1
2.	DEVELOPMENT FEE	3
3.	SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS	3
4.	PREREQUISITES TO OBTAINING FRANCHISES.....	3
5.	TERM	5
6.	YOUR DUTIES, REPRESENTATION AND WARRANTIES	5
7.	DEFAULT AND TERMINATION	8
8.	TRANSFER OF INTEREST.....	10
9.	COVENANTS	14
10.	INDEPENDENT CONTRACTOR AND INDEMNIFICATION	16
11.	APPROVALS.....	19
12.	NON-WAIVER AND REMEDIES.....	19
13.	NOTICES.....	19
14.	SEVERABILITY AND CONSTRUCTION.....	20
15.	ENTIRE AGREEMENT; APPLICABLE LAW; DISPUTE RESOLUTION.....	21
16.	ACKNOWLEDGMENTS.....	24

ATTACHMENTS:

- A - Guaranty and Assumption of Obligation
- B - Statement of Ownership Interests; Development Schedule; and Development Area
- C - Confidentiality and Non-Competition Agreement

HOLY SWEET U.S.A., INC.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this “Agreement”) is made and entered into by and between **HOLY SWEET U.S.A., INC.**, a Nevada corporation having its principal place of business at 210 Shields Court, Markham, Ontario L3R 8V2 (Canada) (“Franchisor”, “we”, “us” or “our”) and _____, a _____ corporation/limited liability company/partnership, having its principal place of business at _____ (“Developer”, “you” or “your”) on the date this Agreement is executed by us below (the “Effective Date”).

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we own and may continue to develop a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of quick-serve ice cream shoppes that operate under the name “Sweet Jesus” and that offer a variety of beverages, pastries, and frozen desserts, including soft-serve ice cream with toppings that we specify or approve from time to time. In this Agreement, we use “Shoppe” to refer to Sweet Jesus-branded ice cream shoppes that operate as part of our System, and we use “Franchised Business” to refer to Shoppes that you or your Affiliates will open pursuant to individual franchise agreements as described in this Agreement.

WHEREAS, the distinguishing characteristics of the System include distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; restaurant culture; proprietary recipes and special menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks “Sweet Jesus” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks” or “Proprietary Marks”);

WHEREAS, we grant to qualified persons the opportunity to own and operate Shoppes at designated locations and, in some cases, to enter into multiple franchise agreements for Shoppes at locations within a development area; and

WHEREAS, you wish to obtain rights to acquire franchises to develop multiple Shoppes and have provided us with certain information about your and, if applicable, your Owners’ capabilities and resources (the “Application Information”). You and we are willing to enter into this Agreement to describe our agreement and understanding with respect to those rights.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. GRANT

1.1 In reliance on the Application Information and the representations and warranties of you and your Controlling Principals (as defined in Section 14.5) hereunder, we hereby grant to you the right

(and you hereby accept the obligation), as described herein, to acquire multiple franchises to develop _____ (____) Franchised Businesses (“Development Rights”) in the geographic area described in Attachment B (the “Development Area”). In this regard, the parties further agree that:

1.1.1 the Franchised Businesses shall be opened as necessary to satisfy the development schedule set forth in Attachment B to this Agreement (the “Development Schedule”);

1.1.2 each Franchised Business shall be established and operated pursuant to a separate Franchise Agreement between us and you or your approved affiliate (each, a “Franchise Agreement”) that shall be executed as provided in Section 3 below; and

1.1.3 each Franchised Business shall be located at an approved site in the Development Area.

1.2 Except as provided in this Agreement, and subject to your and the Controlling Principals’ full compliance with this Agreement and any other agreement among you or any of your affiliates and us or any of our affiliates, we shall not establish or authorize any other person or entity, other than you, to establish a Shoppe within the Development Area during the term of this Agreement.

1.3 Notwithstanding the generality of the foregoing section, we retain all other rights, and therefore we shall have the right (among others) on any terms and conditions we deem advisable, and without granting you any rights therein, to:

1.3.1 establish, and license others to establish, Shoppes and otherwise sell proprietary products and logoed merchandise under the Marks at or from any location outside of the Development Area;

1.3.2 establish, and license others to establish, Shoppes and otherwise sell proprietary products and logoed merchandise under the Marks at or from any Non-Traditional Site, wherever located. As used herein, a “Non-Traditional Site” includes gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you; and

1.3.3 sell and distribute, directly and indirectly, proprietary products and logoed merchandise under the Marks using channels of distribution, other than Shoppes, such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (“alternative distribution channels”) anywhere.

1.4 The parties hereto acknowledge and agree that this Agreement is not a Franchise Agreement (as defined in Section 3 below) and does not grant to you any right or license to operate a Franchised Business, distribute any goods or services, or any right to use or interest in the Marks.

1.5 You understand and acknowledge that this Agreement does not give you the right to acquire a franchise to develop a Franchised Business at any Non-Traditional Site.

2. DEVELOPMENT FEE

In consideration of the Development Rights granted herein, you will pay to us, on your execution of this Agreement, a Development Fee equal to Thirty Thousand Dollars (\$30,000) multiplied by the number of Shoppes you are required to open under the Development Schedule. The Development Fee is payable in a lump sum upon execution of this Agreement, is fully earned upon our receipt, and is not refundable under any circumstances. However, in consideration of your commitment to acquire at least three (3) franchises, as shown in the Development Schedule, we will reduce the initial franchise fee for each one to \$30,000, as we will apply the Development Fee, in \$30,000 increments, toward satisfaction of the initial franchise fee due under each Franchise Agreement you and we sign pursuant to this Agreement.

3. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall exercise the Development Rights granted hereunder only by entering into a separate Franchise Agreement with us for each Franchised Business for which a Development Right is granted. We may, in our reasonable discretion, permit you to exercise such Development Rights through affiliated entities that are either wholly owned subsidiaries of yours or commonly controlled entities with ownership determined by you, provided you first deliver timely notice of such affiliated entities to us for our review prior to signing the applicable Franchise Agreement. All Franchise Agreements to be executed pursuant to this Agreement shall be on our then-current form and shall be executed and delivered to us when you propose, and we approve, a site for the Franchised Business. The then-current form of Franchise Agreement may differ from the form we were using at the time you executed this Agreement, except that the initial franchise fee will be as provided above.

3.2 Acknowledging that time is of the essence, and subject to the requirements of Section 4, you agree to exercise your Development Rights according to the Development Schedule. You shall open each Franchised Business developed hereunder and shall commence business in accordance with the time periods set forth in the Development Schedule.

3.3 Your failure to adhere to the Development Schedule shall constitute a material event of default under this Agreement.

3.4 This Agreement shall expire upon the earlier of (i) the opening deadline of the last Shoppe as contained in the Development Schedule, or (ii) the opening of the last Shoppe to be developed under this Agreement. Upon expiration of this Agreement, shall have no further rights to the Development Area under this Agreement. Any territories granted pursuant to individual Franchise Agreements for your Franchised Businesses will be governed by those agreements. You are not granted a right of first refusal to acquire additional Development Rights.

4. PREREQUISITES TO OBTAINING FRANCHISES

4.1 You understand and agree that this Agreement does not confer upon you a right or franchise to operate any Franchised Business or to use our Marks or our System, but is rather intended by the parties to set forth the terms and conditions which, if fully satisfied by you, shall entitle you to obtain the right to develop Franchised Businesses within the Development Area.

4.2 Each of the following conditions and approvals must have occurred or be obtained before the grant of the right by us to develop each Franchised Business shall become effective. You must meet each of the operational, financial, and legal conditions set forth below (collectively, the “Conditions”) before such rights shall become effective:

4.2.1 Operational: You must be in compliance with the Development Schedule and each other provision of this Agreement. You and each entity that is controlled by, controlling or under common control with you (collectively, “your Affiliate”) must be in material compliance with all other agreements to which we and/or our affiliates are a party (including, without limitation, the Franchise Agreements and any other Area Development Agreements). You must be properly conducting the operation of your existing Franchised Businesses, if any, and must be capable of conducting the operation of the proposed Franchised Business (a) in accordance with the provisions of the respective Franchise Agreement, and (b) in accordance with the standards, specifications, and procedures set forth and described in the “Manuals” (as such term is defined in the Franchise Agreement), as such Manuals may be amended from time to time, or otherwise in writing.

4.2.2 Financial: You and your Affiliates must not then be in default, and for the twelve (12) month period preceding your request for financial approval must not have been in default, of any monetary obligations owed to us or our affiliates under any other agreement to which we and/or our affiliates are a party (including, without limitation, the Franchise Agreements and any other Area Development Agreements). You acknowledge and agree that it is vital to our interest that each of our franchisees is financially sound to avoid failure of a Franchised Business and that such failure would adversely affect the reputation and good name of us and our System of franchisees.

4.2.3 Legal: You must have submitted to us, in a timely manner and in accordance with all applicable federal and state franchise disclosure laws, all information and documents requested by us prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement, and must have taken such additional actions in connection therewith as may be reasonably requested in writing by us from time to time.

If we determine, in our reasonable discretion, that you and your Controlling Principals have met all the Conditions described above, then we will allow you to enter into a Franchise Agreement to develop such additional Franchised Businesses pursuant to the Development Schedule.

4.3 You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Franchised Business, and for constructing and equipping the Franchised Business at such site. You acknowledge that the location, selection, procurement and development of a site for the Franchised Business is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Franchised Business operated at that site will be profitable or otherwise successful.

4.4 You shall locate a site for the Franchised Business that satisfies the site selection guidelines provided to you by us and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have fifteen (15) days after receipt of this information and materials to accept or decline, in our sole discretion, the proposed site as the location for the Franchised Business.

4.5 We shall provide an on-site evaluation of the proposed location for the Franchised Business and you agree to pay our expenses, such as food, transportation, lodging and incidental costs for each site evaluation we conduct. No site may be used for the location of the Franchised Business unless it is first accepted in writing by us. You acknowledge and agree that our acceptance of a location for the Franchised Business is not a warranty or guaranty, express or implied, that you will achieve any particular level of

success at the location or that your Franchised Business will be profitable. Our acceptance of a location for the Franchised Business only signifies that the location meets our then-current minimum criteria for a Franchised Business. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion.

5. TERM

Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by us under this Agreement shall expire on the date on which the final Franchised Business to be developed hereunder has opened for business or the last day of the last day by which you are required under the Development Schedule to open Franchised Businesses, whichever is earlier.

6. YOUR DUTIES, REPRESENTATION AND WARRANTIES

You and your Controlling Principals (as defined in Section 14.5), as applicable, make the following representations, warranties and covenants and accept the following obligations:

6.1 If you are a corporation, limited liability company, partnership, or other form of legal entity other than an individual, you represent and warrant that:

6.1.1 You are duly organized and validly existing under the state law of your formation;

6.1.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.1.3 Your corporate charter, operating agreement, or written partnership agreement shall always provide that your activities are confined exclusively to the development and operation of Franchised Businesses as contemplated hereunder, unless otherwise consented to by us in writing;

6.1.4 The execution of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by you and are (i) within your corporate power if you are a corporation, (ii) permitted under your operating agreement if you are a limited liability company, or (iii) permitted under your written partnership agreement if you are a partnership;

6.1.5 The ownership interests in you are accurately and completely described in Attachment B (attached hereto); and

6.1.6 You have provided us with your most recent financial statements and such financial statements (i) present fairly your financial position as of the dates indicated therein, and (ii) have been certified as true, complete and correct and were been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and applied on a consistent basis. You further represent to us that no material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement (whether accrued, unliquidated, absolute, contingent or otherwise) which are not reflected as liabilities on the financial statements delivered to us.

6.2 **6.2.1** If you are a corporation, you shall comply with the following requirements throughout the term of this Agreement:

(a) Upon our request, you shall promptly furnish us with your articles of incorporation, bylaws, other governing documents, and any other documents we may reasonably request, together with any amendments thereto;

(b) You shall maintain stop transfer instructions against the transfer on your records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

THE TRANSFER OF THIS STOCK IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AREA DEVELOPMENT AGREEMENT WITH HOLY SWEET U.S.A., INC. REFERENCE IS MADE TO THE PROVISIONS OF SAID AREA DEVELOPMENT AGREEMENT AND TO THE ARTICLES AND BYLAWS OF THIS CORPORATION.

(d) You shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of you and shall promptly furnish the list to us upon request; and

(e) Such owners of a beneficial interest in the corporation, as we may designate from time to time, shall execute a guarantee of the performance of your obligations under this Agreement in the form required by us.

6.2.2 If you are a partnership, limited liability company, or other limited liability entity of any sort, then you shall comply with the following requirements throughout the term of this Agreement:

(a) Upon our request, you shall promptly furnish us with your partnership agreement, operating agreement, and/or organizational documents, as applicable, together with any amendments thereto and such other documents we may reasonably request;

(b) You shall maintain stop transfer instructions against the transfer on your records of any voting securities and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

THE TRANSFER OF ANY EQUITY INTERESTS IN THIS COMPANY IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AREA DEVELOPMENT AGREEMENT WITH HOLY SWEET U.S.A., INC. REFERENCE IS MADE TO THE PROVISIONS OF SAID AREA DEVELOPMENT AGREEMENT AND TO THE OPERATING AGREEMENT AND/OR PARTNERSHIP AGREEMENT, AS APPLICABLE, OF THIS COMPANY.

(c) You shall prepare maintain a current list of all general and limited partners and/or members, as applicable, in you and shall promptly furnish the list to us upon request;

(d) Such owners of a beneficial interest in the partnership, limited liability company, or other limited liability entity, as we may designate from time to time, shall execute a guarantee of the performance of your obligations under this Agreement in the form required by us.

6.3 6.3.1 Upon the execution of this Agreement, you shall designate and retain an individual to assume primary responsibility for your operations (the “Operating Principal”). If you are an individual, you shall perform all obligations of the Operating Principal. The Operating Principal shall, during the entire period he/she serves as such, meet and maintain the following qualifications:

(a) The Operating Principal must maintain a direct or indirect majority ownership interest in you. Except as may otherwise be provided in this Agreement, the Operating Principal's interest in you shall be and shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options.

(b) The Operating Principal shall devote substantial full time and best efforts to the supervision and conduct of the business contemplated by this Agreement. The Operating Principal shall execute this Agreement as one of the Controlling Principals, and shall be individually, jointly and severally bound by all obligations of you, the Operating Principal and the Controlling Principals hereunder.

(c) The Operating Principal (and any such designee) shall meet our reasonable standards and criteria for such individual, as set forth in the Manuals as defined herein or otherwise in writing by us.

(d) If, during the term of this Agreement, the Operating Principal or any designee is not able to continue to serve in the capacity of Operating Principal or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the Operating Principal or such designee ceases to serve, such replacement being subject to the same qualifications and restrictions listed above. You shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Any failure to comply with the requirements of this Section 6.3 shall be deemed a material event of default under this Agreement.

6.3.2 You and the Controlling Principals understand that compliance by all developers and franchisees operating under the System with our training, development and operational requirements is an essential and material element of the System and that we and developers and franchisees operating under the System consequently expend substantial time, effort and expense in training management personnel for the development and operation of their respective Franchised Businesses. Accordingly, you and the Controlling Principals agree that if, during the term of this Agreement, you or any Controlling Principal shall, without our consent, designate or employ in a managerial position any individual who is at the time or was within the preceding six (6) months employed in a managerial position by us or any of our affiliates, including, but not limited to, individuals employed by us to work in our Franchised Businesses, or by any other developer or franchisee operating under the System, then such former employer of such individual shall be entitled to be compensated for the reasonable costs and expenses, of whatever nature or kind, incurred by such employer related to training such employee. The parties hereto agree that such expenditures may be uncertain and difficult to ascertain and, therefore, agree that the compensation specified herein reasonably represents such expenditures and is not a penalty. An amount equal to the compensation of such employee for the six (6) month period (or such shorter time, if applicable) immediately prior to the termination of his employment with such former employer shall be paid by you or the applicable Controlling Principal, as the case may be, prior to such individual assuming the managerial position, unless otherwise agreed with such former employer. In seeking any individual to serve in such managerial position, you and the Controlling Principals shall not discriminate in any manner whatsoever against any individual to whom the provisions of this Section apply based on the compensation required to be paid hereunder if you or any Controlling Principal designates or employs such individual. The parties hereto expressly acknowledge and agree that no current or former employee of us, our affiliates, you, or of any other entity operating under the System shall be a third-party beneficiary of this Agreement or any provision hereof. Notwithstanding the above, solely for purposes of bringing an action to collect payments due under this Section, such former employer shall be a third-party beneficiary of this Section 6.3.2. We expressly disclaim any representations and warranties regarding the performance of any employee or former employee of us, our affiliates or any developer or franchisee operating under the System who is designated

or employed by you or any Controlling Principal in any capacity, and we shall not be liable for any losses, of whatever nature or kind, incurred by you or any Controlling Principal in connection therewith.

6.3.3 You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

6.4 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment C to this Agreement. The Controlling Principals shall, jointly and severally, guarantee your performance of all your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein. In addition, you shall require and obtain the execution of similar covenants (including covenants applicable upon the termination of a person's employment with you) from all your personnel who have received or will have access to confidential information.

6.5 You shall comply with all other requirements and perform such other obligations as provided hereunder. You and the Controlling Principals acknowledge and agree that the representations and warranties set forth above are continuing obligations of yours and the Controlling Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You will fully cooperate with us in any efforts taken by us to verify your compliance with such representations, warranties and covenants.

7. DEFAULT AND TERMINATION

7.1 You shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to you if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are 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 you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your 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 you; if a final judgment remains unsatisfied or of record for sixty (60) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and not dismissed within sixty (60) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

7.2 You shall be deemed to be materially in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default except as provided below, effective immediately upon written notice to you, upon the occurrence of any of the following events of default:

7.2.1 If you fail to meet your obligations under the Development Schedule;

7.2.2 If you fail to execute each Franchise Agreement in accordance with Section 3.1 (or any extension thereof approved by us in writing);

7.2.3 If you or any of the Controlling Principals are convicted of, or shall have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude or any other crime or offense that

we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or our interests therein;

7.2.4 If a threat or danger to public health or safety results from the construction, maintenance or operation of any Franchised Business developed under this Agreement, following twenty-four (24) hours' notice from us;

7.2.5 If you fail to designate a qualified replacement Operating Principal within sixty (60) days after any initial or successor Operating Principal ceases to serve as such, all as required under Section 6.3;

7.2.6 If you or any of the Controlling Principals breach in any material respect any of the representations, warranties and covenants in Section 6;

7.2.7 If you or any of the Controlling Principals transfer or attempt to transfer any rights or obligations under this Agreement or any interest in you to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Section 8;

7.2.8 If you or any of the Controlling Principals fail to comply with the covenants in Sections 9.1, 9.2 or 9.3 or if you fail to obtain the execution of the covenants required under Section 9.2 within thirty (30) days following our request that you obtain the execution of such covenants, provided, however, no such breach shall exist if, within said thirty (30) day period, you have commenced reasonable efforts to cure such breach and continue to reasonably prosecute such cure;

7.2.9 If an approved transfer upon death or permanent disability is not affected within the time and in the manner prescribed by Section 8.5;

7.2.10 If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or with the System or our rights therein and you do not cure such default within twenty-four (24) hours following notice from us;

7.2.11 If you or any of your Affiliates fail, refuse or neglect promptly to pay when due any monetary obligation owing to us or any of our affiliates or vendors under this Agreement, any Franchise Agreement or any other agreement, and you do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply); and

7.2.12 If you or any Controlling Principal (or any person or entity affiliated with or controlled by you or any Controlling Principal) is determined by you to be either (i) in default for failure to comply with the requirements of any Franchise Agreement, other Area Development Agreement, or other agreement to which we (or an affiliate of ours) is a party (collectively, and as each may be amended from time to time, "Other Agreements"), whether or not such default is of the same or different nature and whether or not such default has been cured after notice by us, or (ii) in material default for failure to substantially comply with the requirements of any Other Agreement, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of such termination.

7.3 Except as provided in Section 7.2 above, if you fail to comply with any other term or condition imposed by this Agreement, we may terminate this Agreement only by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of

termination; *provided, however*, that you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, subject to Section 7.4, your rights under this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

7.4 Upon your default under Section 7.2 or 7.3, we may elect, in lieu of termination, to reduce or eliminate all or only certain of your rights under this Agreement (including, without limitation, reduce the size of the Development Area, reduce the number of Franchised Businesses which you may establish under the Development Schedule, or accelerate the Development Schedule); and if we exercise said election, we shall not have waived our right to, in the case of future defaults, exercise all other rights and invoke all other provisions (including, without limitation, our option to terminate this Agreement) that are provided in law and/or set out under this Agreement.

7.5 Upon termination or expiration of this Agreement, you shall have no right to establish or operate any Franchised Businesses for which a Franchise Agreement has not been executed by us at the time of termination. Thereafter, we shall be entitled to establish, and to license others to establish, Franchised Businesses in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between us and you or your Affiliates). You acknowledge our right under Section 2.1 of this Agreement to retain all fees paid by you pursuant to the terms hereof.

7.6 No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto, unless the default is also a default under the terms of such Franchise Agreement.

7.7 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

7.8 Upon termination or expiration of this Agreement, you and the Controlling Principals shall comply with the restrictions on confidential information contained in Section 9.2 and the covenants against competition contained in Section 9.4. Any other person required to execute similar covenants pursuant to Section 9.2 shall also comply with such covenants.

8. TRANSFER OF INTEREST

8.1 We shall have the right to assign this Agreement and all of our 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 our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our 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, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Holy Sweet U.S.A., Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, if we exercise our right to assign our rights in this Agreement.

8.2 8.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Controlling Principals. Accordingly, neither you nor any Controlling Principal, nor any successor or assign of you or any Controlling Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement or in you or in any Controlling Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

8.2.2 Subject to the requirements of Section 8.4 hereof, if you wish to transfer all or part of your interest in this Agreement or if you or a Controlling Principal wish to transfer any ownership interest in you or in a Controlling Principal that is an entity, then in each such case, the transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to such a transfer; *provided, however*, we may, in our sole discretion, require any or all the following as conditions of our approval to any such transfer:

(a) All the accrued monetary obligations of you and your Affiliates and all other outstanding obligations to us and our affiliates arising under this Agreement, any Franchise Agreement or other related agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your Affiliates are not in material default of any provision of this Agreement or any Other Agreement at the time of transfer (and you shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof);

(c) The transferee, transferor, and their respective principals, as applicable, and shall have executed a general release, in a form reasonably satisfactory to us, of any and all prior claims against us and our affiliates, parents, officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, prior claims arising under or related to this Agreement, any Franchise Agreement, and any Other Agreement signed in connection therewith and governed by federal, state or local laws, rules, regulations or orders;

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective developer's application for development rights, including, but not limited to, our educational, managerial and business standards, transferee's good moral character, business reputation and credit rating, transferee's aptitude and ability to conduct the business contemplated hereunder (as may be evidenced by prior related business experience or otherwise), transferee's financial resources and capital for operation of the business, and the geographic proximity of other development areas with respect to which transferee has been granted development rights or of other Franchised Businesses operated by transferee, if any;

(e) The transferee shall execute an Area Development Agreement having material terms (including, without limitation, terms regarding the fees, development area, and development schedule) substantially similar in all material respects to this Agreement, together with such other ancillary agreements substantially similar to the forms attached hereto (and if the transferee is a corporation or partnership, transferee's shareholders, partners, or other investors, as applicable, shall also execute such agreements as transferee's principals, and guarantee the performance of all such obligations, covenants and agreements);

(f) The transferor shall remain liable for all the obligations to us in connection with this Agreement incurred prior to the effective date of the transfer and shall execute all instruments reasonably requested by us to evidence such liability;

(g) You shall pay us a transfer fee in an amount equal to Five Thousand Dollars (\$5,000) or five percent (5%) of the purchase price, whichever is greater, plus Two Thousand Five Hundred Dollars (\$2,500) to cover our expenses for document review and preparation; and

(h) If transferee is a corporation, limited liability company, or partnership, transferee shall provide to us evidence satisfactory to us that the terms of Section 6 have been satisfied and are true and correct on the date of transfer.

8.2.3 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder.

8.3 In the event the proposed transfer is from one or more individuals to a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements in Section 8.2.2; *provided, however*, the requirements in Sections 8.2.2(c), (d), (e) and (g) shall not apply so long as the individuals who originally signed this Agreement remain as the owner(s) of all of the capital stock of such entity. A transfer pursuant to this Section 8.3 may occur one (1) time only.

8.4 If you wish to transfer any or all of your interest in this Agreement or if a Controlling Principal wishes to transfer a controlling ownership interest in you (in either instance, such transferring party being referred to as the "Seller"), then such Seller shall first notify us in writing of each such intent (the "Offer"), and shall provide such information and documentation relating to the Offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written Offer and copies of all documentation required by us, to send written notice to the Seller that we intend to purchase the Seller's interest on the terms and conditions stipulated in the written Offer. In the event that we elect to purchase the Seller's interest, closing on such purchase must occur within the latter of (a) thirty (30) days from the date of notice to the Seller of our election to purchase, (b) thirty (30) days from the date we receive or obtain all necessary documentation, permits and approvals, or (c) such other date as the parties agree upon in writing.

If we reject or otherwise fail to accept the Offer, then Seller shall be free to transfer its interest in you or this Agreement, as applicable, upon the identical terms and conditions offered to us in the Offer ("Third-Party Offer"), subject to the requirements set forth in Section 8.2 of this Agreement. The closing of any transaction involving a Third-Party Offer shall be consummated no later than one hundred and eighty (180) days after the date on which the written Offer was first delivered to us. In the event a transaction involving a Third-Party Offer is not closed within the foregoing time, the proposed sale shall again be subject to our right of first refusal as described herein, unless such subsequent right is waived by us in writing. Any material change in the terms of any Third-Party Offer prior to closing shall constitute a new Offer to us and shall be subject to the same right of first refusal restrictions set forth above. Our failure or refusal to exercise the option afforded by this Section 8.4 shall not constitute a waiver of any other provision of this Agreement, including all the requirements of this Section 8 relating to a proposed transfer. Failure of you or a Controlling Principal to comply with the provisions of this Section 8.4 prior to the transfer of any interest in this Agreement or a controlling interest in you shall constitute a material event of default under this Agreement.

8.5 8.5.1 Upon the death of you (if you are a natural person) or any Controlling Principal who has an interest in this Agreement or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer the Deceased’s interest to either the beneficiary named in the Deceased’s will or, if no such beneficiary has been designated, to the deceased’s spouse, heirs, or other blood relatives through operation of law; *provided, however*, any such transferee(s) must be approved by us. If we, in our sole and absolute discretion, disapprove of such transferee(s), then such transferee(s) shall transfer the Deceased’s interest to a third-party transferee approved by us within twelve (12) months after the Deceased’s death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us, which approval may not be unreasonably withheld or delayed. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

8.5.2 Upon the permanent disability of you (if you are a natural person) or any Controlling Principal who has an interest in this Agreement or you, we may, in our reasonable discretion, require such interest to be transferred to a third party approved by us within six (6) months after notice to you (or your authorized representative). “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined upon examination of the person by a licensed practicing physician approved by us; or if the person refuses to submit to an examination, then such person shall be automatically deemed permanently disabled as of the date of such refusal for this Section 8.5.2. The costs of any examination required by this Section shall be paid by us. For purposes of clarification, you (or your authorized representative) will have the right to select the licensed physician for such examination. We only reserve the right to approve of the physician selected as we will be paying the costs. Our approval of a physician that you (or your authorized representative) select will not be unreasonably withheld, delayed, or conditioned. Our review and approval process of the selected physician will primarily include (i) whether the physician is in fact licensed to practice and is in good standing, and (ii) whether the costs charged by the physician are commensurate with the costs typically charged by other physicians in his/her field.

8.5.3 Upon the death or certification of permanent disability of you or any Controlling Principal, you or a representative of yours must promptly notify us of such death or claim of permanent disability. Any transfer upon death or certification of permanent disability shall be subject to the same terms and conditions as described in this Section 8 for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section 8.5, then such failure shall constitute a material event of default under this Agreement.

8.6 Our consent to a transfer of any interest in you or in this Agreement as described herein shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material compliance with any of the terms of this Agreement by the transferee.

8.7 8.7.1 Notwithstanding the provisions of this Section 8 to the contrary, the Controlling Principals may freely transfer their ownership interests in you among themselves and our right of first refusal described in Section 8.4 shall be inapplicable with respect to such transfers so long as prior written notification and identification of the transferees is timely given to us (not later than thirty (30) days prior to such transfer). In addition, the Controlling Principals may transfer their interests to their respective family members (or trusts created for the benefit of such family members) for estate planning purposes with our prior written consent (which consent shall not be unreasonably withheld).

8.7.2 If any person holding an interest in you or this Agreement (other than you or a Controlling Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer, together with payment of One Thousand Dollars (\$1,000). Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto as Attachment C. We also reserve the right to designate the transferee as one of the Controlling Principals.

9. COVENANTS

9.1 You and the Operating Principal covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and the Operating Principal shall devote reasonably sufficient (as determined in our sole discretion) time, energy and best efforts to the management and operation of the development activities contemplated under this Agreement.

9.2 You and each of the Controlling Principals shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person, persons, partnership, association or corporation and, following the termination or expiration of this Agreement, shall not use for your or their own benefit any confidential information, knowledge, know-how or trade secrets concerning the methods of development and operation of the Franchised Businesses which may be communicated to you or any of the Controlling Principals or of which you and they may be apprised under this Agreement, except in connection with the operation of Franchised Businesses operating under Franchise Agreements with us. You and each of the Controlling Principals shall disclose such confidential information only to the Controlling Principals and your personnel who must have access to it in connection with their employment with you. All information, knowledge, know-how, trade secrets, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for the purposes of this Agreement. Neither you nor the Controlling Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Controlling Principals.

9.3 You and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, you and the Controlling Principals will receive valuable training, trade secrets and confidential information which are beyond the present skills and experience of you and the Controlling Principals and your managers and employees, and that you have the right and the obligation, arising from this Agreement, to develop the Development Area for the benefit of the System. You and the Controlling Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Businesses and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason for entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, you and the Controlling Principals covenant that with respect to you, during the term of this Agreement (or with respect to each of the Controlling Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of "Controlling Principals" as described in Section 14.5 of this Agreement) except as otherwise approved in writing by us, which approval shall not be unreasonably withheld or delayed, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person(s), partnership or corporation:

9.3.1 Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

9.3.2 Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located in the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Franchised Business, including a food service business that sells the same or substantially similar products and services (a “Competitive Business”).

9.4 With respect to you, and for a continuous uninterrupted period commencing upon the expiration or termination of, or transfer of all of your interest in, this Agreement (or with respect to each of the Controlling Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of your interest in this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Controlling Principals” as described in Section 14.5 of this Agreement), and continuing for two (2) years thereafter, except as otherwise approved in writing by us, neither you nor any of the Controlling Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

9.4.1 Divert, or attempt to divert, any business or customer of the business described hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

9.4.2 Own, maintain, operate, engage in or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any Competitive Business, which business is, or is intended to be, located within a fifty (50) mile radius of the location of any Franchised Business in the System. So long as you and the Controlling Principals adhere to the confidentiality restrictions set forth in this Agreement and in each of the other agreements signed in connection with this Agreement, the restrictions contained in this Section 9.4.3 shall also not apply to any Franchised Businesses owned and operated by entities in which you or a Controlling Principal owns a minority, passive, and non-voting equity interest.

9.5 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the above 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 Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Controlling Principals 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 Section.

9.6 You and the Controlling Principals understand and acknowledge that we shall have the right, in our reasonable discretion, to reduce the scope of any covenant set forth in Section 9.2, or any portion thereof, without your consent, effective immediately upon notice to you; and you and the Controlling Principals agree that they shall immediately comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 15.1.

9.7 You and the Controlling Principals expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 9. You and the Controlling Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the successful enforcement of this Section.

9.8 Failure to comply with the requirements of this Section shall constitute a material event of default under this Agreement. You and the Controlling Principals acknowledge that a violation of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Controlling Principals in violation of the terms of this Section. You and the Controlling Principals agree to pay all court costs and reasonable legal fees incurred by us in obtaining specific performance, injunctive relief or any other remedy available to us for any violation of the requirements of this Section.

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 The parties acknowledge and agree that you shall be an independent contractor and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

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

10.2 During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your development operations pursuant to Development Rights granted by us. You agree to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place in any Franchised Business established under any Franchise Agreement for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manuals, the content and form of which we reserve the right to specify in writing.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Franchised Business and in no fashion reflects any employment relationship between us and such

employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

10.3 You understand and agree that nothing in this Agreement authorizes you or any of the Controlling Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of yours or any of the Controlling Principals or any claim or judgment arising therefrom.

10.4 10.4.1 You and each of the Controlling Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us and our affiliates, successors and assigns, their respective partners and affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”) from all “losses and expenses” (as defined in Section 10.4.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(a) The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Controlling Principals of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any rights to use the Marks, any copyrights or other proprietary information granted to you under an Franchise Agreement);

(b) The violation, breach or asserted violation or breach by you or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(c) Libel, slander or any other form of defamation of us, the System, or any developer or franchisee under the System, by you or by any of the Controlling Principals;

(d) The violation or breach by you or by any of the Controlling Principals of any warranty, representation, agreement or obligation in this Agreement or in any Franchise Agreement or other agreement between you or any of your Affiliates and us or any of our affiliates, their respective partners, or the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of any of them; and

(e) Acts, errors or omissions of you, any of your Affiliates and any of the Controlling Principals and the officers, directors, shareholders, partners, agents, independent contractors, servants, employees and representatives of you and your Affiliates in connection with the performance of the development activities contemplated under this Agreement or the establishment and operation of any Franchised Business pursuant to a Franchise Agreement.

10.4.2 You and each of the Controlling Principals agree to give us immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of you and each of the Controlling Principals, we may elect to control (but under no circumstance are we obligated to undertake), and associate counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall,

in no manner or form, diminish the obligation of you and each of the Controlling Principals to indemnify the Indemnitees and to hold them harmless.

10.4.3 In order to protect persons or property or our reputation or goodwill, or the reputation or goodwill of others, we may, upon written notice to and written consent from you (which consent shall not be unreasonably withheld, delayed, or conditioned), consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

(a) any of the acts or circumstances enumerated in Section 10.4.1 above has occurred; or

(b) any act, error or omission as described in Section 10.4.1(e) may result directly or indirectly in damage, injury or harm to any person or any property.

10.4.4 (a) All losses and expenses incurred under this Section 10 shall be chargeable to and paid by you or any of the Controlling Principals pursuant to your and their obligations of indemnity under this Section, regardless of any action, activity or defense undertaken by us or the subsequent success or failure of such action, activity or defense.

(b) As used in this Section 10, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, legal fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

10.4.5 You and each of the Controlling Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Controlling Principals, your Affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your Affiliates and any such third parties unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused by an Indemnitees’ negligence or willful misconduct in a ruling issued by a third party arbitrator or a court with competent jurisdiction pursuant to the procedures set forth in Section 15 of this Agreement. For purposes of clarification, any finding by a third party arbitrator or a court with competent jurisdiction that the cause of causes of any of such liability is jointly or partly due to the negligence of both an Indemnitee, on one hand, as well as you (or any affiliate) or any Controlling Principal, on the other hand, shall not relieve you and/or any Controlling Principal from the *pro rata* share of their indemnification obligations as contemplated herein.

10.4.6 Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against you or any of the Controlling Principals. You and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Controlling Principals by the Indemnitees.

10.4.7 You and the Controlling Principals expressly agree that the terms of this Section 10.4 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

11. APPROVALS

11.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us and such approval or consent shall be obtained in writing.

11.2 By providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement (or by reason of any neglect, delay or denial of any request therefor), we make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third-party to which we would not otherwise be subject.

12. NON-WAIVER AND REMEDIES

12.1 No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Controlling Principals under this Agreement shall constitute our waiver to enforce any such right, option, duty or power against you or the Controlling Principals, or as to a subsequent breach or default by you or the Controlling Principals. Our acceptance of any payments due to us hereunder after the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

12.2 All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your Affiliates and us or any of our affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Section 7 of this Agreement shall not discharge or release you or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement. Additionally, the non-prevailing party shall pay all court costs and reasonable attorneys' fees incurred by the prevailing party in obtaining any remedy available for any violation of this Agreement.

13. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile, telegram or email (provided that the sender confirms the facsimile, telegram or e-mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario L3R 8V2 (Canada)
Attention: Aaron Serruya

Notices to Developer and
the Controlling Principals:

Attention: _____
Facsimile: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing. Business days for the purpose of this Agreement exclude Saturday, Sunday and bank holidays.

14. SEVERABILITY AND CONSTRUCTION

14.1 Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

14.2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you and us, our officers, directors and personnel and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Section 8) any rights or remedies under or as a result of this Agreement.

14.3 All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

14.4 All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed jointly and severally undertaken by all the Controlling Principals.

14.5 The term “Controlling Principals” shall include, collectively and individually, (i) all holders of ten percent (10%) or more of the total ownership interest in you or of any entity directly or indirectly controlling you, and (ii) any other person or entity controlling, controlled by or under common control with you. As used in this Section 14.5, the terms “*control*” and “*controlling*” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where such person holds ten percent (10%) or more of the total ownership interest in you, serves on any board of directors or comparable body of you, or acts as an officer, general partner or manager thereof. If you are operating as a legal entity as contemplated hereunder, the persons holding an interest in your capital stock shall each be listed on Attachment B.

14.6 This Agreement may be executed in counterparts and each copy so executed shall be deemed an original. Photocopied signatures and those transmitted electronically will have the same full force and effect given originals.

14.7 This Agreement shall not become effective until signed by an authorized officer of ours.

14.8 Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

15. ENTIRE AGREEMENT; APPLICABLE LAW; DISPUTE RESOLUTION

15.1 This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full and complete agreement between us and you and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Controlling Principals; *provided, however*, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

15.2 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, we and you agree that all controversies, disputes, or claims between us or our affiliates, and our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your Controlling Principals) and us (or any of our affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your Controlling Principals) and us (or any of our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any standard which forms part of the System must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the then-current Commercial Arbitration Rules of the American Arbitration Association. All proceedings will be conducted at a suitable location chosen by the arbitrator in Las Vegas, Nevada. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The decision of the arbitration shall be final and binding upon each party and may be enforced by 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, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid or, except as expressly provided in this Section, award any punitive, exemplary, or multiple damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive, exemplary, or multiple damages against any party to the arbitration proceedings).

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration

proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, or (iii) or brought on your behalf by any association or agency. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of the Agreements.

Despite our and your agreement to arbitrate, we and you 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 we and you must contemporaneously submit our dispute, controversy or claim for arbitration on the merits as provided in this Section.

You and we agree that, in any arbitration arising as described in this Section, requests for documents shall be limited to documents that are directly relevant to significant issues in the case or to the case's outcome; shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain; and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded. With respect to any electronic discovery, you and we agree that:

- (a) production of electronic documents need only be from sources used in the ordinary course of business. No such documents shall be required to be produced from back-up servers, tapes or other media;
- (b) the production of electronic documents shall normally be made based on generally available technology in a searchable format which is usable by the party receiving the documents and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, except for header fields for email correspondence;
- (c) the description of custodians from whom electronic documents may be collected shall be narrowly tailored to include only those individuals whose electronic documents may reasonably be expected to contain evidence that is material to the dispute; and
- (d) where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, subject to allocation of costs in the final award as provided herein.

In any arbitration arising out of or related to this Agreement, each side may take no more than three depositions. Each side's depositions are to consume no more than a total of 15 hours, and each deposition shall be limited to 5 hours. There are to be no speaking objections at the depositions, except to preserve privilege.

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

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

15.3 With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Controlling Principals hereby irrevocably agree that all actions arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in the court nearest to Las Vegas, Nevada, and you (and each Controlling Principal) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in such courts. Except to the extent governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.), the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement shall be interpreted under the laws of the State of Nevada, and any dispute between the parties, whether arising under this Agreement or from any other aspect of the parties' relationship, shall be governed by and determined in accordance with the substantive laws of the State of Nevada, which laws shall prevail in the event of any conflict of law.

15.4 You, the Controlling Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

15.5 Without negating the obligation to arbitrate disputes under Section 15.2 above, we and you irrevocably ***waive trial by jury*** in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration or a legal action, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. We and you agree that any action, proceeding, or counterclaim, whether at law or equity, will be conducted on an individual basis and that a proceeding between us and our affiliates, or our and their respective shareholders, officers, directors, agents, and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other proceeding, or (iii) brought on your behalf by any association or agency.

15.6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', 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 we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

16. ACKNOWLEDGMENTS

16.1 You acknowledge that you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that the success of this business venture involves substantial business risks and will largely depend upon your ability. We expressly disclaim making, and you acknowledge that you have not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initials _____

16.2 You acknowledge that you have received, read and understand this Agreement and the related attachments and agreements and that we have afforded you sufficient time and opportunity to consult with advisors selected by you about the potential benefits and risks of entering into this Agreement.

Initials _____

16.3 You acknowledge that you received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment was made to us and/or our affiliates.

Initials _____

[Signature page follows]

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

FRANCHISOR:

HOLY SWEET U.S.A., INC.

a Nevada corporation

By: _____

Name: _____

Title: _____

Date Accepted: _____

(The “Effective Date”)

DEVELOPER:

By: _____

Name: _____

Title: _____

Attachment A to the Area Development Agreement

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20 __, by _____.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement (the “Agreement”) on this date by **HOLY SWEET U.S.A., INC.** (“us”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (“Developer”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer 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 will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, the undersigned shall present updated financial information to us as reasonably necessary to demonstrate his or her ability to satisfy the financial obligations of Developer under the Agreement.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Developer arising as a result of the undersigned’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned’s spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in the Agreement pertaining to dispute resolution, including Section 15.2 regarding arbitration are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	SPOUSE(S)
#1: _____ Address: _____ _____ Sign: _____	#1: _____ Address: _____ _____ Sign: _____
#2: _____ Address: _____ _____ Sign: _____	#2: _____ Address: _____ _____ Sign: _____
#3: _____ Address: _____ _____ Sign: _____	#3: _____ Address: _____ _____ Sign: _____

Attachment B to the Area Development Agreement

**STATEMENT OF OWNERSHIP INTERESTS;
DEVELOPMENT SCHEDULE; AND DEVELOPMENT AREA**

OWNERSHIP INTERESTS

The following is a list of stockholders, partners or other investors in Developer, including all investors who own or hold a direct or indirect interest in Developer, and a description of the nature of their interest:

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

*denotes Operating Principal.

DEVELOPMENT SCHEDULE

The Agreement authorizes and obliges Developer to establish and operate _____ (__) Sweet Jesus Shoppes pursuant to a Franchise Agreement for each Shoppe to be developed hereunder.

<u>Cumulative Number of Shoppes to be Operating Within the Development Area</u>	<u>By this Date</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total: _____

DEVELOPMENT AREA

The Development Area referred to in Section 1 of the captioned agreement shall be:

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

FRANCHISOR:

HOLY SWEET U.S.A., INC.
a Nevada corporation

By

Name

Title

DEVELOPER:

By

Name

Title

Date

Attachment C to the Area Development Agreement

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)**

In consideration of my being a _____ of _____ (“Developer”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to an Area Development Agreement dated _____, 20__ (the “Area Development Agreement”), Developer has acquired the right and franchise from Holy Sweet U.S.A., Inc. (the “Company”) to develop Shoppes (as defined below) within the following Development Area: _____ (the “Development Area”).

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 quick-serve ice cream shoppes operating under the name “Sweet Jesus” offering a variety of beverages, pastries, and frozen desserts, including soft-serve ice cream with toppings (each a “Shope”). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, 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. 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 Developer, the Company and Developer will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Area Development 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 Area Development 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 Developer, 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 Developer under the Area Development Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Developer, 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 food service 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 Developer, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Area Development 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 The Development Area;

7.2 Fifty (50) miles of the Development Area; 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 Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer 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 Nevada, without regard to the application of Nevada conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Developer and me.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Signature

Name

Address

Title

ACKNOWLEDGED BY DEVELOPER

By:_____

Name:_____

Title:_____

EXHIBIT D
LIST OF CURRENT FRANCHISEES

**FRANCHISEES WHO WERE OPEN
AS OF DECEMBER 31, 2018**

	Franchisee	Address	City	State	Telephone Number
1.	BWI Ice Cream LLC	7035 Elm Road	Baltimore	Maryland	443-960-4832

**FRANCHISEES WHO SIGNED BUT NOT YET OPENED
AS OF DECEMBER 31, 2018**

	Franchisee	Address	City	State	Telephone Number
1. ¹	Boris Natenzon and Bernie Glezerman in trust for a corporation to be incorporated	3 Tanglewood Ct.	Colts Neck	New Jersey	718-720-3710

¹ This store will be developed in Florida.

EXHIBIT E
FINANCIAL STATEMENTS

HOLY SWEET U.S.A., INC.
(A Wholly Owned Subsidiary of Holy Sweet Inc.)
Opening Balance Sheet
December 10, 2018
(Expressed in US Dollars)

To the Shareholder of Holy Sweet U.S.A., Inc.

We have audited the opening balance sheet of Holy Sweet U.S.A., Inc., as of December 10, 2018, and the related notes (the "financial statement").

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 the financial statement based on our audit. We conducted our audit 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 statement referred to above presents fairly, in all material respects, the financial position of Holy Sweet U.S.A., Inc. as at December 10, 2018 in accordance with accounting principles generally accepted in the United States of America.

Zeifmans LLP

Toronto, Ontario
January 28, 2019

Chartered Professional Accountants
Licensed Public Accountants

HOLY SWEET U.S.A., INC.*(A Wholly Owned Subsidiary of Holy Sweet Inc.)***Opening Balance Sheet****As at December 10, 2018***(Expressed in US Dollars)*

ASSETS	
CURRENT	
Cash	\$ <u>1</u>
LIABILITIES	
TOTAL LIABILITIES	\$ <u>-</u>
SHAREHOLDER'S EQUITY	
Share capital <i>(note 3)</i>	1
Retained earnings	<u>-</u>
TOTAL SHAREHOLDER'S EQUITY	<u>1</u>
	<u>\$ 1</u>

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes to opening balance sheet

HOLY SWEET U.S.A., INC.

(A Wholly Owned Subsidiary of Holy Sweet Inc.)

Notes to Opening Balance Sheet

December 10, 2018

(Amounts Expressed in US Dollars)

1. NATURE OF OPERATIONS

Holy Sweet U.S.A., Inc. (the "Company") was incorporated on December 10, 2018, under the laws of the State of Nevada and was formed to be the franchisor of Sweet Jesus franchises in the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation -

The opening balance sheet was prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), consistently applied.

Use of estimates -

The preparation of the opening balance sheet in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the opening balance sheet. Actual results could differ from those estimates.

Cash and cash equivalents -

Cash and cash equivalents consist of cash in bank and short-term investments that are highly liquid, temporary money-market instruments, with original maturities of three months or less. There were no cash equivalents as of December 10, 2018.

Revenue recognition -

The following are the Company's policies for recognition of various franchise revenues:

Revenue from initial and unit franchise fees are recognized upon the completion of the following:

- (a) Execution of the agreement;
- (b) The Company has performed substantially all of the significant services to be provided in accordance with the terms of the agreement;
- (c) The Company has no remaining obligation or intent to refund amounts received or forgive unpaid amounts owing;
- (d) There are no material unfulfilled conditions affecting completion of the sale; and
- (e) Collectibility is reasonably determined.

Royalty income is earned on sales by franchisees and is recognized as revenue when the related sales are made.

3. SHARE CAPITAL

The Company has 1,000 authorized common shares of which 100 are issued and outstanding.

HOLY SWEET U.S.A., INC.

(A Wholly Owned Subsidiary of Holy Sweet Inc.)

Notes to Opening Balance Sheet

December 10, 2018

(Amounts Expressed in US Dollars)

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2019, the date the opening balance sheet was issued. There are no recognized or non-recognized subsequent events that existed at the opening balance sheet date which are necessary to disclose.

EXHIBIT F
FORM OF GENERAL RELEASE

HOLY SWEET U.S.A., INC.

GENERAL RELEASE AGREEMENT

HOLY SWEET U.S.A., INC. (“we,” “us,” or “our”) and _____ (“you” or “your”) are currently are parties to a certain [franchise agreement or area development agreement] (the “**Agreement**”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: _____

_____. We have the right under the Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

You and your owners, jointly and severally, on behalf of themselves and their spouses and immediate family members, and each of their respective affiliates, employees, owners, officers, directors, successors, assigns, spouses and immediate family members (the “**Releasing Parties**”) hereby fully and forever unconditionally release and discharge us and our affiliates, parents, subsidiaries, franchisees, area developers, owners, agents, insurers and our and their respective affiliates, employees, officers, directors, successors, assigns, owners, guarantors and other representatives (the “**Franchisor Parties**”), from any and all claims, obligations, debts, proceedings, demands, causes of action, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether known or unknown, suspected or unsuspected, at law or in equity, which any of them has, had, or may have against any of the Franchisor Parties, from the beginning of time to the date of this document, including arising from or relating to the Agreement or the relationship of the Releasing Parties with the Franchisor Parties (together, “**Claims**”). You and your owners, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity.

IF THE FRANCHISE YOU OPERATE UNDER THE AGREEMENT IS LOCATED IN CALIFORNIA OR YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE FRANCHISOR PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE FRANCHISOR PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON

BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchise is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this document on the date stated below.

HOLY SWEET U.S.A., INC.,
a Nevada corporation

Sign:_____

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

Entity Name

Sign:_____

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL):

Individual Name

Sign:_____

DATED:_____

EXHIBIT G

TABLE OF CONTENTS TO THE OPERATIONS MANUAL



OPERATIONS MANUAL

TABLE OF CONTENTS

SECTION 01.....	TOC
SECTION 02 (28 pages).....	BRAND OVERVIEW + EMPLOYEE HANDBOOK
SECTION 03 (3 pages).....	GLOSSARY
SECTION 04 (12 pages).....	RECRUITING + JOB DESCRIPTIONS
SECTION 05 (4 pages).....	HIRING-LABOUR GUIDE
SECTION 06 (57 pages).....	MENUS + RECIPES + PREP SHEETS
SECTION 07 (3 pages).....	MODIFICATIONS / ALLERGY POLICY
SECTION 08 (1 page).....	DRESSING LINE SET-UP
SECTION 09 (25 pages).....	FOOD HANDLING + SAFETY
SECTION 10 (1 page).....	FRONT OF HOUSE SUPPLIES
SECTION 11 (3 pages).....	STEPS OF SERVICE
SECTION 12 (2 pages).....	CUSTOMER COMPLAINTS
SECTION 13 (2 pages).....	CASH COUNTER SET-UP
SECTION 14 (4 pages).....	SILVERWARE TRANSACTIONS GUIDE
SECTION 15 (6 pages).....	DAILY CHECKLISTS
SECTION 16 (5 pages).....	TRAINERS GUIDE
SECTION 17 (12 pages).....	MERCH
APPENDIX (6 pages).....	SMALLWARES + CUSTOMER SERVICE INQUIRY FORM + QUICK ALLERGY CHECKLIST

Total Page Count - 174

EXHIBIT H
STATE ADDENDA AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
HOLY SWEET U.S.A., INC.**

The following are additional disclosures for the Franchise Disclosure Document of Holy Sweet U.S.A., Inc., required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

CALIFORNIA

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

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

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

4. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following paragraph is added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement or Area Development Agreement contain a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

Under the Franchise Agreement, we reserve the right to require the franchisees comply with maximum prices we set for goods and services. The Antitrust Laws

section of the Office of California Attorney General views maximum price agreements as per se violations of California's Cartwright Act Business and Professional Code section 16700-16700).

The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement and Area Development Agreement require application of the laws of the State of Nevada. This provision might not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator in Las Vegas, Nevada with the costs being borne as provided in the Franchise Agreement and Area Development Agreement, as applicable. Prospective franchisees and area developers 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 the Franchise Agreement or Area Development Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and Area Development Agreement requires you to sign a general release of claims upon renewal, transfer or termination of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

EXHIBIT I

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

The purpose of this Statement is to demonstrate to HOLY SWEET U.S.A., INC. (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the area development and/or franchise rights (“Franchisee”), (a) fully understands that the purchase of an Sweet Jesus franchise or area development rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD at least 14 calendar days (10 business days in Michigan) before I executed a Franchise Agreement and/or the Area Development Agreement, or paid Franchisor or its affiliates any fees. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these agreements and only in these agreements. I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its affiliates, officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination that I have the capital necessary to fund the franchised business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

INITIAL:

Have you received any information from the Franchisor or any of its affiliates, officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchised business (including any statement, promise or assurance concerning the likelihood of success)?

☐ Yes ☐ No (Initial Here: _____)

If you selected "Yes," please describe the information you received on the lines below:

_____.

Prohibited Parties Clause. I acknowledge that Franchisor and its affiliates, officers, employees or agents subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my affiliates, owners, officers, directors, employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I represent and warrant that neither I nor any of my affiliates, owners, officers, directors, employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I represent and warrant on behalf of myself and my affiliates, owners, officers, directors, employees, agents, and representatives, that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me or my affiliates, owners, officers, directors, employees, agents, and representatives to Franchisor were legally obtained in compliance with these laws.

I covenant that neither I nor any of my affiliates, owners, officers, directors, employees, agents, and representatives, nor any other person or entity associated with me, will become a person or entity described above or otherwise become a target of any anti-terrorism law.

If the franchised business that you will purchase is located in Maryland or if you are a resident of Maryland, the following shall apply:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE OWNER

**(IF YOU ARE A CORPORATION,
LIMITED LIABILITY COMPANY, OR
PARTNERSHIP):**

Entity Name

Sign:_____

Name:_____

Title:_____

DATED:_____

FRANCHISE OWNER

(IF YOU ARE AN INDIVIDUAL):

Individual Name

Sign:_____

DATED:_____

EXHIBIT J

RECEIPTS

ITEM 23 RECEIPT

This Disclosure Document summarizes certain provisions of the Area Development Agreement and Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Holy Sweet U.S.A., Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, Holy Sweet U.S.A., Inc. must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, Holy Sweet U.S.A., Inc. must provide this Disclosure Document at least 10 business 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.

If Holy Sweet U.S.A., Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance date: March 8, 2019

The Franchisor is Holy Sweet U.S.A., Inc., located at 210 Shields Court Markham, Ontario, L3R 8V2 Canada. Its telephone number is (905) 479-8762. The franchise seller who offered you a Sweet Jesus franchise is:

☐ Jeff Young
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2 Canada
(905) 479-8762

☐ Sarah Kulbatski
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2 Canada
(905) 479-8762

☐ _____
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2
Canada
(905) 479-8762

Holy Sweet U.S.A., Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated: March 8, 2019 that included the following Exhibits:

Exhibit A - State Administrators/Agents for Service of Process	Exhibit F – Form of General Release
Exhibit B - Franchise Agreement	Exhibit G – Table of Contents to the Operations Manual
Exhibit C - Area Development Agreement	Exhibit H – State Specific Addenda
Exhibit D – List of Franchisees	Exhibit I - Representations and Acknowledgement Statement
Exhibit E – Financial Statements	Exhibit J - Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

Name of Business Entity
By: _____
Its: _____
(Print Name): _____

Dated: _____

If an individual:

(Print Name): _____

Dated: _____

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it, by mail or e-mail, to Jeff Young, Holy Sweet U.S.A., Inc., 210 Shields Court Markham, Ontario, L3R 8V2 Canada; Inquiries@sweetjesusicecream.com.

ITEM 23 RECEIPT

This Disclosure Document summarizes certain provisions of the Multi-Unit Development Agreement and Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Holy Sweet U.S.A., Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa law, Holy Sweet U.S.A., Inc. must give you this Disclosure Document at the earlier of the 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, franchisor or an affiliate in connection with the proposed franchise sale. Under Michigan law, Holy Sweet U.S.A., Inc. must provide this Disclosure Document at least 10 business 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.

If Holy Sweet U.S.A., Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

Issuance date: March 8, 2019

The Franchisor is Holy Sweet U.S.A., Inc., located at 210 Shields Court Markham, Ontario, L3R 8V2 Canada. Its telephone number is (905) 479-8762. The franchise seller who offered you a Sweet Jesus franchise is:

☐ Jeff Young
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2 Canada
(905) 479-8762

☐ Sarah Kulbatski
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2 Canada
(905) 479-8762

☐ _____
Holy Sweet U.S.A., Inc.
210 Shields Court
Markham, Ontario, L3R 8V2
Canada
(905) 479-8762

Holy Sweet U.S.A., Inc. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated: March 8, 2019 that included the following Exhibits:

Exhibit A - State Administrators/Agents for Service
of Process

Exhibit B - Franchise Agreement

Exhibit C - Area Development Agreement

Exhibit D - List of Franchisees

Exhibit E - Financial Statements

Exhibit F - Form of General Release

Exhibit G - Table of Contents to the Operations Manual

Exhibit H - State Specific Addenda

Exhibit I - Representations and Acknowledgement
Statement

Exhibit J - Receipts

PROSPECTIVE FRANCHISEE:

If a business entity:

Name of Business Entity
By: _____
Its: _____
(Print Name): _____

Dated: _____

If an individual:

(Print Name): _____

Dated: _____

You may keep this copy of the receipt for your own records.