

## FRANCHISE DISCLOSURE DOCUMENT

### HOP & GRAPE HOLDING LLC

Wisconsin limited liability company  
205A W. Upham Street  
Marshfield, Wisconsin 54449  
(715) 207-0422  
hopandgrapefranchise@gmail.com

Hop & Grape Taproom ®



Hop & Grape Taprooms are taprooms featuring craft beer from all over the world and wine from around the United States. The menu consists of flatbreads made from fresh ingredients along with other appetizers. This takes place in a relaxed, family-friendly atmosphere.

The total investment necessary to begin operation of a franchised Hop & Grape Taproom is \$215,000 to \$415,000. This includes an Initial Fee of \$35,000 that must be paid to Hop & Grape Holding LLC ("Hop & Grape").

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

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.

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 Mr. Scott Gebelein at 205A W Upham Street, Marshfield, WI 54449, (715) 207-0422.

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 (the "FTC"). You can contact the FTC at 1-877- FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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: August 12, 2025

### How to Use This Franchise Disclosure Document

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

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

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

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

**Business model can change.** The Franchise Agreement may allow Hop & Grape to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

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

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

**Competition from Hop & Grape.** Even if the Franchise Agreement grants you a territory, Hop & Grape may have the right to compete with you in your territory.

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

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

### **Some States Require Registration**

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

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

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

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with Hop & Grape by mediation, arbitration and/or litigation only in Wisconsin. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with Hop & Grape in Wisconsin than in your own state.
2. **Financial Condition.** Hop & Grape's financial condition, as reflected in its financial statements (see Item 21), calls into question Hop & Grape's financial ability to provide services and support to you.

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

# HOP & GRAPE HOLDING LLC FRANCHISE

## DISCLOSURE DOCUMENT

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## **1. HOP & GRAPE AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

### **Franchisor**

Hop & Grape Holding LLC is the Franchisor, and is referred to in this Disclosure Document as “Hop & Grape.” “You” means the person or entity who buys the franchise from Hop & Grape. If the franchise is purchased by a corporation, limited liability company, partnership or other entity, then “you” may also mean the shareholders, members, partners or other owners of that entity.

This Disclosure Document is for the offer and sale of franchised Hop & Grape Taprooms by Hop & Grape. This taproom concept is referred to in this Disclosure Document as the “Hop & Grape Taproom” or the “Taproom.”

Hop & Grape Holding LLC is a Wisconsin limited liability company formed on April 5, 2025 that does business under its entity name. The registered agent is Scott James Gebelein, and the registered address is 118160 Balsam Road, Stratford, WI 54484. The principal business address and mailing address of Hop & Grape is 205 W Upham St, Marshfield WI 54449. Hop & Grape does not conduct any other business and has not offered franchises for any other taproom concept or franchises in any other line of business, other than the franchises being offered in this Disclosure Document. Hop & Grape has never owned or operated any Hop & Grape Taprooms, but affiliates of Hop & Grape own and operate Hop & Grape Taprooms.

### **Predecessors and Affiliates of Hop & Grape**

Hop & Grape has no predecessors. No affiliates of Hop & Grape have offered or will offer franchises in any line of business or will provide products or services to Hop & Grape’ franchisees.

Hop & Grape commenced its franchise program in August 2025.

MARDAWJAD LLC is a limited liability company formed under Wisconsin law on December 1, 2022 that is an affiliate of Hop & Grape. MARDAWJAD LLC assigned the Marks disclosed in Item 13 of this Disclosure Document to Hop & Grape.

### **Franchised Business**

Hop & Grape grants franchises for the operation of Hop & Grape Taprooms. Hop & Grape Taprooms are taprooms featuring craft beer from all over the world and wine from around the United States. The menu consists of flatbreads made from fresh ingredients along with other appetizers. This takes place in a relaxed, family-friendly atmosphere.

## Regulations Specific to the Taproom Industry

The taproom industry is heavily regulated. Many of the laws, rules and regulations that apply to businesses generally have particular applicability to taprooms. All Hop & Grape Taprooms must comply with federal, state and local laws applicable to the operation and licensing of taproom businesses, regulations affecting the content of foods served in taprooms and obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food and liquor service operations. Currently Hop & Grape is not required to comply with nutritional disclosure requirements. In the event, Hop & Grape must comply with nutritional disclosure requirements, Hop & Grape reserves the right to amend this Franchise Disclosure Document and Your Franchise Agreement to include compliance with nutritional disclosure requirements. Your Taproom must also meet applicable municipal, county, state and federal building codes and handicap access codes. You should consider the cost and time required to comply with these laws and regulations when evaluating your purchase of a franchised Hop & Grape Taproom.

You must secure a liquor license to sell alcoholic beverages at your Taproom. The difficulty and cost of obtaining a liquor license, and the steps for securing the license, vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state dram shop laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

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

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles, including caps on emissions from commercial food preparation. Some state and local governments also regulate indoor air quality, including limiting the use of tobacco products in public places, such as taprooms.

## Competition

The taproom business is highly competitive for pricing, service, taproom location, and food quality, and is subject to changes in consumer taste, economic conditions, population and travel patterns. You will compete with locally-owned taprooms, including taprooms that offer similar menu items, as well as with national and regional taproom chains. Hop & Grape Taprooms also compete for experienced management personnel and kitchen staff, and commercial real estate and lease sites suitable for taprooms. You will also, to a lesser extent, be in competition with general restaurants that may serve craft beer and wine.

## Hop & Grape's Prior Business Experience

Hop & Grape was formed in 2025 to franchise Hop & Grape Taprooms due to the success of the first location in Marshfield, Wisconsin.

## 2. BUSINESS EXPERIENCE

### 1. Scott J Gebelein: Member

Mr. Gebelein is the co-founder of Hop & Grape

- Roehl Transport, Account Manager – 2020 to 2024

- Dental Crafters, Business Services Manager – 2017 to 2020

### 2. Dr. Sharon J Gebelein DNPMSN-EdRN: Member

Dr. Gebelein is the co-founder of Hop & Grape

Mid-State Technical College, Clinical Instructor – 2014 to present

## 3. LITIGATION

No litigation is required to be disclosed in this Item.

## 4. BANKRUPTCY

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

## 5. INITIAL FEES

### Initial Fee

If you sign a Franchise Agreement for a single Hop & Grape Taproom, you will pay Hop & Grape a nonrefundable Initial Fee of \$35,000. You must pay the Initial Fee in full when you sign the Franchise Agreement. Except as disclosed below in this Item, the amount of the Initial Fee charged by Hop & Grape is uniform.

## 6. OTHER FEES

Type of Fee	Amount	Date Due	Remarks (1)(2)
Royalty Fees	4% of Monthly Revenues or \$200, whichever is greater.	First Monday of each month for the preceding month, or at such time as may be designated by Hop & Grape	Payable each month after the Taproom commences business; the term “Revenues” is defined in the Franchise Agreement as the total dollar sales for your Taproom. Excluded from the definition of Revenues are sales, use or gross receipts taxes, gift card sales, the value of complimentary Foods, Beverages and Products, and the one-time sale of any FF&E or inventory items.
Marketing Fund Fees	1% of Monthly Revenues	First Monday each month for the preceding month	Deposited in the advertising and marketing fund (the “Marketing Fund”) controlled by Hop & Grape.



Type of Fee	Amount	Date Due	Remarks (1)(2)
Audit Fees	Estimated to range from \$1,500 to \$3,000	Within 10 days after receipt of an invoice indicating the amount owed to Hop & Grape	Amount incurred by Hop & Grape to audit your Taproom business; payable only if an audit shows that you understated your Revenues by more than 2% in any month, quarter or year.
Assignment Fee	\$5,000	On or before the date of the assignment of the Franchise Agreement	You must obtain Hop & Grape' prior approval for an assignment.
Collection Costs	Varies	On demand	Amount incurred by Hop & Grape to collect unpaid Fees; includes attorneys' fees and related costs.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by applicable law	On demand	Applies to past due payments payable to Hop & Grape.
New Management Staff Training	Then-current fee, which is currently \$500 per day of training; and the Travel Expenses of each trainer (3)	Within 10 days after receipt of an invoice indicating the amount owed to Hop & Grape	Payable if you hire new Management Staff employees; Travel Expenses are payable if training is provided at your Taproom.
On-site Training or Consulting Fees	Then-current fee, which is currently a per-diem amount of \$500 for each trainer, plus the Travel Expenses of each trainer (3)	Within 10 days after receipt of an invoice indicating the amount owed to Hop & Grape	Payable if Hop & Grape conducts additional training at your Taproom, you need more than 5 days of opening assistance, or you request that consulting assistance be provided at your Taproom.
Relocation Fee	\$10,000	On the date you receive approval from Hop & Grape to relocate the Taproom to a new Franchised Location	Payable only if you receive approval from Hop & Grape to relocate the Franchised Location.
Reacquisition Fee	10% of the Initial Fee in the then-current standard Franchise Agreement	When you sign a new Franchise Agreement	Payable only if, after the expiration of your Franchise Agreement, you meet all requirements and reacquire the Franchise for your Hop & Grape Taproom.

Type of Fee	Amount	Date Due	Remarks (1)(2)
Local Advertising Fee	1% of Monthly Revenues	Payable to Local Advertising Association, if applicable	You must spend at least \$2,500 on approved Local Advertising each calendar year. When there are two or more Hop & Grape Taprooms in your DMA, Hop & Grape may require that you contribute Local Advertising Fees equal to 1% of your monthly Revenues to a Local Advertising Association (“LAA”). If a local advertising group (a “Local Advertising Association” or “LAA”) is established for the Designated Market Area (“DMA”) in which your Taproom is located, the Local Advertising Fee paid by you to the LAA will be applied to your Local Advertising requirement. The Members participating in and contributing to the LAA will include the franchised Hop & Grape Taprooms and the Taprooms owned and operated by Hop & Grape or an affiliate located in the DMA. Each Member will have one vote for each Taproom owned by it in the DMA.
Review of Unapproved Supplier	Estimated to range from \$5,000 to \$7,500	Within 10 days after receipt of an invoice indicating the amount owed to Hop & Grape	You must reimburse Hop & Grape for the expenses it incurs inspecting or evaluating an unapproved supplier; payable only if you request that Hop & Grape review and approve a previously unapproved supplier (see Item 8).
Convention Registration Fees	Then-current registration fee for the event	When you register for a convention, meeting, seminar, franchisee gathering or other group session	The individuals designated by Hop & Grape will attend each group event held by Hop & Grape. Hop & Grape will determine the topics covered, duration, dates and locations of all such events.
Taproom Evaluation Fees	1/2 of the then-current fees charged by the service provider to evaluate your Taproom	Within 30 days after receipt of an invoice indicating the amount owed to Hop & Grape	The fees charged by the service provider for evaluating your Taproom will be shared equally by Hop & Grape and you. However, if your Taproom fails a food safety evaluation, you must pay the full cost of any required follow-up evaluation, as well as the full cost of the original failed evaluation.
Non-Compliance Fee	\$1,000 per occurrence, and \$100 for each week such default or non-compliance remains uncured (4)	As incurred	The fees charged by us in the event of any instance of your non-compliance with the Franchise Agreement, Operations Manual, or other policies and Hop & Grape System standards, for which Hop & Grape notifies you of such default or non-compliance.

Footnotes:

- (1) With the exception of the costs associated with Local Advertising, each fee is payable by EFT to Hop & Grape. Except for the Royalty Fees payable by the franchisee that was an affiliate of Hop & Grape for the first five years of its Franchise Agreement, the fees disclosed in this Item are uniformly imposed by Hop & Grape. Different versions of the Franchise Agreement effective during prior and future registration periods may contain different fees, due dates and fee amounts.
- (2) All Fees are nonrefundable.

- (3) “Travel Expenses” include all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental and all other related expenses.
- (4) The Non-Compliance Fee is intended to reimburse Hop & Grape for its damages and other losses incurred, as well as the time, expense, and other expenditure of resources incurred due to a franchisee’s default or non-compliance. The additional weekly charge is Hop & Grape best estimate of the ongoing costs to monitor a franchisee’s action until the default or non-compliance is rectified and cured.

## 7. ESTIMATED INITIAL INVESTMENT

<b>Type of Expenditure</b>	<b>Amount (1) Low – High</b>		<b>Method of Payment (2)</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Fee (3)	\$35,000	\$35,000	Lump Sum	See Item 5	Hop & Grape
Lease Payments – 3 Months (4)	\$7,500	\$15,000	As Incurred	As Incurred	Landlord
Wages, Travel and Living Expenses for You and Your Management Staff During Training (5)	\$5,000	\$15,000	As Incurred	As Incurred During Training	Employees, Airlines, Hotels and Taprooms
Leasehold Improvements, Furniture, Fixtures, Supplies, Décor and Equipment (6)	\$100,000	\$200,000	As Arranged	As Incurred	Suppliers or Leasing Companies
Inventory Costs to begin operating	\$10,000	\$15,000	As Arranged	As Incurred	Suppliers
Security Deposits, Utility Deposits, Business Licenses, and Other Prepaid Expenses	\$1,000	\$5,000	As Arranged	As Incurred	Governmental Agencies, Utility Providers, Landlords, Suppliers
Architectural, Engineering Fees (7)	\$5,000	\$15,000	As Arranged	Before Opening	Suppliers
Signage	\$7,500	\$15,000	As Arranged	As Incurred	Suppliers
Point-of-Sale and Computer System (8)	\$5,000	\$10,000	As Arranged	As Incurred	Suppliers
Liquor License Costs (9)	\$1,000	\$10,000	Lump Sum	Before Opening	Governmental Agencies and for Professional Services
Insurance Premiums – 3 Months	\$3,000	\$5,000	As Arranged	As Arranged	Insurance Companies
Employee Salaries – 3 Months (10)	\$15,000	\$25,000	As Incurred	As Incurred	Employees
Additional Funds – 3 Months (11)	\$20,000	\$50,000	As Incurred	As Incurred	Hop & Grape, Landlord, Suppliers and Utilities
Total (12)	\$215,000	\$415,000			

Footnotes:

- (1) For the estimated range of costs, Hop & Grape relied on the historical operations of the Taprooms owned and operated by affiliated entities, as discussed in Item 1 of this Disclosure Document. You should carefully review these figures with your business advisor before making any decision to purchase a franchised Hop & Grape Taproom.
- (2) Payments are not refundable unless otherwise noted. Hop & Grape does not offer direct or indirect financing.
- (3) The Initial Fee for a single Hop & Grape Taproom is \$35,000, payable in full when you sign the Franchise Agreement.
- (4) Hop & Grape Taprooms will typically require from 2,000 to 3,000 square feet of floor space. The cost per square foot of leasing commercial property will vary considerably depending upon location and market conditions, and can range from \$15 to \$20 per square foot. This estimate does not provide for the purchase of land or the construction of a building. If you buy unimproved real estate and construct your Taproom, the total estimated initial investment for your Taproom will be significantly higher. You may be able to negotiate various terms with your landlord, including providing you with a “Tenant Improvement Contribution” (or similar term) whereby the landlord reimburses certain costs and expenses associated with your construction and build-out of your Taproom. When preparing a budget for the build-out/improvement of your Taproom, we strongly recommend that you consult with a business advisor with experience in real estate and leasing where you intend and expect to locate your Taproom to evaluate whether such concessions might be made available to you, all prior to entering into any agreement with us.
- (5) You must pay for the Salaries and Benefits, Travel Expenses and other expenses while you and your Management Staff attend the training program (see Item 11 for additional information).
- (6) This includes the cost of kitchen and bar equipment, registers, booths, bars, small wares, office equipment and supplies. Your furniture, fixtures, supplies, inventory, décor and equipment may be financed through a bank or other financial institution, leased or purchased outright
- (7) These estimated costs are to remodel an existing building or space to meet the image and décor requirements for Hop & Grape Taprooms. Costs for leasehold improvements will vary greatly, depending upon the location, condition, layout and content of the site, labor and material costs, and other economic factors Hop & Grape, to the extent available, will provide a set of the plans and specifications for an existing Taproom which may need significant modifications, at your expense, because of the unique aspects of the site you choose for your Taproom. We highly recommend, but do not currently require, you to use a vendor we approve or designate for design, engineering, and construction management in connection with the development of your Taproom. The amount of fees you incur, will vary based on design, layout and specifications of your Taproom premises and the geographic market in which you operate. You may also elect to retain additional business consultants, general contractors, or other representatives to assist you, which may cause your expenses to be higher than the amounts listed.
- (8) This includes the cost to purchase and install the computer hardware, peripherals, and software that will serve as the point-of-sale computer system for your Taproom, and a maintenance agreement for that system (see Item 11).

- (9) Liquor license costs will generally range from \$1,000 to \$10,000. However, in isolated instances, you may have to pay an amount that is substantially higher for a liquor license. You must check with the local licensing regulatory agency to determine the cost of your liquor license.
- (10) This estimate does not include the Salaries and Benefits for you and your Management Staff during training.
- (11) During the first 3 months of operations, you will need additional funds to cover your expenditures for food and beverage inventories, Fees due under the Franchise Agreement, Local Advertising, utilities, office and other supplies, and other miscellaneous operating costs. Miscellaneous fees include such items as security deposits, utility and license deposits, commissions, permits, miscellaneous professional fees to acquire or lease the premises of your Franchised Location, and other accounting and legal fees. You should check with the local regulatory agency that issues building permits to determine what impact, connection, or other site development fees may be required for the specific site for your Hop & Grape Taproom. Your estimated additional funds have not been offset by any allowance for your operating revenues during this 3- month period. You may need additional funds during the first 3 months of operation and afterwards. Your initial working capital requirements may increase or decrease depending upon your geographic area, number of employees, labor rates, minimum wage laws, and other economic factors.
- (12) These figures are estimates only, and it is possible that you may have additional or greater expenses during this period. Your costs will vary depending on the size of your Hop & Grape Taproom, your geographic area, economic and market conditions, competition, interest rates, wage rates, sales levels attained, and other economic factors.

## **8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Obligation to Purchase or Lease Products or Services from Hop & Grape or an Affiliate

Neither Hop & Grape nor any affiliate currently sells or leases any products or services to you. However, Hop & Grape or an affiliate may be a designated or approved supplier for Hop & Grape franchisees in the future. No officers of Hop & Grape currently own any ownership interests in any designated or approved suppliers.

### Obligation to Purchase or Lease Products and Services under Hop & Grape' Restrictions

Selected items, such as certain brand name products, are manufactured or produced only by manufacturers or producers approved by Hop & Grape in writing. To ensure that you adhere to the uniformity requirements and quality standards associated with all Hop & Grape Taprooms, you must purchase these items for your Hop & Grape Taproom, but you may purchase them from any distributor that can supply them. Hop & Grape will provide a written list of these selected Foods, Beverages and Products. Hop & Grape will also notify you of any additions to or deletions from this list.

You must purchase or lease certain Foods, Beverages and Products which satisfy the written standards and specifications established by Hop & Grape. Such standards and specifications may change from time to time, and Hop and Grape will provide you with any changed standards and specifications when such changes occur. This requirement is necessary to ensure that you adhere to the uniformity requirements and quality standards associated with all Hop & Grape Taprooms. Hop & Grape will provide you with written standards and specifications for the layout of your Taproom premises, the decor of your Taproom, your equipment and signs, including your Computers and Software (see Item 11), and certain food and beverage

items.

Hop & Grape will issue specifications for the insurance you must carry. The current types and amounts of coverages required for your Taproom are specified in Article 14 of the Franchise Agreement. You must obtain commercial comprehensive general liability insurance with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate coverage, liquor liability insurance with coverage of at least \$1,000,000 per occurrence, automobile insurance with coverage of at least \$500,000 per occurrence, property insurance with replacement cost coverage, business interruption insurance, building insurance with coverage of at least replacement cost, employment practices liability insurance with coverage of at least \$1,000,000 per occurrence, vendor insurance with coverage of at least \$1,000,000 per occurrence, data breach/cyber breach liability insurance, umbrella liability insurance with coverage of at least \$1,000,000, and all insurance required by law, such as workers' compensation insurance. Franchisee must add Hop & Grape as an additional insured on all applicable policies.

Hop & Grape determines its uniformity and quality standards and specifications, in its sole discretion. Hop & Grape may modify its written standards and specifications, and you must comply with any modifications. You will be responsible for ensuring that all the Foods, Beverages and Products selected by you will continue to conform to the standards and specifications established by Hop & Grape.

You must also purchase or lease certain other Foods, Beverages and Products required for your Taproom only from suppliers designated or approved by Hop & Grape. Hop & Grape will provide a written list of designated or approved suppliers for these Foods, Beverages and Products. Approved suppliers may change from time to time and Hop and Grape will provide you with a list of such suppliers when those changes take place. Hop & Grape will also notify you in writing of any additions to or deletions from this list. If you want to contract with a supplier to purchase foods, beverages or products subject to Hop & Grape's approved supplier requirements who has not been previously approved by Hop & Grape, then you must, at your expense, send to Hop & Grape representative samples or specifications of that supplier's products or services, and certain other information about the supplier's products and business. Hop & Grape will also have the right to inspect the supplier's facilities and otherwise evaluate the proposed supplier and its products or services, and you must reimburse Hop & Grape for the expenses it incurs, estimated to range from \$5,000 to \$7,500, to inspect and evaluate the supplier. Within 90 days after receiving the necessary samples and information, Hop & Grape will notify you in writing as to whether the supplier's products or services comply with the uniformity requirements, quality standards and specifications established by Hop & Grape, and whether the supplier's business reputation, delivery performance, credit rating and other relevant information are satisfactory. The criteria for supplier approval are available to franchisees upon request.

Hop & Grape estimates that purchases of Food, Beverages and Products that meet Hop & Grape's standards and specifications and purchases from designated or approved suppliers will constitute up to 75% of your initial expenditures to open your Hop & Grape Taproom, and approximately 85 to 90% of the annual ongoing expenditures to operate your Taproom.

Currently, Hop & Grape has an approved supplier for the point-of-sale system you must use in connection with your Hop & Grape Taproom. The details of the point-of-sale system requirements are further described in Item 11 and Exhibit C.

### Design of Taproom

We reserve the right to require you use the architectural or engineering firms or contractors that we approve or designate. Currently, we highly recommend, but not require, you to use a vendor we approve or designate

for design, engineering, and construction management in connection with the development of your Taproom. Hop & Grape will provide a set of the plans and specifications for an existing Taproom.

#### Consideration Provided to Hop & Grape or You from Suppliers

Hop & Grape may negotiate purchasing arrangements with suppliers of foods, beverages, products and services for the benefit of its franchise system. Hop & Grape has not established purchasing or distribution cooperatives. Hop & Grape does not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers.

Hop & Grape may receive income in the form of rebates, discounts, allowances or other payments or credits from designated or approved suppliers that sell foods, beverages, products or services to franchisees. These payments may range from less than 1% up to 10% or more of the total purchase price of those items. In some cases, prices charged by suppliers to affiliate- owned Taprooms may be less than prices charged to franchised Taprooms based on volume, credits, administrative costs or other factors. If Hop & Grape receives any rebates or other payments from a supplier as a result of your purchases from the supplier, those payments will be the exclusive property of Hop & Grape. You will not have any rights to the payments made to Hop & Grape by suppliers.

Except as described above, you are not required to purchase or lease products or services from Hop & Grape or an affiliate, and Hop & Grape will not derive revenue or other material consideration based upon your purchases of products or services from designated or approved suppliers or based upon your purchases of products or services that must meet Hop & Grape' standards and specifications.

## **9. FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Article 11 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Articles 9, 11 and 12 of Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Article 11 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Article 13 of Franchise Agreement	Item 11
e. Opening	Article 13 of Franchise Agreement	Item 11
f. Fees	Articles 2.2, 3, 4, 7.4, 13.3, 13.4 and 17.6 of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Articles 8, 9, 10, 11 and 12, of Franchise Agreement	Items 8, 11 and 14

<b>Obligation</b>		<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
h.	Trademarks and proprietary information	Articles 1.2, 10 and 15 of Franchise Agreement	Items 13 and 14
i.	Restrictions on products/services offered	Articles 8 and 9 of Franchise Agreement	Items 8 and 16
j.	Warranty and customer service requirements	Articles 8.1 and 8.13 of Franchise Agreement	
k.	Territorial development and sales quotas		Item 12
l.	Ongoing product/service purchases	Articles 9 and 12 of Franchise Agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Articles 8.20, 8.21 and 11 of Franchise Agreement	Item 17
n.	Insurance	Article 14 of Franchise Agreement	Items 7 and 8
o.	Advertising	Articles 4, 5, 8.2, 12.4 and 12.5 of Franchise Agreement	Items 6 and 11
p.	Indemnification	Article 24 of Franchise Agreement	Item 6
q.	Owner's participation/management/staffing	Articles 8.13 13.1, 13.2 and 23.2 of Franchise Agreement	Item 15
r.	Records and reports	Articles 3.2, 5.2 and 7 of Franchise Agreement	Item 6
s.	Inspections and audits	Articles 7.3, 8.14 and 11.6 of Franchise Agreement	Items 6 and 11
t.	Transfer	Articles 17 and 21 of Franchise Agreement	Items 6 and 17
u.	Renewal	Article 2.2 of Franchise Agreement	Item 17
v.	Post-termination obligations	Article 20 of Franchise Agreement	Item 17
w.	Non-competition covenants	Article 22 of Franchise Agreement	Item 17
x.	Dispute resolution	Articles 25 and 26 of Franchise Agreement	Item 17

## 10. FINANCING

Hop & Grape does not offer direct or indirect financing to you. Hop & Grape does not guarantee any note, lease or obligation.

## 11. HOP & GRAPE'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

**Except as listed below, Hop & Grape is not required to provide you with any assistance.**

### Assistance Before Opening Your Taproom:

(1) Hop & Grape does not have expertise in selecting real estate sites in the geographic area where your Taproom will be located. Hop & Grape does not approve the site for your Taproom but will review the Site Information provided by you for the proposed site for your Taproom. You will be responsible for selecting the location for your Taproom (see Articles 11.1 and 11.2 of the Franchise Agreement). The Site



Information for your proposed site may include information on the demographics of the market area, traffic patterns, a description of the character of the neighborhood, the competition in the area of the proposed site, the size, appearance and other characteristics of the premises of the proposed site of your Taproom and other information requested by Hop & Grape. Hop & Grape will generally complete its review of the Site Information within 45 days after receipt. Hop & Grape has no obligation, duty or liability to you resulting from the site selected by you for your Franchised Location or the purchase or lease of your Franchised Location.

(2) Hop & Grape will review a copy of the proposed Lease for the site selected by you. Hop & Grape's review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of the Franchise Agreement, and not to provide any business, economic, legal or real estate advice or analysis (see Article 11.1 of the Franchise Agreement). Hop & Grape can terminate the Franchise Agreement if you fail to provide the Site Information and purchase or lease a site for your Taproom within 120 days after the date of the Franchise Agreement (see Article 18.1(b) of the Franchise Agreement).

(3) Hop & Grape will provide a set of the plans and specifications for an existing Taproom which may need significant modifications, at your expense, because of the unique aspects of the site you choose for your Taproom (see Article 11.3 of the Franchise Agreement).

(4) After you sign the Franchise Agreement, Hop & Grape will train you and your Management Staff (see Article 13.1 of the Franchise Agreement and the Training section below in this Item for additional information).

(5) After you and your Management Staff have successfully completed the training program to Hop & Grape's satisfaction, Hop & Grape will arrange for the On-deck team to be at your Taproom for 5 days to assist you with implementing Hop & Grape System and training your staff and kitchen employees (see Article 13.6 of the Franchise Agreement). If any On-deck team members remain at your Taproom for more than 5 days, then within 10 days after receipt of an invoice from Hop & Grape indicating the amount owed, you will pay Hop & Grape the Per-Diem Training Fees and the additional Travel Expenses for the On-deck team members who remain at your Taproom for more than the required numbers of days (see Item 6).

(6) Hop & Grape will provide you with an electronic or on-line copy of the Operations Manual (see Article 10 of the Franchise Agreement). The Operations Manual is confidential and will remain the property of Hop & Grape during and after the term of the Franchise Agreement. See Exhibit H for a copy of the table of contents to the Operations Manual.

(7) Hop & Grape will provide a written schedule of all foods, food items, beverages, furniture, fixtures, supplies and equipment required for your Taproom (see Article 16.1 of the Franchise Agreement).

(8) Hop & Grape will provide a list of the designated and approved suppliers for the products and services required by Hop & Grape for use or sale in your Taproom (see Articles 9 and 16.1 of the Franchise Agreement).

(9) Hop & Grape will approve the office and telecommunications equipment, and the computer hardware, peripherals and software you will use in your Taproom (see Article 12 of the Franchise Agreement and the Computer System section below in this Item).

(10) Hop & Grape will spend a minimum of \$2,500 on grand opening advertising and promotion for your Taproom commencing 14 days before the opening of the Taproom and ending 60 days after opening date of the Taproom (see Article 5.4 of the Franchise Agreement).

Generally, the opening of your Taproom will take place within approximately 8 months after the date of

the Franchise Agreement. Factors which will affect your opening date include selecting the location for your Taproom, whether your Taproom will be operated out of a converted premises or newly constructed building, obtaining the required licenses, including the liquor licenses, the delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees, and completing the training program. You must obtain the written approval of Hop & Grape to open your Hop & Grape Taproom. Hop & Grape can terminate the Franchise Agreement if you fail to open your Taproom within 9 months after the date of the Franchise Agreement (see Articles 18.1(r) and 31.41 of the Franchise Agreement).

Assistance During Operation of Taproom - After the Opening of Your Taproom:

- (1) Hop & Grape will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the training program or Hop & Grape determines that additional training is necessary (see Articles 13.2, 13.3 and 13.4 of the Franchise Agreement and the Training section below in this Item).
- (2) Hop & Grape will make available to you basic taproom-level sales and cost accounting and business procedures (see Article 16.1 of the Franchise Agreement).
- (3) Hop & Grape will make general marketing recommendations and review and approve the Local Advertising for your Taproom (see Articles 5.2 and 16.1 of the Franchise Agreement and the Advertising section below in this Item).
- (4) Hop & Grape will establish a Marketing Fund administered and controlled by Hop & Grape. You will contribute 1% of your monthly Revenues to the Marketing Fund (see Article 4 of the Franchise Agreement, Item 6, and the Advertising section below in this Item).
- (5) Hop & Grape will periodically visit and review your Taproom and provide written reports to you if deemed appropriate by Hop & Grape (see Article 16.1 of the Franchise Agreement).
- (6) Hop & Grape will legally protect the Marks and Hop & Grape System (see Article 15 of the Franchise Agreement).
- (7) Hop & Grape may develop and register new Marks (see Articles 15 and 16.1 of the Franchise Agreement).
- (8) Hop & Grape will provide advisory services by telephone or in writing (see Article 16.1 of the Franchise Agreement).
- (9) Hop & Grape will furnish a sample Hop & Grape Taproom® menu and modifications to the sample menu (see Article 16.1 of the Franchise Agreement).
- (10) Hop & Grape will provide the names and addresses of newly approved and designated suppliers for the Foods, Beverages and Products required by Hop & Grape to be used or sold in your Taproom (see Articles 9 and 16.1 of the Franchise Agreement).
- (11) Hop & Grape will provide to you in writing or electronically all supplements and updates to the Operations Manual (see Articles 10 and 16.1 of the Franchise Agreement).
- (12) If requested, Hop & Grape will send a consultant to train, assist and advise you on management and operations issues at the Franchised Location (see Article 16.2 of the Franchise Agreement). You will reimburse Hop & Grape for its Travel Expenses and pay the Per- Diem Training Fee for such consulting

assistance (see Item 6).

### Advertising

You will contribute 1% of your Monthly Revenues to the Marketing Fund administered and controlled by Hop & Grape (see Article 4 of the Franchise Agreement and Item 6). Hop & Grape will determine when, how and where the payments deposited into the Marketing Fund will be spent. Permitted expenditures from the Fund include payments for local, regional or national print advertising, radio and television commercials, telemarketing, direct mail advertising, Internet, social media and other electronic promotions and advertising services provided by an in-house advertising department and local, regional or national advertising agencies. All administrative and other costs associated with or incurred in the administration of the Marketing Fund, including marketing and administrative personnel salaries, fringe benefits and Travel Expenses, long-distance telephone charges, office rental, FF&E, leasehold improvements, collection costs (including attorneys' fees paid in collecting past-due Marketing Fund Fees) and office supplies will be paid from the Marketing Fund. Except for possible incidental Hop & Grape Website costs, the monies in the Marketing Fund will not be spent for the solicitation of prospective franchisees.

Hop & Grape does not have to spend the monies in the Marketing Fund for local, regional or national media coverage using any particular media or in any particular market. Hop & Grape does not have to spend the Marketing Fund Fees in your market area in proportion to the Marketing Fund Fees paid by you. Hop & Grape does not have to spend the funds in the Marketing Fund in the calendar year in which the payments were made. Payments to the Marketing Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Marketing Fund. The Marketing Fund is not audited. A summary showing the income to and the expenditures from the Marketing Fund during each calendar year will be prepared by Hop & Grape each year for the preceding year, and copies of the summary will, upon written request, be provided to you on a confidential basis no more than once a year.

The Marketing Fund will be administered and controlled by Hop & Grape and governed by the terms of the Franchise Agreement. All franchised and affiliate-owned Hop & Grape Taprooms will deposit 1% of their monthly Revenues into the Marketing Fund.

Hop & Grape will spend at least \$2,500 on grand opening advertising for your Taproom commencing 14 days before and ending 60 days after the opening of your Taproom. This amount will be spent by Hop & Grape in your Taproom's market area to promote the opening of the Taproom, and is included in the Initial Fee paid by you when you sign the Franchise Agreement.

You must spend at least \$2,500 on approved Local Advertising each calendar year (see Article 5.2 of the Franchise Agreement). If you fail to meet this minimum requirement, you will deposit with Hop & Grape the difference between what you should have spent and what you actually spent, and this amount will be spent by Hop & Grape on advertising in your market area. You will not conduct Local Advertising for your Taproom until Hop & Grape has approved your advertising and promotion concepts, materials and media. Advertising, marketing and promotional materials included in the Operations Manual or otherwise furnished to you by Hop & Grape has been approved by Hop & Grape. You will not establish a website or home page for your Taproom.

There is no advertising counsel. You will not be required to participate in a local or regional advertising cooperative at this time, nor will you be required to participate in any other advertising fund at this time. Hop & Grape reserves the right to change this requirement at any time, and Hop & Grape will provide you with notice if it changes any advertising requirements.

## Computer System

The Computers and Software used in your Taproom must meet the standards, specifications and requirements established by Hop & Grape in the Operations Manual or otherwise in writing. Hop & Grape will require, recommend or approve the office, telecommunications and other equipment, and the computer hardware, computer software, peripheral devices and point-of-sale, cash register and operating systems you use in your Hop & Grape Taproom. The Computers and Software for your Taproom must perform the functions required by Hop & Grape (see Article 12 of the Franchise Agreement). These functions include serving as your point-of-sale cash register and maintaining certain sales, financial, marketing, management and other business information for your Taproom. Your Computers and Software will be configured to provide Hop & Grape with direct electronic access to your Computers and Software, and databases to upload the data, financial information and other information you are required to provide to Hop & Grape, including the daily Revenues of your Taproom, and by category, direct labor costs and food costs.

The current minimum requirements for your Computers and Software are disclosed in Exhibit C attached to the Disclosure Document. The initial cost for your Computers and Software is estimated to range from \$5,000 to \$10,000 (see Item 7). Neither Hop & Grape nor an affiliate will supply, maintain, repair or update your Computers and Software. Office, fax and telecommunications equipment, computer hardware and peripherals, third party maintenance agreements, and computer software and operating systems are all available through commercial office and telecommunications equipment, and computer hardware and software vendors.

You will need to maintain, repair, and upon receipt of written notice from Hop & Grape, upgrade or update the Computers and Software for your Taproom during the term of the Franchise Agreement. Hop & Grape estimates that the cost of your obligation to maintain, update or upgrade the Computers and Software for your Taproom will generally range from \$1,000 to \$2,500 per year.

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## Training

Hop & Grape will train you and your Management Staff (see Article 13.1 of the Franchise Agreement). All sessions will be taught as often as Hop & Grape deems necessary, and will be held at a Hop & Grape Taproom in or near Marshfield, Wisconsin or at another location designated by Hop & Grape (see the training chart below in this Item). The Training Program for you and your Management Staff will be for a

minimum of 10 days (which need not be consecutive). The Training Program will include instruction on the topics selected by Hop & Grape. The instructional materials for the Training Program will include the Operations Manual and other written, electronic or on-line materials.

The following chart summarizes Hop & Grape's current initial Training Program:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location (1)</b>
All on site Supervising Owners, Operators, General Managers or managers	16	40	Hop & Grape Taproom in or near Marshfield, Wisconsin

Footnotes:

- (1) Hop & Grape can designate another location for the Training Program.

The Training Program will be conducted under the supervision and with the participation of Scott and or Sharon Gebelein, owners of Hop & Grape. All training will be conducted by instructors who have at least one year of experience with Hop & Grape Taprooms or in taproom operations. The Training Program shall be offered on at least a semiannual basis, or as is needed.

The Training Program described in the above chart is provided to you and your Management Staff at no additional cost to you. However, you must pay the Salaries and Benefits, Travel Expenses and all other expenses for all persons who attend training on your behalf. You and your Management Staff must successfully complete the Training Program to Hop & Grape's satisfaction at least 30 days before you open your Taproom.

Hop & Grape will provide additional training if, during the term of the Franchise Agreement, you hire a new member of your Management Staff who has not attended and successfully completed the required training, or Hop & Grape in its discretion determines that additional training is necessary. The additional training provided by Hop & Grape will be conducted at the Taproom in or near Marshfield, Wisconsin, at another location designated by Hop & Grape or at your Taproom, at the discretion of Hop & Grape. You must pay Hop & Grape the then-current Per-Diem Training Fee and reimburse Hop & Grape for the Travel Expenses it incurs in providing the training. You must also pay the Salaries and Benefits, Travel Expenses and all other expenses for each new Management Staff member who attends training on your behalf (see Article 14 of the Franchise Agreement).

## **12. TERRITORY**

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

If you sign a Franchise Agreement, you will operate your Taproom at a single Franchised Location within a protected area ("Designated Area"). Your Designated Area will be defined in the Addendum to the Franchise Agreement as the area with a specified radius of the Franchised Location. Your Designated Area will contain a population based upon the 2010 U.S. census of approximately 25,000. You are not restricted from soliciting or accepting orders outside your Designated Area; however, you must obtain our approval to do so. Further, you may not sell any of the products or services offered in connection with your Taproom

on a wholesale basis, at any location other than your Franchised Location, or through the Internet, catalog, mail order, telemarketing or any other method of sales or distribution. The continuation of your Designated Area is not dependent upon your achieving a certain sales volume, market penetration or any other contingency. The Franchise Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Designated Area or contiguous areas.

The site of your Franchised Location and consequently, your Designated Area may not be altered or relocated during the term of the Franchise Agreement, except with the prior written approval of Hop & Grape. With Hop & Grape' prior written approval, you may relocate your Taproom to another location in your Designated Area if: (1) your new location does not infringe upon and is not located within the market area of any existing or proposed Hop & Grape Taproom; (2) your new location does not infringe on or is not located within any Designated Area granted to any other franchisee or area developer of Hop & Grape; and (3) you pay Hop & Grape a Relocation Fee of \$10,000.

Hop & Grape will not franchise, license, develop, own or operate another Taproom in your Designated Area if you sign a Franchise Agreement. However, your territorial rights in your Designated Area or your Territory will not be exclusive. You may face competition from other Hop & Grape franchisees, from taprooms owned by Hop & Grape or an affiliate, or from other channels of distribution or competitive brands controlled by Hop & Grape or an affiliate of Hop & Grape. Hop & Grape has the absolute right to: (1) develop other taproom business concepts under other brand names if they are not Competitive Taprooms, even if the locations for the concept are within your Designated Area or Territory; (2) develop Hop & Grape Taprooms or Competitive Taprooms in your Designated Area or Territory if they are located at or within a college or university campus, a military facility, a regional or international airport, a theme or entertainment park, an interstate service plaza, or a stadium or arena used for sporting events; (3) market, distribute and sell, on a wholesale or retail basis, packaged food products and other goods under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing or by any other marketing or distribution method, even if the sales are made to customers, distributors or retailers who are located in your Designated Area or Territory; and (4) own, operate, manage, franchise and/or license other individuals or entities to own, manage and/or operate Competitive Taprooms in your Designated Area or Territory if Hop & Grape or an affiliate of Hop & Grape derived its ownership interests or other rights to such taprooms after the date of your Franchise Agreement as part of an acquisition or purchase of a majority of the ownership interests in, or substantially all of the assets of, another entity. Hop & Grape does not have to pay you if it exercises any of the rights specified above in your Designated Area or Territory.

### 13. TRADEMARKS

Under the Franchise Agreement, Hop & Grape licenses you to operate your Taproom under the name "Hop & Grape Taproom" and to use certain other current and future Marks. You may only use the Marks in the manner authorized in writing by Hop & Grape. You may not use any of the Marks as part of your corporate or other entity name. You must also follow the instructions of Hop & Grape for identifying yourself and for filing and maintaining the requisite trade name or fictitious name registrations.

The following Marks are registered with the United States Patent and Trademark Office ("USPTO"):

Mark	Registration No.	Registration Date	Register	Class
HOP & GRAPE TAPROOM	7704082	February 25, 2025	Principal	43
HOP & GRAPE TAPROOM	98622641	May 27, 2025	Principal	43

Affidavits for the Marks will be filed with the USPTO as required to maintain the federal trademark and service mark registrations.

The Marks are not registered in any state. The Marks are owned by Hop & Grape (see Item 1). On July 8, 2025, the MARDAWJAD LLC assigned the Marks to Hop & Grape. There are no agreements currently in effect which significantly limit Hop & Grape's rights to use or license the use of the Marks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator in any state or any court, no pending infringement or opposition proceeding, and no pending material litigation involving the Marks. To the knowledge of Hop & Grape, there are no infringing uses which could materially affect your use of the Marks or other related rights in any state.

You must provide Hop & Grape with written notice of any claims made against or associated with the Marks. Hop & Grape is obligated under the Franchise Agreement to protect your right to use the Marks and other related rights and to defend and to protect and/or indemnify you against claims of infringement and unfair competition because of your use of the Marks, and will control any proceedings or litigation involving the Marks. However, if anyone establishes to the satisfaction of Hop & Grape that its rights are, for any legal reason, superior to the rights of Hop & Grape as to any of the Marks, then you must use the variances or other service marks, trademarks or trade names required by Hop & Grape.

#### **14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

Hop & Grape does not own any patents or have any pending patent applications. Hop & Grape intends to copyright advertising copy and design, menu designs, training materials, the Operations Manual, and other written materials and items may be developed in the future. Hop & Grape has not applied to the U.S. Copyright Office to register these copyrights.

You must keep confidential the Operations Manual, any supplements to the Operations Manual, and any other manuals or written, electronic or on-line materials used in your Hop & Grape Taproom. The Operations Manual contains information about Hop & Grape System and recipes and cooking techniques developed by Hop & Grape. Hop & Grape considers this information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and to prevent any unauthorized duplication or reproduction of this information.

You should immediately inform Hop & Grape if you learn of any unauthorized use or infringement of, or challenge to, the copyrighted materials or any of the trade secret, proprietary or confidential information. Hop & Grape will take the action it deems appropriate, in its sole discretion. If anyone establishes to the satisfaction of Hop & Grape that its rights to the materials are superior, then you must modify or discontinue your use of the materials as required by Hop & Grape.

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

Hop & Grape recommends that you personally participate in the direct operation of your Taproom, although you are not required to do so. Your General Manager must successfully complete Hop & Grape's training program before he/she will be allowed to participate in the operation of your Taproom. Your General Manager is not required to have an ownership interest in the entity entering into the Franchise Agreement with Hop & Grape. However, your General Manager must sign a confidentiality and noncompetition agreement in a form that is satisfactory to Hop & Grape.

If the party entering into the Franchise Agreement with Hop & Grape is an entity, then the entity's owners must agree that during the term of the agreement, they will not participate in any Competitive Taproom, and that for 24 months after the expiration or termination of the agreement, they will not participate in any Competitive Taproom located within 50 miles of your Hop & Grape Taproom, any other Hop & Grape Taproom, or any protected area granted by Hop & Grape. The owners of the entity must sign the applicable



agreement and the personal guaranty attached to the agreement.

## 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only sell the Foods, Beverages and Products specified or approved by Hop & Grape in writing. Selling Foods, Beverages and Products that have not been specified or approved by Hop & Grape is a material breach of the Franchise Agreement and, if not cured, is grounds for the termination of the Franchise Agreement. You must sell the Foods, Beverages and Products required by Hop & Grape. Hop & Grape can change the Foods, Beverages and Products that you must offer at your Taproom. There is no limitation on the right of Hop & Grape to change the Foods, Beverages and Products offered by Hop & Grape Taprooms.

You are not limited to whom you may sell your Foods, Beverages and Products, but you may not sell any of the Foods, Beverages or Products offered in connection with your Taproom on a wholesale basis, at any location other than your Taproom, or through Internet, catalogue, mail order, telemarketing, or any other method of sales or distribution. Hop & Grape does not impose any restrictions or conditions that limit your access to customers, except that you may offer catering and delivery services only with the prior written approval of Hop & Grape and according to Hop & Grape's standards and specifications.

## 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	2.1	10 years.
b. Renewal or extension of the term	2.2	Right to reacquire the Franchise for the Taproom for two additional 5-year terms.
c. Requirements for franchisee to renew or extend	2.2	You must: give 180 days notice; have complied with all material terms and conditions of your current Franchise Agreement; have paid all monetary obligations owed to Hop & Grape during the term of the Franchise Agreement; agree in writing to remodel your Franchised Location; have the right to continue to occupy the Franchised Location; sign a joint and mutual release between you and Hop & Grape (see Exhibit F); sign the then-current standard Franchise Agreement; pay the Reacquisition Fee; and you and your employees must complete the required training. If you reacquire the Franchise at the end of the term of the Franchise Agreement, you will sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d. Termination by franchisee	19.1	If Hop & Grape violates any material provision, term or condition of the Franchise Agreement, or fails to timely pay any material uncontested obligation due or owing to you.

e.	Termination by Hop & Grape without cause	Not applicable	
f.	Termination by Hop & Grape with cause	18.1	If you breach the Franchise Agreement.
g.	“Cause” defined – curable defaults	18.1	You will have 30 days to cure if you: provide false, misleading, incomplete or inaccurate information; fail to obtain the site for the Franchised Location within 120 days; fail to obtain valid food service and liquor licenses within 10 days before the Required Opening Date; fail to complete the training program within 30 days before the Required Opening Date; violate a law or regulation applicable to your Taproom’s operations; violate any material provision of the Franchise Agreement; are convicted of or plead guilty or no contest to any law adversely affecting your Hop & Grape Taproom; fail to pay any Fees or expenses due to Hop & Grape or third parties; are deemed to be insolvent; make an assignment for the benefit of creditors; issue any check which is dishonored; abandon the Taproom; materially impair the goodwill of the Marks or Hop & Grape System; lose possession of the Franchised Location; lose your food service license or liquor license; fail to provide, or permit Hop & Grape to audit, your financial records; fail to open your Taproom by the Required Opening Date; or breach any other agreement with Hop & Grape. You have 15 days to cure a failure to pay any Fees due to Hop & Grape.
h.	“Cause” defined – non-curable defaults	18.4	Hop & Grape has the right (subject to state law) to terminate the Franchise Agreement immediately upon receipt of notice if you: are convicted of or plead guilty or no contest to any law adversely affecting your Hop & Grape Taproom; are deemed insolvent; make an assignment for the benefit of creditors; abandon the Taproom; fail to provide, or permit Hop & Grape to audit, your financial records; materially impair the goodwill of the Marks or Hop & Grape System, subject to 24-hour cure period; violate any material provision three or more times during a 12- month period; or fail to open your Taproom by the Required Opening Date.
i.	Franchisee’s obligations on termination/nonrenewal	20	You must: pay what you owe under the Franchise Agreement within 5 days after termination; immediately return all printed Hop & Grape materials; cease using the Marks and Hop & Grape System; alter the appearance of the Franchised Location; and transfer your telephone directory listings to Hop & Grape.
j.	Assignment of the contract by Hop & Grape	17.1	No restrictions on the right of Hop & Grape to assign the Franchise Agreement; the assignee must fully perform all obligations of Hop & Grape under the Franchise Agreement.
k.	“Transfer” by franchisee – defined	17.2, 17.3, 17.4	Includes the sale of ownership in the Franchisee and the assignment of rights under the Franchise Agreement.
l.	Hop & Grape approval of transfer by franchisee	17.3	Hop & Grape has the right to approve any assignment made by you, but will not unreasonably withhold its consent. Hop & Grape may reasonably withhold its consent if the assignment would result in the transferee-franchisee directly or indirectly owning more than 7 Taprooms including the Taproom being transferred.

Provision	Article in Franchise Agreement	Summary
m. Conditions for Hop & Grape approval of a transfer	17.3, 17.6	You must: provide Hop & Grape with 45 days written notice of the assignment; pay all money owed to Hop & Grape; agree in writing to observe all applicable provisions of the Franchise Agreement; sign a joint and mutual release between you and Hop & Grape (see Exhibit F); and pay the Assignment Fee. The assignee must: meet the standards established by Hop & Grape for new franchisees; sign the legal agreements required by Hop & Grape; acquire the right to occupy the Franchised Location; acquire a valid food service and liquor license; and successfully complete training.
n. Hop & Grape's right of first refusal to acquire franchisee's business	21	You must offer the Major Assets to Hop & Grape if you receive a bona fide offer to purchase.
o. Hop & Grape's option to purchase franchisee's business	21	Hop & Grape has the option to purchase at the price and terms stated in the third-party offer.
p. Death or disability of franchisee	17.2	If you are an individual, the Franchise Agreement may be transferred upon your death or disability, subject to the requirements described in "m" above.
q. Noncompetition covenants during the term of the franchise	22.2	You may not participate in any Competitive Taproom.
r. Noncompetition covenants after the franchise is terminated or expires	22.3	For 24 months after termination, you may not participate in any Competitive Taproom that is within 50 miles of the Franchised Location or any other Hop & Grape Taproom, or within any protected area granted by Hop & Grape.
s. Modification of the agreement	26.9	Only by written agreement between you and Hop & Grape.
t. Integration/merger clause	26.10	The Franchise Agreement constitutes the entire and complete agreement between you and Hop & Grape. Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	25, 26.6	Except for certain claims, all disputes must be submitted to mediation. All disputes not resolved in mediation shall be resolved in binding arbitration.
v. Choice of forum	25.3, 26.5	State where Hop & Grape's headquarters are located (see attached Addendum for state law modifications).
w. Choice of law	30	State where the Taproom is located (see attached Addendum for state law modifications).

Applicable state law might require additional disclosures related to the information contained in this Item. These additional disclosures appear in the Addendum attached to this Disclosure Document.

## 18. PUBLIC FIGURES

Hop & Grape does not use any public figure to promote its franchise. No public figure is involved in the management of Hop & Grape.

## 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits Hop & Grape to provide information about the actual or potential

financial performance of its franchised and/or Hop & Grape-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) Hop & Grape provides the actual records of an existing outlet you are considering buying; or (2) Hop & Grape supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Sales performance will vary from taproom to taproom. In particular, the sales of your Hop & Grape Taproom will be directly affected by the Taproom's geographic location, competition in the market, presence of other Hop & Grape Taprooms in the market area, the quality of both the management and service at the Taproom, and contractual relationships with lessors and vendors.

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. we also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Hop & Grape's management by contacting Scott Gebelein, Hop & Grape Taproom, 205A W Upham Street, Marshfield, WI 54449, the Federal Trade Commission, and the appropriate state regulatory agencies.

## 20. OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1**

### **Systemwide Outlet Summary**

**For Year 2025**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2025	0		
Company-Owned	2025	0		
Total Outlets	2025	0		

**TABLE NO. 2**

### **Transfers of Outlets from Franchisees to New Owners (Other than Hop & Grape)**

**For Year 2025**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
WI	2025	0
Total	2025	0

**TABLE NO. 3****Status of Franchised Outlets****For Year 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Hop & Grape	Ceased Operations – Other Reasons	Outlets at the End of the Year
WI	2025	0	1	0	0	0	0	
Total	2025	0	1	0	0	0	0	

**TABLE NO. 4****Status of Company-Owned Outlets  
For Fiscal Year 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Wisconsin (1)	2025	0	1	0	0	0	
Totals	2025	0	1	0	0	0	

Footnote:

- (1) Owned and operated by affiliates of Hop & Grape (see Item 1).

**TABLE NO. 5****Projected Openings as of December 31, 2024**

State	Franchise Agreements Signed But Outlets Not Opened (1)	Projected New Franchised Outlets in Next Fiscal Year (2)	Projected New Company-Owned Outlets in Next Fiscal Year (2)
Wisconsin	0	2	0
Total	0	2	0

Footnotes:

- (1) As of December 31, 2024.  
 (2) By December 31, 2025.

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

There are no trademark-specific franchisee associations applicable to you, either created, sponsored or endorsed by Hop & Grape, or independent franchisee associations.

## 21. FINANCIAL STATEMENTS

<b>Total Current Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>	<b>\$17,500</b>
<b>Fixed Assets</b>					
<b>Total Fixed Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Assets</b>					
<b>Total Other Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>	<b>\$17,500</b>
<b>LIABILITIES AND EQUITY</b>					
	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>
<b>Current Liabilities</b>					
Accounts payable	\$0	\$0	\$0	\$0	\$595
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$595</b>
<b>Long-Term Liabilities</b>					
<b>Total Long-Term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$595</b>
<b>Stockholders' Equity</b>					
Investment capital	\$0	\$0	\$0	\$0	\$16,905
Accumulated retained earnings	0	0	0	0	0
Current net profit (loss)	0	0	0	0	0
Less: Dividend	0	0	0	0	0
<b>Total Capital</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,905</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>

## 22. CONTRACTS

Attached as Exhibit A is the Franchise Agreement.

## 23. RECEIPTS

The last pages of this Disclosure Document are detachable Receipts.

**HOP & GRAPE HOLDING LLC FRANCHISE  
DISCLOSURE DOCUMENT**

**EXHIBIT A  
FRANCHISE AGREEMENT**

**Franchisee**

---

Legal Name

---

Street

---

City, State, Zip Code

---

Telephone Number/Facsimile Number

---

Email Address

**Franchised Location**

---

Street

---

City, State, Zip Code

**Date of Franchise Agreement**

\_\_\_\_\_, 20\_\_\_\_

**Taproom No.** \_\_\_\_\_

## **Hop & Grape Taproom**

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## **Hop & Grape Holding LLC**

### **FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Hop & Grape Holding LLC, a Wisconsin limited liability company (“Hop & Grape”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (the “Franchisee”).

In consideration of the mutual promises and covenants set forth in this Agreement, Hop & Grape and Franchisee agree as follows:

### **ARTICLE 1** **GRANT OF FRANCHISE**

#### **1.1 Hop & Grape System.**

Hop & Grape has developed a distinctive business system for operating and franchising taprooms featuring a variety of craft beer selections from around the world and local wines, accompanied by a simple but distinctive menu. Hop & Grape provides a casual, and family-friendly atmosphere under the name Hop & Grape Taproom (the “Hop & Grape System”). Hop & Grape has extensively publicized the name “Hop & Grape” to the public as an organization of taproom businesses operating under Hop & Grape System. Hop & Grape may modify Hop & Grape System in the exercise of its business judgment and may authorize regional or local variations in Hop & Grape System, tests of potential new menu items or products, and the introduction of menu items or products in stages over time, all in the exercise of its business judgment to enhance the marketing, consumer acceptance, competitive position, compliance obligations, and other objectives intended to facilitate operations over the Term.

#### **1.2 Marks.**

Hop & Grape has the right and authority to license the use of the name “Hop & Grape®” and the other Marks for use in connection with Hop & Grape System to selected persons, businesses or Entities that will comply with Hop & Grape uniformity requirements and quality standards. Hop & Grape intends, in the exercise of its business judgment, to develop, use and control the use of the Marks in order to identify for the public the source of the Foods, Beverages, and Products and related services marketed under Hop & Grape System, and to represent to the public Hop & Grape System’s high standards of quality, appearance, cleanliness and service.

#### **1.3 Franchisee’s Objective.**

Franchisee desires to develop, own and operate a Hop & Grape Taproom (the “Taproom”) in strict conformity with Hop & Grape System and Hop & Grape uniformity requirements and quality standards, as may be established by Hop & Grape from time to time, and all other terms of this Agreement. Franchisee understands the importance of the high standards of quality, appearance, procedures, controls, cleanliness and service established by Hop & Grape, and the necessity of operating the Taproom in strict conformity with the standards and specifications established by Hop & Grape.

#### **1.4 Personal Guaranty.**

All Owners of Franchisee who own 20% or more of the Ownership Interests of Franchisee (and, if married, such Owners’ spouses), and (b) the Owners of at least 50% of the total Ownership Interests of Franchisee (and, if married, such Owners’ spouses), must sign the Personal Guaranty attached to this Agreement.

## 1.5 Grant of Franchise.

(a) Franchise Grant and Location. Hop & Grape hereby grants Franchisee the personal right to operate one Hop & Grape Taproom in conformity with Hop & Grape System using the name “Hop & Grape” and other specified Marks at the Franchised Location set forth and described in the Addendum attached to this Agreement. Except as expressly granted to Franchisee in this Article 1.5, all rights respecting protected and designated areas, venues and types of operation, are outside the scope of this Agreement and, as between Hop & Grape and Franchisee, will remain vested in and be retained by Hop & Grape. Rights granted to Franchisee in this Article 1.5 are strictly limited to those expressly granted and may not be enlarged or modified by interpretation, implication or any other process. Franchisee has no right to franchise, sub-franchise, license, or sublicense its rights under this Agreement, or any part thereof. Franchisee will not have the right to Assign this Agreement or its rights under this Agreement in whole or in part, or to Assign the income stream from the operation of the Taproom, except as specifically provided in this Agreement.

(b) Designated Area. Subject to the limitations of this Article 1.5, Franchisee will operate the Taproom only at the Franchised Location in the Designated Area set forth in the Addendum attached to this Agreement. Franchisee’s Designated Area consists of an area around the Franchised Location, the specific size of which has been determined by Hop & Grape in the exercise of its reasonable business judgment. The Designated Area may be expressed with reference to a radius, to roadways, to natural and/or man-made landmarks, or such other identifiers as Hop & Grape determines. Franchisee accepts such determination.

(c) Limited Exclusivity. Hop & Grape will not Develop a Hop & Grape Taproom within Franchisee’s Designated Area. No other type of Franchisee exclusivity is intended. Hop & Grape and its licensees, appointees, designated franchisees and agents have the absolute and exclusive right to advertise, promote, and sell all of the Foods, Beverages, and Products associated with Hop & Grape System at special promotions conducted within or outside of the Designated Area. Hop & Grape has the absolute and exclusive right to (i) Develop other taproom business concepts of any kind under other brand names anywhere, even if the locations for the concepts are within the Designated Area; and (ii) Develop Hop & Grape Taproom® taprooms in the Designated Area if they are located at or within an airport, a train station or other mass transit facility, a theme or entertainment park, a stadium or arena or other venue for semi-professional or professional sports, a military installation, within the boundaries of a school, college, university, or hospital, or at other similar venues that Hop & Grape determines, in the exercise of its reasonable business judgment, to be entirely or in principal part “captive markets.” Hop & Grape has the absolute and exclusive right to, market, distribute, and sell or license for sale, on a wholesale or retail basis, seasonings, sauces, food products, clothing, or any other products under any of the Marks, by direct sale, the Internet, mail order, infomercials, telemarketing, or by any other marketing or distribution method, even if such sales are made to customers, distributors, or retailers or ultimate consumers who are located in the Designated Area.

(d) Undetermined Franchised Location. If the Franchised Location has not yet been determined as of the date of this Agreement, then when the address of the Franchised Location is determined, the street address, city and state for the Franchised Location will be inserted in the attached Addendum to this Agreement and signed by both Hop & Grape and Franchisee, and the Addendum, as completed, will amend this Agreement.

(e) Required Opening Date. Franchisee will, at its sole expense, cause Franchisee’s Taproom to be open and operating in compliance with Hop & Grape’s standards and specifications on or before the Required Opening Date. Time is of the essence and Franchisee’s failure to open the Taproom by the Required Opening Date is a material breach of this Agreement, entitling Hop & Grape to exercise all rights with respect thereto, including termination. Notwithstanding the

foregoing, (i) if the failure to open before the Required Opening Date is due to fire or other casualty or act of God, Hop & Grape may, in the exercise of its reasonable business judgment, extend the Required Opening Date in writing for up to 6 months after the date of the casualty event; and (ii) if Franchisee will not be able to meet the deadline, Franchisee may obtain one 60-day extension of the Required Opening Date, upon giving written notice to Hop & Grape before the Required Opening Date, describing and certifying to the circumstances qualifying for an extension. No rights to any further extensions are contemplated by Hop & Grape or Franchisee. In the event Hop & Grape decides to offer a further extension, such extension will be based on Hop & Grape's sole judgment on such terms and conditions as Hop & Grape may then determine, and shall be expressed in a written extension signed by both Hop & Grape and Franchisee.

## **ARTICLE 2**

### **TERM OF AGREEMENT**

#### **2.1 Term.**

The term of this Agreement will commence on the date of this Agreement and will expire on the date that is 10 years after the Required Opening Date, unless earlier terminated in accordance with this Agreement (the "Term").

#### **2.2 Franchisee's Option to Reacquire Franchise.**

(a) Terms of Reacquisition. At the end of the Term, Franchisee has the right to reacquire the Franchise for the Franchised Location for 2 additional 5-year terms, provided that Franchisee has timely complied with all terms and conditions of this Agreement including the timely payment of all Royalty Fees and other Fees due, and further provided that: (i) Franchisee has given Hop & Grape written notice at least 180 days prior to the end of the Term of its intention to reacquire the Franchise for the Franchised Location; (ii) all monetary obligations owed by Franchisee to Hop & Grape have been paid or satisfied prior to the end of the Term; (iii) Franchisee has agreed, in writing, to make the reasonable capital expenditures necessary to remodel the Franchised Location to comply with the then-current Hop & Grape® image, décor and specifications; (iv) Franchisee either owns or has the right to lease the Franchised Location for a term that coincides with the additional 5-year term; (v) Franchisee and its employees have completed the required training designated by Hop & Grape; (vi) Franchisee and its Owners execute a release in a form satisfactory to Hop & Grape releasing and discharging Hop & Grape and its directors, officers, Affiliates, successors and assigns from and against all Claims and demands which Franchisee may have against Hop & Grape and the other released parties; and (vii) Franchisee executes Hop & Grape's then-current standard Franchise Agreement, provided that Franchisee will pay Hop & Grape a Reacquisition Fee equal to 10% of the Initial Fee specified in the then-current standard Franchise Agreement in lieu of the Initial Fee thereunder, and that there will be no further right or option to reacquire the Franchise or further extend the term of such Franchise Agreement (unless the agreement is for Franchisee's first 5-year additional term, in which case Franchisee will have the right to reacquire the Franchise for one additional 5-year term). The terms, conditions and economics of future Franchise Agreements may vary substantially in substance and form from this Agreement; however, if the Royalty Fees in the then-current Franchise Agreement are higher than the Royalty Fees in this Agreement, Franchisee will be permitted to pay Royalty Fees at the rate specified in this Agreement. Franchisee shall pay all other Fees at the rates specified in the then-current standard Franchise Agreement.



(b) Franchise Agreement Terms. Any reacquisition of the Franchise shall not be effective unless and until Franchisee executes Hop & Grape's then-current standard Franchise Agreement (modified to reflect the Reacquisition Fee and the fact that the Franchise Agreement is for a 5-year renewal term only) at least 30 days before the expiration of the original Term.

### **ARTICLE 3**

#### **INITIAL FEE AND ROYALTY FEES**

##### **3.1 Initial Fee.**

Franchisee will pay Hop & Grape a non-refundable Initial Fee of \$35,000 on the date Franchisee signs this Agreement. In all instances, the Initial Fee will be nonrefundable and will be fully earned by Hop & Grape when the Initial Fee is paid by Franchisee.

##### **3.2 Royalty Fee; Date Payable.**

(a) Royalty Fee. On the first Monday of each month, or at such other time as may be designated by Hop & Grape, Franchisee shall pay Hop & Grape a fee equal to the greater of (i) 4% of the Taproom's Revenues for the previous month, or (ii) \$200 (the "Royalty Fee"). In all cases, the Royalty Fee is payable by Franchisee by the first Monday of each month with respect to the previous month's Revenues, unless that day is a non-business day, in which case the Royalty Fee is payable to Hop & Grape on the next business day. Franchisee's obligation to pay Royalty Fees pursuant to the terms of this Agreement is absolute and unconditional, and remains in full force and effect for the entire Term of this Agreement.

(b) Revenue Reports. Franchisee will maintain an accurate and durable written record of the daily and Monthly Revenues for Franchisee's Taproom and shall timely submit Revenue Reports. The Revenue Reports will be electronically transmitted to Hop & Grape by Franchisee by 12:00 noon, Central Time on the first Monday of each month for the previous month or be available for retrieval by Hop & Grape from Franchisee's point of sale system anytime after 12:00 noon Central Time on the first Monday of each month for the previous month. All Revenue Reports for the Taproom will align to Hop & Grape fiscal calendar and will be in the form specified by Hop & Grape.

### **ARTICLE 4**

#### **MARKETING FUND FEE**

##### **4.1 Marketing Fund Fee.**

In addition to all amounts payable to Hop & Grape by Franchisee, the first Monday of each month Franchisee must pay Hop & Grape a Marketing Fund Fee (the "Marketing Fund Fees") equal to 1% of the Revenues generated by Franchisee's Taproom for the preceding month, unless that day is a non-business day, in which case the Marketing Fund Fee is payable to Hop & Grape on the next business day. The Marketing Fund Fees will be deposited into one or more local, regional, national or international Marketing Funds (collectively, the "Fund" or the "Marketing Fund"), which will be administered and controlled exclusively by Hop & Grape.

##### **4.2 Use of Marketing Fund Fees.**

Hop & Grape will determine when, how and where the Marketing Fund Fees and other payments will be deposited into the Fund and how the Fund will be spent in the exercise of its reasonable business judgment. This includes, without limitation, the right of Hop & Grape to purchase and pay for product and market research, market strategy, production development, production of point-of-purchase materials, ads,

brochures, radio and television commercial production costs, services provided by advertising agencies, maintaining sales and marketing staff and related expenses (including reasonable salaries, administrative costs, travel expenses, overhead and similar expenses Hop & Grape may incur in activities related to the administration of the Marketing Fund), in-store advertising, signs, public relations, telemarketing, direct mail advertising, promotional programs, advertising market research, brand development, online media, graphics and design costs, creation and maintenance of a website for Hop & Grape System, Internet costs, miscellaneous advertising costs, expenditures for items, materials and services provided by third parties, the costs incurred in administering the Marketing Fund, other costs and expenses as Hop & Grape deems appropriate and in the best interests of all Hop & Grape Taproom and Hop & Grape System, and for local, regional, national and/or Hop & Grape System wide promotional programs and advertising. All costs for the administration of the Fund, collection costs and office supplies will be paid from the Fund (including attorneys' fees paid in collecting past due Marketing Fund Fees or in addressing disputes of any kind involving the Fund and its expenditures).

#### **4.3 Management of Fund.**

The Marketing Fund will be managed by Hop & Grape, and Hop & Grape will have the right to, in its business judgment, do any of the following: (a) compensate Hop & Grape and/or its Affiliates for salaries, administrative costs, overhead and other expenses incurred in Marketing Fund related programs/activities including, but not limited to, production, research, insurance, and collection expenses, as well as any legal expense related to the activities and purposes of the Marketing Fund consistent with the provisions of this Agreement; (b) charge the Marketing Fund for attorneys' fees and other costs related in any way to Claims against Hop & Grape regarding the Marketing Fund; (c) spend in any fiscal or calendar year an amount greater or less than the aggregate contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from Hop & Grape or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus; (d) collect for remission to the Marketing Fund any Payments made by any supplier based upon franchisee purchases; provided however, that any such contributions, whether or not made with respect to direct or indirect purchases by Franchisee, will not count toward Franchisee's required Marketing Fund Fees; (e) revise marketing and other programs, and/or make expenditures from the Marketing Fund, to take account of cultural and other differences; (f) defer, waive and/or compromise Claims for current/future contributions to, and/or Claims against or with respect to, the Marketing Fund and pay the same from the Marketing Fund; (g) take legal or other action against any franchisee in default of their obligations to the Marketing Fund; (h) maintain the Marketing Fund assets in one or more accounts designated as "trust accounts" for purposes of protecting such assets from Claims of third-party creditors, (however, such action shall not be deemed to create any "trust," "fiduciary relationship" or similar special arrangement); and (i) take such other actions in connection with the Marketing Fund as Hop & Grape considers to be appropriate and as are consistent with the provisions of this Article. Franchisee and Hop & Grape agree that the Fund is not a trust or escrow account, and Hop & Grape does not have any fiduciary obligations regarding the Fund. Hop & Grape is not required to spend the Marketing Fund Fees in any particular geographic or DMA market and has no obligation to spend the Marketing Fund Fees in Franchisee's market area in proportion to the Marketing Fund Fees paid by Franchisee. Hop & Grape is not required to spend the Marketing Fund Fees in the calendar year in which the payments were made. Payments to the Fund not spent in the calendar year in which they were paid and the interest accrued will remain in the Fund. A summary showing the income to the Fund and the expenditures made from the Fund during each calendar year will, upon written request, be provided to Franchisee on a confidential basis no more frequently than once per year.

### **ARTICLE 5**

#### **OTHER ADVERTISING AND PROMOTION**

##### **5.1 Approved Advertising.**

Franchisee will not conduct any advertising and/or promotion programs for its Taproom, without the written approval of Hop & Grape. Franchisee's use of advertising, marketing and promotional materials provided

to Franchisee in the Operations Manual or otherwise furnished by Hop & Grape to Franchisee will be deemed to have been approved by Hop & Grape. Franchisee will not permit any party to advertise its business, services or products on the premises of the Franchised Location or in connection with Franchisee's Taproom.

### **5.2 Local Advertising.**

Franchisee will, each calendar year during the Term, spend at least \$2,500 on approved local advertising for its Taproom, as specified in the Operations Manual ("Local Advertising"). On the first Monday of each calendar month, Franchisee will, in the prescribed form, furnish Hop & Grape with an accurate accounting of Franchisee's expenditures for Local Advertising for the previous month, if any. If Franchisee fails to spend \$2,500 for approved Local Advertising in any calendar year, Franchisee will deposit with Hop & Grape the difference between the amount Franchisee was required to spend and the amount actually spent by Franchisee. Hop & Grape will have the right to spend all of the funds deposited by Franchisee under this provision for advertising and promotion in Franchisee's DMA in the manner deemed appropriate by Hop & Grape.

### **5.3 Grand Opening.**

Hop & Grape will spend a minimum of \$2,500 on advertising and promotion for Franchisee's Taproom during the period commencing 14 days prior to the opening of Franchisee's Taproom and ending 60 days after the date on which Franchisee's Taproom opens for business. Hop & Grape advises Franchisee that it may be necessary for Franchisee to spend additional amounts on soft and grand opening activities.

### **5.4 Telephone Directory Listings.**

If the Franchisee advertises its Taproom in the electronic or printed book versions of the "Yellow Pages" for Franchisee's market area, Franchisee will do so under the heading of "Taprooms" and/or any other listings designated by Hop & Grape in writing. The format, size and content of the listings and advertising will conform to the standards specified by Hop & Grape.

### **5.5 Franchisee Advisory Council.**

Hop & Grape has the right to create a "Franchisee Advisory Council," or similar advisory group, for the purpose of fostering communication among and between franchisees and Hop & Grape and its affiliates, as well as to establish, modify or discuss various policies applicable to Taprooms operating under Hop & Grape System, including policies pertaining to advertising. If and when Hop & Grape creates a Franchisee Advisory Council, Hop & Grape has the right to require that Franchisee participate in such Franchisee Advisory Council meetings and programs as Hop & Grape may designate. Franchisee will be responsible for any costs and expenses that it incurs in participating in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals. Hop & Grape may form, change, or dissolve the Franchisee Advisory Council at any time.

## **ARTICLE 6** **PAYMENT OF FEES AND OTHER AMOUNTS**

### **6.1 Interest on Unpaid Fees.**

If Franchisee fails to timely remit any Fees or other amounts due to Hop & Grape, then the amount of the past due payment will bear simple interest at the lesser of the maximum legal rate allowable by applicable law or 18% simple interest per annum. Franchisee will, on the date invoiced, immediately reimburse Hop & Grape for any and all costs incurred by Hop & Grape in the collection of any past due payments, including attorneys' fees and costs. Franchisee has no "right of offset" and, as a consequence, Franchisee must timely pay any and all amounts due to Hop & Grape under this Agreement regardless of any Claims Franchisee may allege against Hop & Grape.

## **6.2 Payment Method.**

The Fees will be paid to Hop & Grape by electronic transfer (“EFT”), using such methods and technologies for effecting payment as Hop & Grape may specify. Such methods may be modified from time to time by Hop & Grape in writing, as it solely determines, in order to reflect improvements and new technologies available for fund reporting and transfer. Franchisee agrees to adopt and install any equipment needed to implement such changes and enter into any and all agreements required in connection therewith. As of the date of this Agreement, Hop & Grape draws payments due to it using electronic transfers from Franchisee’s designated bank account. Accordingly, at the same time as this Agreement is executed, Franchisee must sign the electronic transfer of funds authorization, attached to this Agreement as Exhibit A, authorizing and directing Franchisee’s financial institution to transfer electronically, directly to Hop & Grape, and to charge Franchisee’s account all amounts owed to Hop & Grape under this Agreement when due, except in the event that Hop & Grape notifies Franchisee that certain amounts need not be paid via electronic transfer of funds. Franchisee must at all times maintain a balance in its account sufficient to allow Hop & Grape to collect the amount owed when due. Franchisee is responsible for any fees, penalties, fines, or other similar expenses associated with the transfer of funds described in this section.

## **6.3 Franchisee’s Obligation to Pay.**

Franchisee’s obligation to pay Hop & Grape the Fees pursuant to the terms of this Agreement are absolute and unconditional, and will remain in full force and effect for the entire term of this Agreement.

# **ARTICLE 7** **FINANCIAL STATEMENTS**

## **7.1 Financial Statements.**

Franchisee will adopt the Accounting Year for financial reporting purposes specified by Hop & Grape in the Operations Manual or otherwise in writing. Franchisee will, at its expense, prepare Financial Statements that will be delivered to Hop & Grape within 90 days after the end of Franchisee’s Accounting Year. In addition, if Franchisee has received a notice of default from Hop & Grape, Franchisee will, at its expense, prepare Financial Statements that will be delivered to Hop & Grape within 20 days after the end of each four-Week period until such time as Franchisee has received written notice from Hop & Grape that it is no longer in default hereunder. All Financial Statements will be prepared in accordance with generally accepted accounting principles in the form or forms prescribed by Hop & Grape and will conform to the Accounting Year and standard chart of accounts prescribed by Hop & Grape in this Agreement or the Operations Manual. The Financial Statements must be verified by an officer or Owner of Franchisee as to their accuracy and completeness.

## **7.2 Sales and Income Tax Returns.**

Within 3 business days after receipt of a written request, Franchisee will furnish Hop & Grape with complete signed copies of all sales tax returns and income tax returns for Franchisee’s Taproom for the fiscal years or other periods requested.

## **7.3 Audit Rights.**

Within 3 business days after receiving written notice from Hop & Grape, Franchisee and Franchisee’s accountants will make all of the Financial Records available during business hours for Hop & Grape or its designees to review, copy and audit. The Financial Records for each Accounting Year will be maintained by Franchisee in a safe place for each of the last 5 Accounting Years. The audit will be conducted at the location where Franchisee maintains the Financial Records and Hop & Grape will be provided with adequate facilities by Franchisee to conduct the audit. Hop & Grape will maintain the confidentiality of all Financial Records; however, if the Financial Records are relevant to any issue in any mediation, court or other proceeding between the parties, then Hop & Grape will have the right to disclose the Financial Records accordingly.

#### **7.4 Payment of Audit Costs.**

If an audit of Franchisee's Financial Records reveals any deficiencies in the Fees payable to Hop & Grape, then Franchisee will, within 5 days after receipt of an invoice, pay to Hop & Grape any deficiency owed, together with interest and Administrative Fees as provided for herein. In addition, if an audit establishes that Franchisee's Revenues were understated by more than 2% in any month, Quarter or Accounting Year, then Franchisee will, within 10 days after receipt of an invoice, pay Hop & Grape for all costs and expenses incurred for the audit of Franchisee's Financial Records (including employee Salaries and Benefits, Travel Expenses, and audit fees).

#### **7.5 Access to Information.**

Franchisee will, at its expense, install and maintain equipment to permit Hop & Grape to access and retrieve over telephone lines, the Internet or other forms of telecommunication all information Hop & Grape is entitled to obtain from Franchisee under this Agreement, including all information which is stored on Franchisee's point of sale system and computers and the Revenue Reports for the Taproom. Franchisee will install and utilize at the Franchised Location (a) the equipment and software specified in the Operations Manual to permit Hop & Grape to electronically inspect, monitor and retrieve at any time all information concerning Franchisee's Taproom, Revenues and other information contained in Franchisee's point of sale system and computers, and (b) the telephone line, modem, Internet connection or other electronic communication portal required to permit Hop & Grape to access Franchisee's point of sale system and computers by telephone or the Internet at all of the times specified in the Operations Manual. Franchisee agrees and acknowledges that Hop & Grape has the right to access and retrieve all information concerning Franchisee and the Taproom that is stored on Franchisee's point of sale system and computers.

### **ARTICLE 8** **STANDARDS REQUIRED OF FRANCHISEE**

#### **8.1 Quality and Service Standards.**

Hop & Grape has developed and will continue to develop uniform standards of quality, cleanliness and service applicable to all Hop & Grape Taproom, including Franchisee's Taproom, to protect and maintain for the benefit of Hop & Grape and its franchisees the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and Hop & Grape System. Franchisee agrees to maintain the uniformity and quality standards required by Hop & Grape for all Foods, Beverages, and Products, and the services associated with the Marks and Hop & Grape System, and agrees to the terms and conditions contained in this Article to assure the public that all Hop & Grape taprooms will be uniform in nature and will sell and dispense quality Foods, Beverages, and Products. Required specifications, standards and operating procedures exist to protect Hop & Grape's interests in Hop & Grape System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee.

#### **8.2 Identification of Taproom.**

Franchisee will operate the Taproom so that it is clearly identified and advertised as a Hop & Grape Taproom. The style and form of "Hop & Grape Taproom" and the other Marks used in any advertising, marketing, public relations or promotional program must have the prior written approval of Hop & Grape. Franchisee will use the name "Hop & Grape Taproom," the approved logos and all graphics commonly associated with Hop & Grape System and the Marks on all materials in the manner prescribed by Hop & Grape.

#### **8.3 Compliance with Standards.**

Franchisee will use the Marks and Hop & Grape System in strict compliance with the mandatory moral and ethical standards, quality standards, health standards, operating procedures, data security standards, and other specifications, requirements and instructions required by Hop & Grape. It is understood and agreed that the mandatory standards established by this Agreement including, but not limited to, the inspection and

audit rights provided in this Agreement, and the provisions of the Operations Manual are reasonable means by which Hop & Grape seeks to avoid and prevent conduct which is likely to impair the value of and the goodwill associated with the Marks and Hop & Grape System being licensed under this Agreement and do not reflect any right or effort by Hop & Grape to control the day-to-day operation of the Taproom or the business decisions of Franchisee. Franchisee agrees to comply with all mandatory provisions of the Operations Manual, as they may be revised from time to time by Hop & Grape in the exercise of its business judgment; provided, however, that those portions of the Operations Manual that are expressly designated as recommendations are not intended to limit or control the business decisions of Franchisee. Franchisee understands and acknowledges that over the Term it may be appropriate for Hop & Grape, in the exercise of its business judgment, to adopt standards and business principles needed to maintain the reputation, legal status or competitive position of the Marks and Hop & Grape System and to reflect such details in the Operations Manual. To the extent that the Operations Manual, as it may be amended from time to time, conflicts with this Agreement, the provisions of the Operations Manual then in effect shall control. Franchisee further understands and acknowledges that due to local circumstances, Hop & Grape may occasionally adopt different standards and business principles to apply to different market areas or types of Hop & Grape taprooms.

#### **8.4 Franchisee's Name.**

Franchisee will not use the name "Hop & Grape Taproom" or any derivative thereof in the name of the Entity that is Franchisee or in any name of an Affiliate or Controlled Entity of Franchisee in any incorporation, organization, or other legal formation documents filed with any state government or agency. Franchisee will hold itself out to the public and to its employees as an independent contractor operating an independently owned and operated Taproom pursuant to a license from Hop & Grape, using such signage and other forms of notification as prescribed by Hop & Grape. Franchisee will file for a certificate of assumed name in the manner required by applicable state law to notify the public that Franchisee is operating its Taproom as an independent contractor operating an independently owned and operated business.

#### **8.5 Interests of Franchisee.**

Franchisee will be dedicated solely to the operation of Franchisee's Taproom(s) and will not hold any interest in, operate, or manage any other business of any kind without the prior written approval of Hop & Grape.

#### **8.6 Default Notices and Significant Correspondence.**

Franchisee will deliver to Hop & Grape, immediately upon receipt by Franchisee or delivery at the Franchised Location, an exact copy of all (a) notices of default received from the landlord of the Franchised Location or any mortgagee, trustee under any deed of trust, contract for deed holder, lessor, or any other party, (b) notifications or other correspondence relating to any legal proceeding for any Claim in excess of \$10,000 relating in any way to Franchisee's Taproom or to the Franchised Location, and (c) inspection reports or any other notices, warnings or citations from any Governmental Authority, including any health and safety, taxing and/or licensing authorities. Franchisee will notify Hop & Grape in writing within 5 days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting Franchisee and/or the operation of the Taproom. Within 10 days after the end of each month, Franchisee will provide Hop & Grape with a written summary of all written consumer and employee complaints. Franchisee will provide all additional information requested by Hop & Grape relating to any of these matters.

#### **8.7 Catastrophes.**

If the Franchised Location is either partially or completely destroyed by fire or any catastrophe and the term of this Agreement and underlying Lease for the Franchised Location has a remaining term of at least 5 years, then Franchisee will (a) use the building insurance proceeds to repair or reconstruct the Franchised Location as set forth herein, (b) within 30 days thereafter, initiate the process to commence the repairs and

reconstruction necessary to restore the Taproom to its original condition prior to such casualty, and (c) recommence the Taproom's business operations as soon as reasonably possible. Notwithstanding the foregoing, Franchisee will pay Hop & Grape the minimum Royalty Fee of \$200 during the time that Franchisee's Taproom is closed as a result of a casualty, a relocation of the Taproom, or any other reason (or a pro-rated portion of such fee in the event the Taproom is not closed for the entire four-Week period).

#### **8.8 Vending and Gaming Machines; Live Music.**

Franchisee will not, except with the written permission of Hop & Grape, permit any jukeboxes, performances of live music, electronic games, vending machines, ATMs, newspaper racks, entertainment devices, coin- or token-operated machines, or gambling devices or kiosks to be used on the Taproom premises and will not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs.

#### **8.9 Compliance with Applicable Law.**

Franchisee is responsible for the operation of its Taproom, and will control, supervise, and manage all the employees, agents, and independent contractors who work for or with Franchisee. Hop & Grape will not have any right, obligation, or responsibility to control, supervise or manage Franchisee's employees, agents, or independent contractors. Franchisee will advise its employees, agents and independent contractors of the foregoing facts, in writing, upon hiring or contracting with them, and in any employee manual or human resources materials made available to employees, agents or independent contractors. Franchisee will comply with all applicable federal, state, city, local and municipal laws, statutes, ordinances, rules and regulations pertaining to the construction or remodeling and the operation of Franchisee's Taproom including, but not limited to: (a) health, food service, business, and liquor licensing laws; (b) health and safety regulations and laws; (c) environmental laws; and (d) employment law (including all wage and hour laws, employment laws, workers' compensation laws, discrimination laws, sexual harassment laws, disability and discrimination laws and laws and regulations governing employment of aliens); and (e) credit, charge, courtesy and cash card transactions and processing. Currently Franchisee does not have to comply with federal nutritional disclosure requirements. In the event that Franchisee does have to comply with nutritional disclosure requirements, Hop & Grape and Franchisee shall enter into an amended Franchise Agreement to set forth the compliance requirements for nutritional disclosure. Franchisee will, at its expense, be solely and exclusively responsible for determining the licenses and permits required by law for Franchisee's Taproom, for obtaining and qualifying for all licenses and permits, and for compliance with all applicable laws by its employees, agents and independent contractors. Notwithstanding any rights or obligations set forth herein, no part of this Agreement shall be read to require Franchisee to engage in acts or practices that violate any law.

#### **8.10 Tax Laws.**

Franchisee will comply with all tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, liquor taxes, personal property taxes and real estate taxes, and federal, state and local income tax laws). Hop & Grape will have no liability for any taxes which arise or result from Franchisee's Taproom and Franchisee will indemnify Hop & Grape for any such taxes that may be assessed or levied against Hop & Grape which arise out of or result from Franchisee's Taproom. If any "franchise" or other tax which is based upon the Revenues, receipts, sales, business activities, or operation of Franchisee's Taproom is imposed upon Hop & Grape by any taxing authority, then Franchisee will reimburse Hop & Grape for all such taxes paid by Hop & Grape.

#### **8.11 Other Laws.**

Franchisee will comply and/or assist Hop & Grape in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee will not enter into any prohibited transactions and

will properly perform any currency reporting and other activities relating to the Taproom business as may be required by Hop & Grape or by law. Franchisee confirms that it is not listed in the Annex to Executive Order 13224, and agrees not to hire any person so listed or have any dealing with a person so listed. Franchisee is solely responsible for ascertaining what actions must be taken by it to comply with all such laws, orders and/or regulations, and specifically acknowledges and agrees that its indemnification responsibilities as provided in ARTICLE 24 of this Agreement pertain to its obligations hereunder.

#### **8.12 Alcoholic Beverages.**

Franchisee will stock and maintain a bar in compliance with the Operations Manual and will at all times comply with: (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations and requirements applicable to the sale of alcoholic beverages by Franchisee at the Taproom; and (b) the liquor liability insurance requirements set forth in this Agreement or otherwise provided by Hop & Grape in writing. Franchisee will cause beer to be served in glasses and vessels as may be designated by Hop & Grape and will cause its Taproom's beer taps and lines to be professionally cleaned and maintained, all in a manner consistent with Hop & Grape System, as may be further described in the Operations Manual.

#### **8.13 Taproom Hours; Personnel.**

Franchisee's Taproom will be open during the hours specified in the Operations Manual. During business hours, Franchisee will have Management Staff on duty responsible for supervising the Taproom's employees and operations. Franchisee will have a sufficient number of adequately trained and competent service, kitchen and other personnel on duty to guarantee efficient service to the customers of the Taproom. Franchisee will require its employees to meet the appearance standards and to wear the standard attire or uniforms described in the Operations Manual.

#### **8.14 Inspection Rights.**

Franchisee will permit Hop & Grape or its representatives to enter, remain on, and inspect the Taproom without prior notice. Franchisee agrees that Hop & Grape may: (a) interview Franchisee's employees and customers; (b) take photographs and videotapes of the interior and exterior of the Franchised Location; (c) examine and remove samples of the Foods, Beverages, and Products and other products sold or used at Franchisee's Taproom; and (d) evaluate the quality of the Foods, Beverages, and Products, and the services provided by Franchisee to its customers. Hop & Grape will have the right to use all interviews, photographs and videotapes of Franchisee's Taproom for such purposes as Hop & Grape deems appropriate, including use in advertising, marketing and promotional materials, without any approval of or any compensation to Franchisee.

#### **8.15 Security Interest in Franchise Agreement.**

This Agreement and the Franchise granted to Franchisee hereunder may not be used by Franchisee as collateral or be the subject of a security interest, lien, levy, attachment or execution by Franchisee's creditors, any financial institution, or any other party, except with the prior written approval of Hop & Grape.

#### **8.16 Credit Cards.**

Franchisee will honor all credit, charge, courtesy and cash cards approved by Hop & Grape in writing. To the extent Franchisee will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of the Foods, Beverages, and Products provided under this Agreement, Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org), for the protection of cardholder data throughout the term of this Agreement. Franchisee further understands it is responsible for the security of cardholder data in the possession or control of any subcontractors it engages to perform under this Agreement. Such subcontractors must be identified to and approved by Hop & Grape in writing prior to sharing cardholder data with the subcontractor. Franchisee will, if requested to do so by Hop & Grape, provide appropriate documentation to Hop & Grape to demonstrate compliance with applicable PCI



DSS requirements by Franchisee and all identified subcontractors. Hop & Grape shall have no responsibility for how Franchisee holds credit, charge, courtesy, and cash card data or how to comply with applicable laws, regulations, and standards.

#### **8.17 Credit Card; Gift Cards.**

Franchisee will honor all debit, credit, charge, cash cards and all other types of payment cards, devices or methods approved by Hop & Grape. To the extent Franchisee will store, process, transmit or otherwise access or possess cardholder data in connection with the sale of the Foods, Beverages, and Products provided under this Agreement and the operation of Franchisee's Taproom, Franchisee will maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org), and any future generally-accepted security standards for the protection of cardholder data throughout the Term. Franchisee will not create or issue any gift cards or certificates and will only sell gift cards or certificates that have been issued by Hop & Grape or an Affiliate, and which are accepted at all Hop & Grape Taprooms. Franchisee will not issue coupons or discounts of any type except as approved by Hop & Grape. In the event that the Taproom closes or is otherwise abandoned, whether due to termination of this Agreement or for any other reason, Franchisee will pay Hop & Grape the full amount of the Taproom's outstanding gift card liability at the time of closing, reduced by the then-current percentage of anticipated gift card non-redemption as established by Hop & Grape. Such amount will be paid together with all other Fees and amounts payable to Hop & Grape in connection with Taproom closure pursuant to this Agreement.

#### **8.18 Guest Loyalty Programs; Coupons.**

Franchisee will fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Hop & Grape. Franchisee will not issue coupons or discounts of any type for use at its Taproom except as approved by Hop & Grape in writing, which may be withheld in its sole and absolute discretion.

#### **8.19 Music and Music Selection.**

Franchisee will play only the music and music selections that have been approved by Hop & Grape as set forth in the Operations Manual or otherwise in writing. Franchisee will install the equipment necessary to receive and play the approved music.

#### **8.20 Maintenance.**

Franchisee will, at its expense, repair and maintain the Taproom in a clean and sanitary condition consistent with Hop & Grape's then-current operating standards and will replace all décor items and FF&E as they become worn-out, soiled or in disrepair. All food preparation, mechanical, service, and other equipment must be kept in good working order and repair by Franchisee. All replacement FF&E and décor items used in the Taproom must comply with the standards and specifications in the Operations Manual.

#### **8.21 Remodeling of Taproom Premises.**

Franchisee will make the reasonable capital expenditures necessary to extensively remodel, modernize, redecorate and renovate ("remodel" or "remodeling") Franchisee's Taproom and to replace and modernize the FF&E so that Franchisee's Taproom will reflect the then-current image of a Hop & Grape Taproom and conform to Hop & Grape's then-current specifications. Franchisee acknowledges and agrees that the requirements to remodel and modernize the Taproom as set forth in this provision are reasonable and necessary to maintain uniformity among all Hop & Grape Taprooms, to update the image of Hop & Grape Taprooms and to avoid the deterioration of the appearance and operation of Franchisee's Taproom. Franchisee will complete remodeling the Taproom within twelve months after receiving written notice from Hop & Grape specifying the required remodeling. Except for repairs and maintenance, Franchisee will not be required to remodel the Taproom, or to replace and modernize its FF&E more than once every 5 years during the Term.

### **8.22 Working Capital.**

Franchisee will, at all times, maintain sufficient working capital to operate the Taproom and to fulfill its obligations under this Agreement, and will take steps to ensure availability of capital to fulfill Franchisee's obligations to maintain, remodel and modernize the premises and operations of the Taproom as required by the provisions of this Agreement.

### **8.23 Other Business.**

Franchisee will use the Franchised Location solely for the operation of a Hop & Grape Taproom and will not directly or indirectly operate or engage in any other business or activity from the Franchised Location. Franchisee will not participate in any dual branding program, or in any other program, promotion or business pursuant to which another trademark, service mark, trade name, or commercial symbol is used in connection with Franchisee's Taproom or at the Franchised Location.

### **8.24 Conventions.**

The Owners and such other persons as may be required by Hop & Grape, will attend the conventions, meetings, seminars and other gatherings or group sessions (collectively, "Conventions") held by Hop & Grape. The topics covered, duration, date and location of all Conventions held by Hop & Grape will be at the sole discretion of Hop & Grape. Franchisee will pay the registration fees, if any, established by Hop & Grape for each person attending a Convention held by Hop & Grape, and will also pay the Salaries and Benefits, the Travel Expenses and all other expenses incurred by the persons attending the Convention on Franchisee's behalf.

### **8.25 Quality Assurance Programs.**

In its sole and absolute judgment, Hop & Grape may hire providers of independent and secret shopping or other services to: (a) visit and evaluate food safety at the Taproom; (b) visit and dine at Franchisee's Taproom; (c) interview the customers of Franchisee's Taproom by telephone, electronically, interactive voice response, or in person; (d) summarize information from customer surveys or comment cards for Franchisee's Taproom; and (e) communicate with customers of Franchisee's Taproom by email or in writing, by direct contact, electronically, or interactive voice response for the purpose of evaluating: (i) the operations of Franchisee's Taproom; (ii) the quality of the Foods, Beverages, and Products provided to customers by Franchisee's Taproom; and (iii) whether Franchisee is in compliance with the operational and quality standards specified in the Operations Manual. Hop & Grape will determine the frequency, nature and extent of the services that will be provided and the form of the reports the service providers will provide to Hop & Grape. The fees charged by the service provider for evaluating Franchisee's Taproom will be shared equally by Hop & Grape and Franchisee. Hop & Grape will provide Franchisee with copies of all evaluation reports prepared by the service provider for Franchisee's Taproom and the invoices for the service evaluation. Franchisee will pay amounts invoiced by Hop & Grape within 30 days after receipt. In the event Franchisee fails a food safety evaluation, and without waiving any of the rights afforded to Hop & Grape herein, Franchisee must pay the full cost of any required follow-up evaluation, as well as the full cost of the original failed evaluation.

### **8.26 Payment of Obligations.**

Franchisee will timely pay any and all of its uncontested obligations or liabilities when due and owing under this Agreement, any other contract or otherwise payable to Hop & Grape, any Affiliate of Hop & Grape, the Local Advertising Association, the landlord for the Franchised Location, suppliers, vendors, distributors, banks, purveyors, lessors, creditors and any federal, state, local and municipal government.

### **8.27 Disclosure of Franchisee Information.**

Hop & Grape has the right to disclose in its Franchise Disclosure Document as required by law or regulation, and to retrieve and disseminate in other documents and places, as determined by Hop & Grape, any information relating to Franchisee and the Taproom, including Franchisee's name, any address and/or telephone number(s), and the Revenues, expenses, results of operations and/or other information regarding

the Taproom utilizing the retrieval method and disseminated via the medium and in the format determined by Hop & Grape, in its sole discretion. Any disclosure by Hop & Grape of such information will be for reasonable business purposes, and its rights under this provision will survive the Assignment, termination or expiration of this Agreement.

## **ARTICLE 9**

### **FOODS, BEVERAGES AND PRODUCTS**

#### **9.1 Limitations on Foods, Beverages, and Products.**

Franchisee will only sell the Foods, Beverages, and Products specified in writing by Hop & Grape or in the Operations Manual and will offer and sell all of the Foods, Beverages, and Products specified by Hop & Grape in writing or in the Operations Manual. Franchisee will maintain sufficient inventories to realize the full potential of the Taproom and will conform to all customer service standards prescribed by Hop & Grape in writing. Franchisee will set the retail price of Foods, Beverages, and Products sold at the Taproom; provided, however, that Hop & Grape may exercise all rights with respect to retail price available to it under applicable law including, but not limited to, setting maximum prices for items sold at the Taproom. Franchisee will only sell the Foods, Beverages, and Products on a retail eat-in or take-out basis and will not offer or sell the Foods, Beverages, and Products: (a) on a wholesale or retail basis at any other location; (b) by means of the Internet, catalogue or mail order sales, or telemarketing; and (c) by any other method distribution.

#### **9.2 Catering and Delivery.**

Franchisee will not, without the prior written consent of Hop & Grape, offer or provide delivery, or enter into arrangements for third party delivery, whether for a fee or not, of any Foods, Beverages, and Products offered for sale by Franchisee's Taproom.

#### **9.3 Approved Suppliers.**

Franchisee will purchase the Foods, Beverages, and Products which will be used or sold by Franchisee at its Taproom only from Approved Suppliers. Certain Foods, Beverages, and Products may only be available from one source, and Hop & Grape or an Affiliate may be that source. Franchisee will pay the then-current price in effect for all purchases Franchisee makes from Hop & Grape or an Affiliate. Except for purchases of single-source Foods, Beverages, and Products and instances where Hop & Grape has made volume commitments on behalf of franchisees that may be compromised, Franchisee will have the right to purchase the Foods, Beverages, and Products from other suppliers provided they conform to Hop & Grape standards and specifications and Hop & Grape determines, in the exercise of its business judgment, that the supplier's or distributor's business reputation, quality standards, delivery performance, credit rating, and other factors are acceptable and that approval of such supplier or distributor will not have a negative effect on the economical and efficient operation of the network of Hop & Grape Taproom or Hop & Grape System. If Franchisee desires to purchase any Foods, Beverages, and Products from other suppliers, then Franchisee must, at its expense, submit samples, specifications, and product information requested by Hop & Grape, for review and testing to determine whether these Foods, Beverages, and Products comply with Hop & Grape' standards and specifications. Hop & Grape will complete all product testing within 60 days after being provided with adequate samples, specifications and product information, and will notify Franchisee of its determination within 90 days after Hop & Grape receives the samples and other requested information from Franchisee. The written approval of Hop & Grape must be obtained before any previously unapproved Foods, Beverages, and Products are sold or used by Franchisee.

#### **9.4 Designated Suppliers.**

Franchisee will purchase from Designated Suppliers the Foods, Beverages, and Products designated in writing by Hop & Grape which are to be used or sold by the Taproom and which Hop & Grape determines must meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and Hop & Grape System. In addition, Franchisee will

purchase and use in its Taproom operations all of the brand name products specified by Hop & Grape in the Operations Manual.

#### **9.5 Branding of Foods, Beverages or Products.**

Franchisee will not have the right to: (a) use or display the Marks on or in connection with any foods, beverages or products that have not been approved by Hop & Grape; (b) acquire, develop or manufacture any food, beverage or product using the name “Hop & Grape Taproom” or any of the Marks, or direct any other person or Entity to do so; (c) acquire, develop or manufacture any Foods, Beverages or Products that have been developed or manufactured by or for Hop & Grape for use in conjunction with the operations of the Taproom and which are sold under any of the Marks, or direct any other person or Entity to do so; or (d) use, have access to, or have any rights to any proprietary formulas, ingredients, or recipes for any Foods, Beverages or Products created by or at the direction of Hop & Grape and sold under any of the Marks.

#### **9.6 Purchasing Cooperative.**

Hop & Grape may require that Franchisee join and make required purchases/leases through a purchasing cooperative or other Entity designated by Hop & Grape. Such Entity may adopt its own by-laws, rules, regulations and procedures, subject to Hop & Grape’s prior approval. Franchisee’s failure to timely pay amounts due to, or comply with the by-laws, rules, regulations and procedures of such cooperative is a breach of this Agreement. Hop & Grape will have the right to offset against amounts Hop & Grape owes to Franchisee the amount of Franchisee’s unpaid cooperative obligations.

#### **9.7 Payments to Suppliers.**

Franchisee will timely pay when due and owing any and all of its uncontested obligations or liabilities for purchases made by Franchisee from Designated Suppliers, Approved Suppliers, Hop & Grape, any Affiliate of Hop & Grape, and/or other suppliers, vendors and distributors (“Suppliers”) for the Foods, Beverages, and Products, or other items, goods, products, merchandise or services for the Taproom. Franchisee agrees and acknowledges that Hop & Grape has the right to require that information be provided by Franchisee’s Suppliers to Hop & Grape regarding the purchases and payments made by Franchisee to Suppliers and/or the status of Franchisee’s accounts with its Suppliers, and Franchisee hereby authorizes Hop & Grape to direct Franchisee’s Suppliers to promptly provide Hop & Grape with the information and documents, including order forms and invoices, requested by Hop & Grape. Franchisee’s Suppliers will accept this Agreement as evidence of the right of Hop & Grape to require that it be provided with information and documents regarding Franchisee’s accounts with its Suppliers, and this Agreement will constitute the authority from Franchisee for Franchisee’s Suppliers to provide such information and documents to Hop & Grape.

#### **9.8 Payments by Suppliers.**

Franchisee acknowledges that Hop & Grape and/or its Affiliates will have the right to receive commissions, volume discounts, purchase discounts, performance payments, bonuses, rebates, marketing and advertising allowances, co-op advertising, administrative fees, enhancements, price discounts, economic benefits and other payments (“Payments”) based upon the actual purchases of the Foods, Beverages, and Products by Hop & Grape, its Affiliates, and franchisees from Suppliers. Any Payments made to Hop & Grape will become the property of Hop & Grape for use as determined by Hop & Grape.

### **ARTICLE 10**

#### **CONFIDENTIAL OPERATIONS MANUAL; CONFIDENTIAL INFORMATION**

##### **10.1 Compliance with Operations Manual.**

Hop & Grape will provide Franchisee with access to the Operations Manual, which may be provided electronically or online. The purpose of the Operations Manual is to protect the Marks and Hop & Grape System, and not for the purpose of exercising control over those duties and responsibilities reserved to Franchisee. Franchisee will conform to the common image and identity created by the Foods, Beverages,

and Products, music, recipes, ingredients, cooking techniques and processes, cleanliness, sanitation, and services associated with Hop & Grape Taproom which are portrayed and described by the Operations Manual. Franchisee will modify the operations of the Taproom to implement all mandatory changes, additions and supplements made by Hop & Grape to Hop & Grape System which are reflected by the Operations Manual as promptly as reasonably possible. Franchisee will not use the Operations Manual or any information contained therein for any purpose other than the operation of Franchisee's Taproom. Franchisee acknowledges receiving access to one copy of the Operations Manual from Hop & Grape.

#### **10.2 Revisions to Operations Manual.**

The Operations Manual will at all times remain the sole and exclusive property of Hop & Grape. Hop & Grape may, from time to time, revise and update the Operations Manual to address changes or improvements to Hop & Grape System, and Franchisee expressly agrees to operate its Taproom in accordance with all such revisions to mandatory provisions of the Operations Manual. Franchisee is responsible for having access to the most current version of the Operations Manual, and in the event of any dispute regarding the Operations Manual, the terms of the master copy of the Operations Manual maintained by Hop & Grape will be controlling in all respects. Hop & Grape will have the option of providing the revisions and updates to the Operations Manual to Franchisee via any reasonable method, including electronically.

#### **10.3 Trade Secrets.**

Franchisee understands and agrees that he/she will come into possession of certain of Hop & Grape's trade secrets concerning the manner in which it conducts business including, but not necessarily limited to: recipes and formulas; methods of doing business or business processes; strategic business plans; customer lists and information; marketing and promotional campaigns; software; and Hop & Grape's materials clearly marked or labeled as trade secrets. Franchisee agrees that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to Hop & Grape. Franchisee agrees that Hop & Grape derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. As described in Section 31.9, Hop & Grape's trade secrets are part of the "Confidential Information."

#### **10.4 Confidential Information.**

Hop & Grape and Franchisee expressly understand and agree that Hop & Grape will be disclosing and providing Franchisee and its employees and agents with Confidential Information. Franchisee and its employees and agents will not, during the term of this Agreement or thereafter, reveal, communicate, sell, use, employ, copy, reverse engineer, lecture upon, rewrite, reproduce, disseminate, publish, disclose, or divulge any Confidential Information of Hop & Grape, or any abstracts thereof, to any person or Entity except as expressly authorized by this Agreement or by Hop & Grape in writing. Franchisee will only disclose or provide Hop & Grape's Confidential Information to its employees who must have access to it to properly execute their job functions and to operate Franchisee's Taproom. Notwithstanding any other provision of this Agreement to the contrary, there may be certain instances where applicable law allows for the disclosure of certain Confidential Information, including trade secrets, under limited circumstances as specified in the Operations Manual or otherwise in writing by Hop & Grape. All Confidential Information is and will remain the sole and absolute property of Hop & Grape and Franchisee will have no rights or interests in any Confidential Information, except the right to use the Confidential Information in the operations of the Taproom as provided in this Agreement. Any additions, changes, modifications and/or improvements made to any of Hop & Grape's Confidential Information by Franchisee or its employees and agents will be the sole and exclusive property of Hop & Grape.

#### **10.5 Confidentiality of Operations Manual.**

Franchisee will treat the Operations Manual and any other manuals created for or approved for use in the operation of Franchisee's Taproom as Confidential Information. Franchisee will use all reasonable means

to keep the contents of the Operations Manual secret and will only grant access to the Operations Manual to those employees who must use the Operations Manual in the performance of their employment duties in Franchisee's Taproom.

#### **10.6 Confidentiality Agreements; Noncompetition Agreements for Management Staff.**

Franchisee's Owners, the Management Staff and all of Franchisee's employees who have access to the Operations Manual or any Confidential Information must sign agreements in the form prepared by Franchisee's legal counsel and satisfactory to Hop & Grape agreeing to maintain the confidentiality, during the course of their employment and thereafter, of all Confidential Information of Hop & Grape. In addition, each member of Franchisee's Management Staff must sign a noncompetition agreement at the time of employment prepared by legal counsel retained by Franchisee in a form that is satisfactory to Hop & Grape. Franchisee will be responsible for the enforcement of the confidentiality and noncompetition agreements, and the legal fees, costs and expenses associated with such enforcement.

### **ARTICLE 11**

#### **SITE SELECTION; CONSTRUCTION; SIGNS**

##### **11.1 Site Selection; Purchase or Lease of Site.**

Franchisee is solely responsible for selecting the site of the Franchised Location for Franchisee's Taproom. Hop & Grape recommends that Franchisee retain an experienced commercial real estate broker or salesperson and an experienced attorney to provide advice and counsel on Franchisee's business and the terms, conditions, and economics of the legal and other documents required to lease or purchase the site. Franchisee must provide Hop & Grape with a copy of the proposed Lease for the site selected by Franchisee at least 15 days before the date the Lease is to be signed. Hop & Grape' review of the Lease will be only to determine whether the terms of the Lease comply with the terms and conditions of this Agreement, and not to provide any business, economic, legal or real estate advice or analysis. Franchisee will be solely responsible for all terms of the Lease, including the enforceability, economics and legality of all provisions in the Lease. The enforceability of the Lease must be conditioned upon the approval of Franchisee by Hop & Grape and the enforceability of this Agreement. Franchisee will not sign the Lease until this Agreement has been signed by both Franchisee and Hop & Grape and the Lease contains the terms required under this Article. The Lease will include the Lease Addendum attached hereto as Exhibit C, containing provisions confirming the right, but not the obligation, of Hop & Grape to enter the premises of the Franchised Location to conduct inspections during regular business hours, and the right, but not the obligation, of Hop & Grape to assume, or cause another franchisee to assume, the Lease in the event Franchisee's right to operate a Hop & Grape taproom is terminated, and other provisions specified by Hop & Grape for the purpose of promoting conformity and continuity of the Franchised Location as a part of Hop & Grape System. Franchisee agrees and acknowledges that Hop & Grape has the right to request that Franchisee's landlord promptly deliver to Hop & Grape, or such other party as Hop & Grape may designate: (a) written confirmation: (i) that the Lease is in full force and effect without modification or amendment, and (ii) that Franchisee is not in default under the terms of the Lease, and/or (b) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Hop & Grape.

##### **11.2 Site Release.**

Selection of the site of Franchisee's Taproom is solely Franchisee's responsibility. Hop & Grape has no duty or obligation to assist Franchisee in the selection of a site for the Franchised Location, or in the purchase or lease of the Franchised Location, and has no obligation or duty to Franchisee regarding the site selected by Franchisee. To the extent Hop & Grape provides information, assistance or advice in such matters, it is agreed that Hop & Grape has no liability of any kind whatsoever with respect to such information, assistance or advice. **Franchisee releases Hop & Grape and its current and former officers, directors, Owners, agents and employees, in their corporate and individual capacities, from any and all Claims by Franchisee arising from, in connection with, or as a result of Franchisee's purchase or**

**lease of the site selected by Franchisee for the Franchised Location, whether such Claims arise before or after the execution of this Agreement.**

### **11.3 Standard Plans and Specifications.**

Hop & Grape will, at its expense, provide Franchisee with a set of the plans and specifications for an existing Hop & Grape taproom as available. Franchisee acknowledges that unique aspects of each real estate site may require significant modifications to the standard plans. Consequently, Franchisee will, at its cost, retain a licensed architect and will be responsible for the preparation of working drawings and construction and architectural plans and specifications for Franchisee's Taproom. Franchisee will be responsible for the accuracy of all drawings, plans and specifications for its Taproom. Hop & Grape reserves the right to require Franchisee to use a Designated Supplier or Approved Supplier in connection with the design, engineering, or construction management of the development of Franchisee's Taproom.

### **11.4 Compliance with Specifications and Standards.**

The Franchised Location and Franchisee's Taproom will conform to all standards, specifications and other requirements (the "Design Standards") established by Hop & Grape for the design, decoration, layout, FF&E and other items of the Taproom. Any changes or modifications to the Design Standards must be submitted to Hop & Grape for its prior approval. Compliance with the Design Standards does not release Franchisee from its obligation to ensure that the Taproom is designed and constructed in compliance with all federal, state, and local laws including, without limitation, the Americans with Disabilities Act. Franchisee will purchase and install the FF&E specified in the Operations Manual or otherwise in writing by Hop & Grape for Franchisee's Taproom in compliance with the Design Standards.

### **11.5 Construction Costs.**

Franchisee will retain a licensed contractor for the construction or renovation of Franchisee's Taproom. Franchisee will be solely responsible for all costs and expenses incurred for the construction or renovation of Franchisee's Taproom at the Franchised Location including, but not limited to, all costs for architectural plans and specifications, all modifications to the plans and specifications necessitated by the structure, construction or layout of the Franchised Location, building permits, site preparation, demolition, construction of the parking lot, landscaping, heating, ventilation and air conditioning, interior décor and decorations, FF&E, leasehold improvements, labor, architectural and engineering fees, electricians, plumbers, general contractors and subcontractors.

### **11.6 Inspection.**

Franchisee will be solely responsible for inspections during construction or renovation to confirm that the Franchised Location is being constructed or renovated in a workmanlike manner and according to the specifications established by Hop & Grape. Franchisee will be solely responsible for complying with all federal, state and local laws, ordinances, statutes and building codes, and for acquiring all licenses and building and other permits required by law in connection with the construction or renovation of Franchisee's Taproom at the Franchised Location. Hop & Grape will have no responsibility to Franchisee or any other party if the Taproom is not constructed or renovated by Franchisee or its architect or contractor: (a) according to the specifications established by Hop & Grape; (b) in compliance with all applicable federal, state or local laws or ordinances; or (c) in a workmanlike manner. Franchisee will not open the Taproom for business without the prior written approval of Hop & Grape.

### **11.7 Approved Signs.**

All exterior and interior signs at the Franchised Location (the "Signs") must comply with the standard sign plans and specifications established by Hop & Grape and provided to Franchisee and must be purchased from an Approved Supplier. Franchisee will, at its expense, prepare or cause the preparation of complete and detailed plans and specifications for the Signs and will submit them to Hop & Grape for written approval. Hop & Grape will have the absolute right to inspect, examine, videotape and photograph the Signs during the term of this Agreement. Franchisee will be responsible for any and all installation costs,

sign costs, architectural fees, engineering costs, construction costs, permits, licenses, repairs, maintenance, utilities, insurance, taxes, assessments and levies in connection with the construction, erection, maintenance or use of the Signs including, if applicable, all electrical work, construction of the base and foundation, relocation of power lines and all required soil preparation work. Franchisee will comply with all federal, state and local laws, regulations, building codes and ordinances relating to the construction, erection, maintenance and use of the Signs. Franchisee may not alter, remove, change, modify, or redesign the Signs unless approved by Hop & Grape in writing. Hop & Grape will have the right to redesign the specifications for the Signs without the approval or consent of Franchisee. Within 90 days after receipt of written notice from Hop & Grape, Franchisee will, at its expense, either modify or replace the Signs so that the Signs displayed at the Franchised Location will comply with the new specifications. Franchisee will not be required to modify or replace the Signs more than once every 6 years from the date of this Agreement.

#### **11.8 Ownership of Franchised Location.**

If Franchisee, any of the Owners, or an Entity owned by Franchisee and/or any of the Owners, owns, leases or otherwise controls the Franchised Location, including the land, building and related real estate, or if Franchisee, any of Franchisee's Owners, or an Entity owned by Franchisee and/or any of the Owners owns 50.1% or more of an Entity that owns, leases or otherwise controls the Franchised Location, then Franchisee will, as the lessee, enter into a Lease for the Franchised Location for a term coextensive with the term of this Agreement containing terms and conditions that are commercially reasonable and substantially similar to a commercial lease that would be executed by unrelated parties in an arm's length transaction for similarly situated real estate. The Lease will be deemed to be a Major Asset of Franchisee. This provision will not apply if Franchisee owns the Franchised Location, and the Franchised Location is reflected as an asset on Franchisee's Financial Statements, in which event, the Franchised Location will be deemed a Major Asset of Franchisee.

#### **11.9 Relocation.**

Provided Franchisee is not in default of this Agreement, Franchisee may, at its sole expense and with the prior written approval of Hop & Grape, be authorized by Hop & Grape to relocate the Franchised Location if: (a) the proposed new location is located in Franchisee's original Designated Area, as defined in the Addendum to this Agreement when this Agreement was signed by the parties; (b) the proposed new location meets Hop & Grape's site selection criteria and other requirements as set forth in this Agreement; and (c) Franchisee's new Designated Area, as defined in the Addendum to this Agreement based upon the proposed new location, does not infringe upon (i) the market area of any existing or proposed Hop & Grape Taproom or any other taproom owned or operated by Hop & Grape or any of its Affiliates; or (ii) any designated area granted to any other developer, area developer, franchisee, master franchisee or subfranchisee of Hop & Grape Taprooms. The new location of the Taproom, including the real estate and the building, must comply with Hop & Grape then-current image, décor, standards and specifications. Franchisee will pay Hop & Grape a Relocation Fee of \$10,000 on the date Hop & Grape approves Franchisee's right to relocate to the new location.

### **ARTICLE 12** **EQUIPMENT; COMPUTER HARDWARE AND SOFTWARE**

#### **12.1 Communications Equipment; Telephone Lines.**

Franchisee will, at its sole expense, obtain and maintain the dedicated telephone lines, high speed Internet connections, and other communication and transmission equipment and systems for Franchisee's Taproom as are specified in the Operations Manual or otherwise in writing. Franchisee will install and maintain telephone answering systems and other telephonic devices at the Taproom and will operate all communication and transmission systems and devices as specified by Hop & Grape in the Operations Manual or otherwise in writing.



### **12.2 Computer Hardware and Software; Point-of-Sale System.**

Franchisee will, at its sole expense, lease, license or purchase the computer hardware, computer software, peripheral devices and point-of-sale, cash register and operating systems (the “Computers and Software”) that meet the standards, specifications and requirements established by Hop & Grape as set forth in the Operations Manual or otherwise in writing. Franchisee will, upon written notice from Hop & Grape, modify, upgrade, and update the Computers and Software, at its sole expense, to the standards, specifications and requirements specified in the Operations Manual or otherwise provided in writing by Hop & Grape. Franchisee’s Computers and Software will be configured to provide Hop & Grape with direct electronic access to Franchisee’s Computers and Software, and databases to upload the data, financial information and other information Franchisee is required to provide to Hop & Grape pursuant to this Agreement or the Operations Manual, including Revenues, and by category, direct labor costs and food costs. Franchisee will, upon written notice from Hop & Grape, modify, enhance, update and upgrade the Computers and Software, at its sole expense, to the standards, specifications and requirements specified in the Operations Manual or otherwise in writing by Hop & Grape. Franchisee will be responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders, and Franchisee waives any and all Claims against Hop & Grape as the direct or indirect result of such disruptions, failures and attacks.

### **12.3 Internet Provider; Email Address.**

Franchisee will, at Franchisee’s expense, have access to the Internet/World Wide Web (the “Internet”). Hop & Grape will provide Franchisee and its Management Staff with email addresses, which will be the exclusive email address through which Franchisee and Hop & Grape will communicate. Franchisee will not, and will not permit its Management Staff and other employees to, create or use any email addresses or handles for the purpose of conducting the Taproom’s business.

### **12.4 Hop & Grape Website.**

Hop & Grape will establish and maintain a website (the “Hop & Grape Website”) to advertise and promote Hop & Grape Taproom, including Franchisee’s Taproom. All features of Hop & Grape Website, including the domain name, content, features, format, procedures and links to other websites, will be determined by Hop & Grape, in its sole discretion. Hop & Grape will have the right to modify, enhance, suspend or temporarily or permanently discontinue Hop & Grape Website at any time, in its sole discretion. Franchisee will not have the right to establish an email address, website, or other presence on the Internet to advertise or promote its Taproom or to otherwise use the Marks. Franchisee will be required to maintain its own content and information on the Subpage consistent with the standards and specifications that Hop & Grape may set forth in the Operations Manual or otherwise. Hop & Grape and its Affiliates will have the sole right to promote on the Internet the Foods, Beverages, and Products offered by Franchisee’s Taproom, to create a website containing the “Hop & Grape Taproom” name and the Marks. There is no initial cost to Franchisee for Hop & Grape Website. However, Hop & Grape reserves the right, after giving Franchisee at least 60 days’ prior written notice, to charge Franchisee a fee for the costs associated with the maintenance or enhancement of Hop & Grape Website. Franchisee’s Taproom will be removed from Hop & Grape Website immediately upon the termination or expiration of this Agreement.

### **12.5 Social Networking.**

Franchisee and its Executive Management, Management Staff, employees and agents will not have the right to use any of the Marks or other intellectual property of Hop & Grape on any social network, social media or online community on the Internet or any other online, digital or electronic medium including, but not limited to, any “blog,” YouTube, Facebook, Myspace, Wikipedia, professional networks like Linked-In, live-blogging and micro-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools now or hereafter in existence (“Online and Social Media”), except with the prior written permission of Hop & Grape. Franchisee and its Executive Management, Management Staff, employees and agents will comply with all of Hop & Grape’s policies, standards and procedures for use of any Online and Social Media that in any way references the Marks or involves the

Taproom. Hop & Grape may require Franchisee to set up accounts, pages or similarly participate in Online and Social Media, and may require that Hop & Grape be given administrative privileges for such accounts and pages. Hop & Grape may require that Franchisee post appropriate content to such accounts and pages and Franchisee will be permitted to do so independently.

#### **12.6 Artificial Intelligence.**

Franchisee will not, without Hop & Grape's prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models ("Generative AI") directly or indirectly in the operation of the Taproom, including without limitation, in advertising, promotion, or marketing of the Taproom or the franchised business, communications with customers, business planning, analysis or optimization, or in any social media. Franchisee acknowledges and agrees not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by Hop & Grape. In addition, Franchisee shall prohibit its employees from using any Confidential Information in Generative AI. In the event Franchisee utilizes any Generative AI, with or without prior approval from Hop & Grape, Franchisee shall comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

### **ARTICLE 13** **TRAINING; OPENING ASSISTANCE**

#### **13.1 Initial Training.**

To educate, familiarize and acquaint Franchisee and its Management Staff with Hop & Grape System and the operations of a Hop & Grape Taproom, Hop & Grape will provide an initial training program for Franchisee and the Management Staff at a Hop & Grape Taproom in or near Marshfield, Wisconsin or at another location designated by Hop & Grape in writing (the "Training Program"). The Training Program will include instruction on basic business procedures, equipment operation and maintenance, hiring and training of employees, computer operations, advertising and promotion, purchasing procedures, food preparation and presentation, liquor service, inventory and cost controls, customer service, and other topics selected by Hop & Grape. The Training Program for Franchisee and its Management Staff will be scheduled by Hop & Grape in its sole discretion and will be for approximately 10 days (which need not be consecutive). Franchisee and the Management Staff must begin the Training Program at least 60 days prior to the Required Opening Date. Each member of the Management Staff must attend and successfully complete the Training Program and be certified in writing by Hop & Grape at least 30 days prior to the actual opening of Franchisee's Taproom. Any member of the Management Staff who does not successfully complete the required Training Program will not be permitted to participate in the operations of Franchisee's Taproom. Unless additional training is required by Hop & Grape pursuant to Article 13.4 of this Agreement, Franchisee will not be required to pay Hop & Grape any training or other fees for the Training Program provided to Franchisee and Franchisee's Management Staff pursuant to this Article 13.1.

#### **13.2 Changes in Personnel After Initial Opening.**

All new members of Franchisee's Management Staff hired after the initial opening of the Taproom must attend the training program prescribed by Hop & Grape in the Operations Manual within 21 days after being hired or promoted by Franchisee. If any member of the Management Staff fails to successfully complete the required training program within 60 days after the date of hiring, then Franchisee will not permit that employee to continue to participate in the operation of Franchisee's Taproom.

#### **13.3 Required Training of New Personnel.**

The initial training program for new members of the Management Staff hired after the opening of the Taproom will be conducted in or near Marshfield, Wisconsin, or at another location designated by Hop &

Grape. Franchisee will be required to pay the Per Diem Training Fee charged by Hop & Grape for each new Management Staff members trained by Hop & Grape after the opening of the Taproom. If Hop & Grape, at its option, provides the initial training program, or any portion of the initial training program, for any Management Staff member at the Franchised Location (rather than at Hop & Grape' designated training location), then Franchisee will, within 10 days after receipt of an invoice indicating the amount owed, pay Hop & Grape: (a) the Per Diem Training Fee for each trainer; and (b) for all Travel Expenses incurred by each trainer.

#### **13.4 Additional Training.**

Franchisee, Franchisee's Management Staff and other employees of Franchisee may be required by Hop & Grape to attend, at Franchisee's expense, additional training on the dates scheduled by Hop & Grape at the Franchised Location, or another location designated by Hop & Grape, on topics to be determined by Hop & Grape if Franchisee's Taproom fails to meet certain performance standards established by Hop & Grape or Hop & Grape otherwise determines, in its sole discretion, that additional training is necessary or required. Franchisee may also request that one or more members of Franchisee's Management Staff undergo additional training on the dates scheduled by Hop & Grape, at Franchisee's cost. Whether the additional training is required by Hop & Grape or requested by Franchisee, Franchisee will pay the Per Diem Training Fee for each member of the Management Staff trained, and will reimburse Hop & Grape for the Travel Expenses of its trainers.

#### **13.5 Payment of Salaries and Expenses.**

Franchisee will pay all Travel Expenses and the Salaries and Benefits for all employees of Franchisee who attend any Hop & Grape training program on behalf of Franchisee.

#### **13.6 Opening Assistance.**

Hop & Grape will provide an opening assistance team consisting of at least one trainer and one senior member of Hop & Grape franchise development team (the "On-deck team") to assist Franchisee with (a) implementing Hop & Grape System at Franchisee's Taproom, and (b) training Franchisee's staff and kitchen employees. Members of the On-deck team will be present at Franchisee's Taproom for at least 5 days. If any member of the On-deck team is required to remain at the Taproom for more than 5 days, as determined by Hop & Grape's sole discretion, Franchisee will pay Hop & Grape the Per Diem Training Fee and the additional Travel Expenses for each additional day of on-site opening assistance provided by each member of the On-deck team within 10 days after receipt of an invoice from Hop & Grape indicating the amount owed.

#### **13.7 Release and Indemnification.**

Franchisee and its Owners hereby waive any right to sue for Damages or other relief, and release all known and unknown Claims they may allegedly have against Hop & Grape and/or any of its Affiliates and their current and former employees, agents, officers and directors, arising out of the adequacy or accuracy of the information provided at or any activities occurring during any training program, additional training and/or opening assistance (collectively referred to as "Training" in this provision), or any harm or injury any attendee or participant suffers during and as a result of his/her attendance at or participation in the Training. Franchisee and the Owners agree to hold Hop & Grape, its Affiliates and their current and former employees, agents, officers and directors harmless for any Claims and/or Damages incurred by Franchisee, the Owners or any Affiliates, employees, agents, officers and directors arising out of, in any way connected with or as a result of attendance at or participation in the Training. Franchisee, the Owners and all persons who attend and participate in the Training on behalf of Franchisee will sign the documentation required by Hop & Grape or an Affiliate as a condition to their attendance at, participation in and successful completion of the Training.

## **ARTICLE 14**

### **INSURANCE**

#### **14.1 General Liability Insurance.**

Franchisee will purchase and maintain, at its sole cost, a commercial comprehensive general liability insurance policy with coverage amounts as specified in Hop & Grape' Operations Manual. As of the date of this Agreement, required coverage must be at least \$1,000,000 per occurrence and \$2,000,000 aggregate coverage, insuring Franchisee and its officers, directors, agents, and employees from loss, liability, claim, damage or expense, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability, and other legal liability, resulting from the condition, operation, use, business, or occupancy of Franchisee's Taproom and the Franchised Location, including the surrounding premises, the parking area, and the sidewalks. Franchisee shall name Hop & Grape as an additional insured on its commercial comprehensive general liability insurance policy.

#### **14.2 Liquor Liability Insurance.**

Franchisee will procure and maintain in full force and effect, at its sole cost and expense, liquor liability insurance with coverage of at least \$1,000,000 per occurrence insuring Franchisee, Hop & Grape and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever, including bodily injury, personal injury, death, property damage and all other occurrences, resulting from the sale or service of liquor by Franchisee or any of Franchisee's employees in connection with Franchisee's Taproom.

#### **14.3 Automobile Liability Insurance.**

Franchisee will procure and maintain in full force and effect, at its sole cost and expense, automobile liability insurance with coverage of at least \$500,000 per occurrence insuring Franchisee, Hop & Grape and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned by Franchisee or used by Franchisee or any of Franchisee's employees (including automobiles owned or leased by any employee of Franchisee) in connection with Franchisee's Taproom, including the catering and delivery services provided by Franchisee's Taproom.

#### **14.4 Property Insurance.**

Franchisee will procure and maintain in full force and effect, at its sole cost and expense, "all risks" property insurance coverage, which will include fire and extended coverage and, if applicable based upon the location of the Franchised Location, wind, hurricane, flood and/or earthquake coverage, for the FF&E and other property owned or leased by Franchisee and used by Franchisee at the Franchised Location. Franchisee's property insurance policy (including fire and extended coverage) must have coverage limits equal to at least actual "replacement" cost of the FF&E and the other property of Franchisee used in the business operations of the Taproom.

#### **14.5 Business Interruption Insurance.**

Franchisee will procure and maintain, at its sole cost and expense, business interruption insurance insuring Franchisee for the "Actual Loss Sustained" for a minimum of 12 months from the date of any interruption in the operation of Franchisee's Taproom until at least 60 days after the Taproom reopens for business. If "Actual Loss Sustained" coverage is not available to Franchisee, then Franchisee will procure and maintain, at its expense, business interruption insurance in an amount equal to at least 90% of Franchisee's Revenues for a minimum of 12 months, less non-continuing expenses.

#### **14.6 Building Insurance.**

If Franchisee, or any of Franchisee's Owners, owns, either directly or indirectly, the building or the business premises at the Franchised Location, then Franchisee will insure the building or the business premises for

and against all risk, loss and damages in an amount equal to at least actual "replacement" cost. If the Franchised Location is either partially or completely destroyed by fire or any other catastrophe, then Franchisee will use the insurance proceeds to repair or reconstruct the Franchised Location and recommence business as soon as reasonably possible.

#### **14.7 Employment Practices Liability Insurance.**

Franchisee will procure and maintain, at its sole cost and expense, employment practices liability insurance coverage of at least \$1,000,000 per occurrence insuring Franchisee and Franchisee's employees for employment-related Claims and Damages.

#### **14.8 Vendor Insurance.**

(a) General Liability Insurance. Franchisee will require each supplier and independent contractor ("supplier") to procure and maintain in full force and effect, at their sole cost and expense, a general liability insurance policy with coverage of at least \$1,000,000 per occurrence insuring the supplier and Franchisee, Hop & Grape and their respective Executive Management, agents and employees from and against any and all loss, liability, claim or expense of any kind whatsoever, including bodily injury, personal injury, food poisoning or other sickness, death, property damage, products liability and all other occurrences arising from or as a result of any negligence or other wrongdoing by the supplier or its employees in providing services or products to Franchisee, Franchisee's Taproom or to any customer or invitee of the Taproom.

(b) Automobile Insurance. Franchisee will require each supplier that performs any services for Franchisee to procure and maintain in full force and effect, at its sole cost and expense, automobile liability insurance with coverage of at least \$1,000,000 per occurrence insuring Franchisee, Hop & Grape and their respective Executive Management, agents and employees from any and all Claims and Damages of any kind whatsoever resulting from the use, operation or maintenance of all automobiles or vehicles owned or leased by the supplier, or owned or leased by any of its employees and used by the supplier, in connection with any services provided to Franchisee, including all catering and/or delivery services provided for or on behalf of Franchisee's Taproom.

#### **14.9 Data Security/Cyber Breach Insurance.**

Franchisee will purchase and maintain in full force and effect, at its sole cost, a data security/cyber breach liability insurance policy with coverage for cyber liability claims.

#### **14.10 Umbrella Liability.**

Franchisee will, at its sole cost and expense, purchase and maintain umbrella liability insurance in the amount of \$2,000,000 that will provide liability insurance coverage for any Claims or Damages incurred by Franchisee in excess of the primary general liability, liquor liability, automobile liability, employment practices liability, and other liability insurance coverage carried by Franchisee.

#### **14.11 Insurance Required by Law or Hop & Grape.**

Franchisee will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees, and all insurance coverages required by Hop & Grape in this Agreement, the Operations Manual or otherwise in writing.

#### **14.12 Franchisee's Insurance Obligations.**

Franchisee's obligation to obtain and maintain insurance policies in the amounts specified shall not be limited in any way by reason of any insurance that Hop & Grape may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in ARTICLE 24 or elsewhere in this Agreement. Franchisee's insurance procurement obligations under this Article are separate and independent of Franchisee's indemnity obligations. Hop & Grape does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage for Franchisee or the Taproom. Franchisee should consult with its own insurance agents, brokers,

attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Hop & Grape.

**14.13 Insurance Companies; Evidence of Coverage.**

All insurance companies providing coverage to Franchisee must be licensed in the state where coverage is provided. Franchisee will provide Hop & Grape with certificates of insurance or such other evidence of insurance coverage as Hop & Grape may require pursuant to this Article no later than the date Franchisee opens for business, and Franchisee will immediately provide, upon expiration, change or cancellation, a new certificate of insurance (or other updated evidence of coverage, as designated by Hop & Grape) to Hop & Grape.

**14.14 Defense of Claims.**

All liability insurance policies procured and maintained by Franchisee in connection with Franchisee's Taproom, including Franchisee's employment practices liability policy, will require the insurance company to provide and pay for attorneys to defend any Claims brought against Franchisee, Hop & Grape, and their respective Executive Management, agents and employees.

**14.15 Rights of Hop & Grape.**

All insurance policies procured and maintained by Franchisee pursuant to this Article will name Hop & Grape as an additional insured, will contain endorsements by the insurance companies waiving all rights of subrogation against Hop & Grape, will, as applicable, include primary and non-contributory endorsement or language in form and content as Hop & Grape periodically requires, and will stipulate that Hop & Grape will receive copies of all notices of cancellation, non-renewal or elimination at least 30 days prior to the effective date of such cancellation, non-renewal or coverage elimination. Franchisee will provide prior written notification to Hop & Grape of any reduction in the insurance coverages maintained by Franchisee pursuant to this Article.

**ARTICLE 15**

**LICENSING OF MARKS AND HOP & GRAPE SYSTEM**

**15.1 Right to License Marks.**

Hop & Grape warrants that it has the right to grant the franchise and to license the Marks and Hop & Grape System to Franchisee. Any and all changes or improvements made by Franchisee to the Marks or Hop & Grape System (regardless of whether Hop & Grape approves their use with Hop & Grape System) will be the sole and absolute property of Hop & Grape, which will have the exclusive right to register and protect all such changes and improvements in its name in accordance with applicable law. Franchisee's right to use and identify with the Marks and Hop & Grape System will exist concurrently with the Term and such use by Franchisee will inure exclusively to the benefit of Hop & Grape.

**15.2 Conditions to License of Marks.**

Hop & Grape hereby grants to Franchisee the nonexclusive personal right to use the Marks and Hop & Grape System in accordance with the provisions of this Agreement. Franchisee's nonexclusive personal right to use "Hop & Grape" as the name of Franchisee's Taproom and its right to use the Marks and Hop & Grape System applies only to Franchisee's Taproom at the Franchised Location and such rights will exist only so long as Franchisee fully performs and complies with all of the conditions, terms and covenants of this Agreement. "Nonexclusive," for the purposes of this Article, will mean that Hop & Grape has or will grant franchises to other franchisees, Entities or persons authorizing them to own and operate Hop & Grape Taproom in conformity with Hop & Grape System using the name "Hop & Grape" and the other Marks, and that Hop & Grape and Affiliates have operated and may continue to own and operate Hop & Grape Taprooms.

**15.3 Franchisee's Authorized Use.**

Franchisee will only use the Marks designated by Hop & Grape and only in the manner authorized and

permitted by Hop & Grape. Franchisee's right to use the Marks is limited to the uses set forth in this Agreement and any unauthorized use will constitute an infringement of the rights of Hop & Grape under this Agreement and under the Lanham Act (15 U.S.C. §1051, et seq.). Franchisee will not have or acquire any rights in any of the Marks or Hop & Grape System other than the right of use as provided herein. Franchisee will have the right to use the Marks and Hop & Grape System only in the manner prescribed, directed and approved by Hop & Grape in writing and will not have the right to use the Marks in connection with the sale of any products or services other than those prescribed or approved by Hop & Grape for sale by Franchisee. If in the judgment of Hop & Grape, the acts of Franchisee are contrary to the limitations set forth in this Agreement or infringe upon or demean the goodwill, uniformity, quality or business standing associated with the Marks or Hop & Grape System, then Franchisee will, upon written notice from Hop & Grape, immediately modify its use of the Marks or Hop & Grape System in the manner prescribed by Hop & Grape in writing.

#### **15.4 Improvements.**

If Franchisee or the Owners develop any new or revised concept, product, recipe, trademark, service mark, branding concept, process or improvement in or related to the operation or promotion of the Taproom or Hop & Grape System ("Improvements"), then Franchisee will promptly provide Hop & Grape with a detailed summary of the Improvements. Franchisee and the Owners acknowledge and agree that: (a) all Improvements made by Franchisee and the Owners are the property of Hop & Grape; (b) Franchisee will execute and deliver any documents or instruments required by Hop & Grape to memorialize or evidence Hop & Grape's ownership of the Improvements; (c) Hop & Grape will have the right to incorporate any or all of the Improvements into Hop & Grape System and/or the Marks; and (d) Hop & Grape will have the right to use and authorize its Affiliates and franchisees to use any or all Improvements in the operations of any or all Hop & Grape Taproom without any compensation to Franchisee.

#### **15.5 Adverse Claims to Marks.**

If there are any Claims by any party that its rights to any or all of the Marks are superior to those of Hop & Grape and if the attorneys for Hop & Grape are of the opinion that such Claims by a party is legally meritorious, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of Hop & Grape, then upon receiving written notice from Hop & Grape, Franchisee will, at its sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by Hop & Grape. If so specified, Franchisee will immediately cease using the Marks specified by Hop & Grape, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by Hop & Grape in writing at the Franchised Location, and in connection with all advertising, marketing and promotion of Franchisee's Taproom. Franchisee will not make any changes or amendments whatsoever to the Marks or Hop & Grape System without the written approval of Hop & Grape.

#### **15.6 Defense or Enforcement of Rights to Marks.**

Franchisee will have no right to and will not defend or enforce any rights associated with the Marks or Hop & Grape System in any court or other proceedings for or against imitation, infringement, prior use or for any other Claims or allegation. Franchisee will give Hop & Grape immediate written notice of any and all Claims or complaints made against or associated with the Marks and Hop & Grape System and will, without compensation for its time and at its expense, cooperate in all respects with Hop & Grape in any lawsuits or other proceedings involving the Marks and Hop & Grape System. Hop & Grape will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks and/or Hop & Grape System, and the cost and expense of all litigation incurred by Hop & Grape, including attorneys' fees, specifically relating to the Marks or Hop & Grape System will be paid by Hop & Grape.

#### **15.7 Tender of Defense.**

If Franchisee is named as a defendant or party in any action involving the Marks or Hop & Grape System solely because the plaintiff or claimant is alleging that Franchisee does not have the right to use the Marks

or Hop & Grape System, then Franchisee will have the right to tender the defense of the action to Hop & Grape, and Hop & Grape will, at its expense, defend Franchisee in the action provided that Franchisee has tendered defense of the action to Hop & Grape within seven days after receiving service of the pleadings or the summons and complaint relating to the action. Hop & Grape will indemnify and hold Franchisee harmless from any Damages assessed against Franchisee in any actions resulting solely from Franchisee's use of the Marks or Hop & Grape System at the Franchised Location if Franchisee has timely tendered defense of the action to Hop & Grape.

#### **15.8 Franchisee's Right to Participate in Litigation.**

Franchisee may, at its expense, retain an attorney to represent it individually in all litigation and court proceedings involving the Marks or Hop & Grape System, and may do so with respect to matters involving only Franchisee (i.e., not involving Hop & Grape or its interests); however, Hop & Grape and its attorneys will control and conduct all litigation involving the Marks or Hop & Grape System and the rights of Hop & Grape. Except as expressly provided for herein, Hop & Grape will have no liability for any costs that Franchisee may incur in any litigation involving the Marks or Hop & Grape System, and Franchisee will pay for all costs, including attorneys' fees, that it may incur in any litigation or proceeding arising as a result of matters referred to under this Article, if Franchisee has not timely tendered the defense to Hop & Grape in accordance with Article 15.7.

### **ARTICLE 16 OTHER OBLIGATIONS OF HOP & GRAPE**

#### **16.1 Other Obligations.**

Consistent with Hop & Grape uniformity requirements and quality standards, Hop & Grape will: (a) provide Franchisee with a written schedule of all Foods, Beverages, and Products sold or used by Hop & Grape Taproom, and the FF&E and supplies required for the operation of Franchisee's Taproom; (b) provide Franchisee with a list of the Approved Suppliers and Designated Suppliers for the Foods, Beverages, and Products and the FF&E for Franchisee's Taproom; (c) make available to Franchisee basic taproom-level sales and cost accounting and business procedures for use by Franchisee in its Taproom; (d) periodically make general local marketing recommendations to Franchisee; (e) visit and review Franchisee's Taproom as often as Hop & Grape deems necessary and render written reports to Franchisee as deemed appropriate by Hop & Grape; (f) protect, police and, when appropriate, enforce the Marks for the benefit of Hop & Grape franchisees in the manner deemed appropriate by Hop & Grape; (g) develop and, if applicable, register additional trademarks, trade names, service marks, tag lines, logos or commercial symbols for use in connection with Hop & Grape System as deemed appropriate by Hop & Grape; (h) upon the reasonable written request of Franchisee, render reasonable advisory services by telephone or in writing pertaining to the operation of Franchisee's Taproom; (i) provide Franchisee with a sample of the standard Hop & Grape Taproom menu, and all modifications and updates to the menu; and (j) provide Franchisee with a written or electronic copy of the Operations Manual, together with all written or electronic copies of the supplements and updates published by Hop & Grape from time to time.

#### **16.2 Consulting Assistance.**

If Franchisee requests that Hop & Grape provide a consultant to train, assist or advise Franchisee on management and operations issues at the Franchised Location, then Franchisee will reimburse Hop & Grape for the Travel Expenses incurred by the consultant and will pay Hop & Grape the Per Diem Training Fee for each day the consultant provides training, assistance or advice to Franchisee.

### **ARTICLE 17 ASSIGNMENT**

#### **17.1 Assignment of Agreement by Hop & Grape.**

This Agreement (and any interest herein) may be unilaterally Assigned by Hop & Grape to a person or



Entity without the approval of Franchisee and, upon assignment, will inure to the benefit of the successors and assigns of Hop & Grape. Hop & Grape will provide Franchisee with written notice after the Assignment has been completed. Any assignee of Hop & Grape will be required to fully perform all obligations of Hop & Grape under this Agreement.

### **17.2 Assignment of Agreement to Beneficiary or Entity.**

If Franchisee is an individual and has personally signed this Agreement, then in the event of the death or permanent disability of Franchisee, this Agreement may be Assigned to any designated person or beneficiary (the "Beneficiary") without the payment of any Assignment Fee and without complying with ARTICLE 21. However, the Assignment of this Agreement to Franchisee's Beneficiary will be subject to the applicable provisions of Article 17.3(b) - (i) and will not be valid or effective until Hop & Grape has received the properly executed legal documents which its attorneys deem necessary to document the Assignment of this Agreement to the Beneficiary. The Beneficiary must agree to be unconditionally bound by the terms and conditions of this Agreement and must successfully complete the Training Program. There will be no charge to the Beneficiary for attending the Training Program; however, the Salary and Benefits and the Travel Expenses of the Beneficiary will be paid by the Beneficiary. In addition, this Agreement may be Assigned by Franchisee to an Entity without the payment of an Assignment Fee and without complying with ARTICLE 21 if Franchisee is an individual or a general partnership, provided that the Owner or Owners of the Entity are the same person or persons who signed this Agreement.

### **17.3 Assignment by Franchisee.**

Franchisee will not Assign any interest in or any part of this Agreement, the Franchise or the Taproom to any person or Entity without the prior written approval of Hop & Grape. Hop & Grape will not withhold its written consent to the Assignment by Franchisee if the Assignment does not violate any of the terms of this Agreement, if Hop & Grape does not exercise its rights under ARTICLE 21 of this Agreement, and if Franchisee and/or the assignee Franchisee are in full compliance with the following terms and conditions: (a) Franchisee has provided written notice to Hop & Grape of the proposed Assignment of this Agreement at least 30 days prior to the transaction; (b) all of Franchisee's monetary obligations due to Hop & Grape have been paid in full, and Franchisee is not otherwise in default under this Agreement; (c) Franchisee has agreed in writing to observe all applicable provisions of this Agreement, including the covenants not to compete contained in this Agreement; (d) Hop & Grape, the Owners, and Franchisee have executed a joint and mutual release, in a form satisfactory to Hop & Grape, of any and all Claims against Hop & Grape and/or Franchisee and their respective Executive Management, Owners, agents and employees, in their corporate and individual capacities, arising from, in connection with, or as a result of this Agreement, the operation of the Taproom or Franchisee's purchase of the Franchise including, without limitation, all Claims arising under any federal or state franchising laws or any other federal, state or local law, rule or ordinance; provided, however, that Hop & Grape and Franchisee may exclude from the coverage of the release any prior or concurrent written agreements between them for other Hop & Grape Taproom owned by Franchisee; (e) the assignee Franchisee has demonstrated to the satisfaction of Hop & Grape that he, she or it meets the managerial, financial and business standards required by Hop & Grape for new franchisees, possesses a good business reputation and credit rating, and that its management possesses the aptitude and ability to operate the Taproom in an economic and businesslike manner (as may be evidenced by prior related business experience or otherwise); (f) the assignee Franchisee and all of the assignee Franchisee's Owners execute the legal agreements required by Hop & Grape or its legal counsel to document the Assignment of this Agreement to the assignee Franchisee including, at the option of Hop & Grape, Hop & Grape's then-current standard Franchise Agreement; (g) the assignee Franchisee has purchased or leased the Franchised Location for a term consistent with the remaining term of this Agreement or, if applicable, the term of the then-current standard Franchise Agreement; (h) the assignee Franchisee has purchased or otherwise acquired a valid liquor license and a valid food service license for the Taproom at the Franchised Location; (i) the assignee Franchisee and its Management Staff have successfully completed the Training Program required under this Agreement; and (j) any purchase and sale agreement between the Franchisee and assignee Franchisee (or other transferor and transferee) shall provide for and require that the Taproom

shall continue to operate without interruption during the assignment. If a proposed assignment would result in a change in control of Franchisee, the Franchise, or any of Franchisee's assets, including any Taprooms owned, operated, or controlled by Franchisee, and such change in control would result in the transferee-franchisee and its affiliates collectively, either directly or indirectly, owning more than seven (7) Taprooms, including the Taproom being transferred, then Hop & Grape may, at its sole discretion, withhold its written consent to the transfer and such withholding will not be considered unreasonable. Hop & Grape may expand upon, and provide more details related to, the conditions for transfer and Hop & Grape's consent as described in this Article 17.3, and may do so in the Operations Manual or otherwise in writing.

#### **17.4 Assignment of Ownership Interest.**

No Owner will have the right to Assign an Ownership Interest in Franchisee without the prior written approval of Hop & Grape. Hop & Grape will not withhold its written consent if the Assignment of the Ownership Interest by the Owner if the Owner complies in all respects with the terms of this Agreement, and if Hop & Grape does not exercise its right of first refusal to acquire the Owner's Ownership Interest in Franchisee pursuant to Article 21.8.

#### **17.5 Acknowledgment of Restrictions.**

Franchisee and Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and necessary to protect Hop & Grape System and the Marks, as well as the reputation and image of Hop & Grape, and are for the protection of Hop & Grape, Franchisee and all other franchisees who own and operate Hop & Grape Taproom. Any Assignment permitted by this Article will not be effective until Hop & Grape receives a completely executed copy of all Assignment documents and Hop & Grape consents to the Assignment in writing. Any attempted Assignment made without complying with the requirements of this Article will be void.

#### **17.6 Assignment Fee.**

If this Agreement is Assigned to another person or Entity, or if any of the Owners Assign any Ownership Interest in Franchisee to a third party, Franchisee will pay Hop & Grape, on or before the date of the Assignment, an Assignment Fee of \$5,000. The Assignment Fee is to cover the costs incurred by Hop & Grape in connection with the Assignment. Hop & Grape also reserves the right to charge the assignee Franchisee the Per-Diem Training Fee to cover the costs of providing the Training Program to the assignee Franchisee and its Management Staff. The assignee Franchisee will also be responsible for all Salaries and Benefits, Travel Expenses and other expenses incurred by all personnel attending the Training Program on behalf of the assignee Franchisee.

#### **17.7 Assignment to Competitor Prohibited.**

Franchisee and the Owners will not Assign this Agreement or their Ownership Interests in Franchisee, the Taproom or the Franchise to any person or Entity that owns, operates, franchises, develops, consults with, manages, is involved in, or controls any Competitive Taproom. If Hop & Grape refuses to permit an Assignment of this Agreement under this provision, then the only remedy of Franchisee and the Owners will be to have a mediator or arbitrator determine whether the proposed assignee owns or operates a Competitive Taproom.

### **ARTICLE 18** **TERMINATION RIGHTS OF HOP & GRAPE**

#### **18.1 Termination; Conditions of Breach.**

In addition to its other rights of termination contained in this Agreement, Hop & Grape will have the right to terminate this Agreement if: (a) within 120 days after the date of this Agreement, Hop & Grape determines that any required or other financial, personal or other information provided by Franchisee to Hop & Grape is materially false, misleading, incomplete or inaccurate; (b) Franchisee has not purchased or leased a site for the Franchised Location within 120 days after the date of this Agreement; (c) Franchisee

has not obtained all licenses, permits, and certifications required for the service of food for its Taproom from the appropriate Governmental Authorities at least 10 days before the Required Opening Date; (d) Franchisee has not obtained a valid liquor license for its Taproom from the appropriate Governmental Authorities at least 10 days before the Required Opening Date; (e) Franchisee or any member of the Management Staff has not completed the Training Program required under this Agreement at least 30 days prior to the Required Opening Date; (f) Franchisee materially violates any federal, state or municipal law, rule, code or regulation applicable to Franchisee's Taproom operations, including a violation of any health department rules or regulations relating to any food safety standards that would in any way endanger the health or well-being of any guest of Franchisee's Taproom; (g) Franchisee breaches any material provision, term or condition of this Agreement including, but not limited to, the failure to timely pay any Fees, rents or any other monetary obligations due and payable to Hop & Grape or an Affiliate pursuant to this Agreement or any other agreement; (h) Franchisee, any of its Executive Management or Owners are convicted of, or plead guilty to a violation of any federal or state law that has a material adverse effect on the operations of Franchisee's Taproom or a crime involving dishonesty, fraud, or moral turpitude; (i) Franchisee fails to timely pay any of its uncontested obligations or liabilities due and owing to Hop & Grape, any Affiliate, the Local Advertising Association, suppliers, banks, purveyors, other creditors or to any federal, state or municipal government; (j) Franchisee is determined to be insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee, or Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (k) Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (l) any check issued by Franchisee is dishonored because of insufficient funds (except where the check is dishonored because of an error in bookkeeping or accounting) or closed accounts; (m) Franchisee voluntarily or otherwise Abandons the Taproom; (n) Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the name "Hop & Grape Taproom," any other Marks or Hop & Grape System; (o) the Lease for the Franchised Location is terminated or canceled for non-payment of rent or other legal reasons or Franchisee is evicted from the Franchised Location; (p) any license, permit, or certification required for food service and, if applicable, liquor service at Franchisee's Taproom is canceled for any reason; (q) Franchisee fails to provide the Financial Records requested by Hop & Grape to substantiate the Financial Statements or to produce and permit Hop & Grape to audit Franchisee's Financial Records in accordance with this Agreement; (r) Franchisee fails to open the Taproom and commence business operations by the Required Opening Date; or (s) Franchisee, an Affiliate of Franchisee, or an Owner breaches any other agreement between such person or Entity and Hop & Grape or an Affiliate of Hop & Grape.

### **18.2 Notice of Breach.**

Except as provided in Articles 18.4 and 18.5, Hop & Grape will not have the right to terminate this Agreement until: (a) written notice setting forth the alleged breach in detail has been delivered to Franchisee by Hop & Grape; and (b) after receiving the written notice, Franchisee fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then Franchisee will have 30 days after receipt of the written notice to correct the alleged breach, except where the written notice states that Franchisee is delinquent in the payment of any of the Fees, rents or other monetary obligations payable to Hop & Grape or an Affiliate pursuant to this Agreement or any other agreement, in which case Franchisee will have 15 days after receipt of written notice to correct the breach by making full payment to Hop & Grape, together with interest on the past-due obligations at the rate of 18% per annum and the applicable Administrative Fees. If Franchisee fails to correct the alleged breach set forth in the written notice within the required period of time, then this Agreement may be terminated by Hop & Grape as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by Franchisee will be deemed to be "corrected" if both Hop & Grape and Franchisee agree in writing that the alleged breach has been corrected.

### **18.3 Notice of Termination.**

Except as provided in Articles 18.4 and 18.5 of this Agreement, if Hop & Grape has complied with the

provisions of this Article 18.3 and Franchisee has not corrected the alleged breach set forth in the written notice of breach within the applicable time period specified in this Agreement, then Hop & Grape will have the absolute right to terminate this Agreement by giving Franchisee written notice of termination and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee.

#### **18.4 Immediate Termination Rights of Hop & Grape.**

Notwithstanding Article 18.2, Hop & Grape will have the absolute right, unless precluded by applicable law, to immediately terminate this Agreement if: (a) Franchisee or any of its Executive Management or Owners are convicted of, or plead guilty to a charge of violating any law relating to Franchisee's Taproom; (b) Franchisee is deemed insolvent within the meaning of applicable state or federal law, any involuntary petition for bankruptcy is filed against Franchisee and Franchisee is unable within a period of 60 days from such filing to obtain the dismissal of the bankruptcy petition, or Franchisee files for bankruptcy or is adjudicated a bankrupt under applicable state or federal law; (c) Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (d) Franchisee voluntarily or otherwise Abandons the Taproom; (e) Franchisee fails or refuses to provide the Financial Records and other materials requested by Hop & Grape to substantiate Franchisee's Financial Statements or to produce and permit Hop & Grape to audit Franchisee's Financial Records; (f) Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the Marks or Hop & Grape System, and Franchisee fails to correct the breach within 24 hours after receipt of written notice of the breach from Hop & Grape; (g) Franchisee breaches any provision, term or condition of this Agreement 3 or more times during any 12-month period, without regard to whether the breaches were of a similar or different nature or whether the breaches were corrected within the prescribed cure period after receipt of written notice of the breaches; or (h) Franchisee fails to open its Taproom and commence business operations by the Required Opening Date.

#### **18.5 Notice of Immediate Termination.**

Except as provided below, if this Agreement is terminated by Hop & Grape pursuant to Article 18.4, then Hop & Grape will give Franchisee written notice that this Agreement is terminated and, in that event, the effective date of termination of this Agreement will be the day the written notice of termination is received by Franchisee. If notice of termination is given to Franchisee by Hop & Grape pursuant to Article 18.4(f), then this Agreement will terminate on the first minute of the 25th hour after receipt of the written notice of termination if Franchisee fails to correct the alleged breach within 24 hours after receiving the written notice of termination.

#### **18.6 Right To Discontinue Supplying Items Upon Default.**

If Hop & Grape delivers a notice of default to Franchisee, Hop & Grape will have the right to (a) require that Franchisee pay C.O.D. (i.e., cash on delivery) or by certified check for goods/services, and/or (b) stop selling and/or providing any goods/services to Franchisee until it has cured all defaults. No such action by Hop & Grape will be a constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee agrees that it will not be relieved of any obligations under this Agreement because of any such action.

#### **18.7 Non-Compliance Fee.**

In addition to, and notwithstanding the Attorneys' Fees and Costs provision in Section 26.4 of this Agreement, in the event of Franchisee's default under Section 18, or in the event of any instance of Franchisee non-compliance with this Agreement, the Operations Manual, or other policies and Hop & Grape System standards, for which Hop & Grape notifies Franchisee of such default or non-compliance, Hop & Grape may require Franchisee to pay an administrative fee to Hop & Grape in the amount of \$1,000 per occurrence, and \$100 for each week such default or non-compliance remains uncured (collectively the "Non-Compliance Fee"). Such Non-Compliance Fee is intended to reimburse Hop & Grape for its damages and other losses incurred, as well as the time, expense, and other expenditure of resources incurred due to

Franchisee's default or non-compliance. The additional weekly charge is Hop & Grape's best estimate of the ongoing costs to monitor Franchisee's action until the default or non-compliance is rectified and cured. The Non-Compliance Fee applies to each notice of non-compliance that Hop & Grape provides Franchisee, for each separate event, action, or inaction of default or non-compliance. Hop & Grape's decision to require Franchisee to pay such Non-Compliance Fee shall be without prejudice to Hop & Grape's right to terminate this Agreement and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

#### **18.8 Other Remedies.**

Nothing in this Article will preclude Hop & Grape from seeking other remedies or Damages under any state or federal law, common law, or under this Agreement against Franchisee including, but not limited to, attorneys' fees and injunctive relief. If this Agreement is terminated by Hop & Grape pursuant to this Article, or if Franchisee breaches this Agreement by a wrongful termination or a termination that is not in strict compliance with the terms and conditions of this Agreement, then Hop & Grape will be entitled to seek recovery of all Damages that Hop & Grape has sustained and will sustain in the future as a result of Franchisee's breach of this Agreement.

#### **18.9 No Equity Upon Termination.**

Franchisee's rights regarding the Franchise for the Taproom will be controlled by the provisions of this Agreement. Franchisee will have no equity or any other continuing interest in the Franchise, any goodwill associated with the Taproom or the Marks, or any right to compensation or refunds upon the expiration and/or termination of this Agreement.

#### **18.10 Continuing Obligations.**

If this Agreement is terminated because of a default by Franchisee, Franchisee will not be released or discharged from its obligations, including payment of all Fees then due and other amounts which would have become due under this Agreement if Franchisee had continued the operation of the Taproom for the full term of this Agreement. Hop & Grape's remedies will include (but are not limited to) the right to collect the present value of these amounts and to receive the benefit of its bargain with Franchisee, as well as to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to Hop & Grape or any Affiliates of Hop & Grape. It would be commercially unreasonable and damaging to the integrity of Hop & Grape System if a franchisee could default and then escape the financial consequences of its contractual commitment to meet payment obligations for the term of a Franchise Agreement. Franchisee will sign a general release if Hop & Grape chooses to waive its rights to collect any amounts that would have become due if Franchisee had continued in business for the term of this Agreement.

### **ARTICLE 19**

#### **FRANCHISEE'S TERMINATION RIGHTS**

#### **19.1 Conditions of Breach.**

Franchisee will have the right to terminate this Agreement, as provided herein, if Hop & Grape breaches any material provision, term or condition of this Agreement, or fails to timely pay any material uncontested obligations due and owing to Franchisee.

#### **19.2 Notice of Breach.**

Franchisee will not have the right to terminate this Agreement or to commence any action, lawsuit or proceeding against Hop & Grape for breach of this Agreement, injunctive relief, violation of any state, federal or local law (including alleged violations of franchise laws), violation of common law (including allegations of fraud and misrepresentation), rescission, Damages, or termination, unless and until: (a) written notice setting forth the alleged breach in detail has been delivered to Hop & Grape by Franchisee; and (b) Hop & Grape fails to correct the alleged breach within 30 days after receipt of the written notice.

If Hop & Grape fails to correct the alleged breach within 30 days after receiving written notice, then Franchisee will have the right to terminate this Agreement as provided for herein. For the purposes of this Agreement, an alleged breach of this Agreement by Hop & Grape will be deemed to be “corrected” if both Hop & Grape and Franchisee agree in writing that the alleged breach has been corrected.

### **19.3 Limitation of Actions by Franchisee.**

Franchisee must give Hop & Grape written notice of any alleged breach of this Agreement by Hop & Grape. If Franchisee fails to give written notice to Hop & Grape of the alleged breach within 12 months from the first day the alleged breach of this Agreement by Hop & Grape actually occurred, including any breach of this Agreement by Hop & Grape based upon any state law, federal law or common law, then the alleged breach by Hop & Grape will be deemed to be condoned, approved and waived by Franchisee, and the alleged breach by Hop & Grape will not be deemed to be a breach of this Agreement by Hop & Grape and Franchisee will be absolutely barred from commencing any action against Hop & Grape or from recovering any Damages from Hop & Grape for that specific alleged breach of this Agreement.

## **ARTICLE 20**

### **FRANCHISEE’S OBLIGATIONS UPON TERMINATION OR EXPIRATION**

#### **20.1 Termination of Use of Marks; Other Obligations.**

If this Agreement is canceled or terminated for any reason or this Agreement expires, then Franchisee will: (a) within 5 days after termination, pay all Fees to Hop & Grape; (b) immediately return to Hop & Grape the Operations Manual, menus, advertising materials and all other printed materials pertaining to the Taproom by first class prepaid United States mail; and (c) comply with all other applicable provisions of this Agreement. Upon termination or expiration of this Agreement for any reason, Franchisee’s right to use “Hop & Grape Taproom,” the other Marks and Hop & Grape System will terminate immediately in all respects, and Franchisee will not thereafter conduct or promote any business under any name or in any manner that might tend to give the general public the impression that Franchisee is continuing to operate as a Hop & Grape franchisee. Without limiting the generality of the foregoing, Franchisee will immediately cease all advertising which includes any of the Marks, will delete all content containing the Marks or any references to Hop & Grape or Franchisee’s Taproom from any home page maintained by Franchisee, and will cease using any and all items or materials which bear or include any of the Marks.

#### **20.2 Alteration of Franchised Location.**

If this Agreement expires or is terminated for any reason or if the Franchised Location ever ceases to be used for Franchisee’s Taproom, then within 30 days after the date of the expiration or termination of this Agreement, Franchisee will, at its expense, alter, modify and change both the exterior and interior appearance of the building and the Franchised Location so that it will be clearly distinguished from the standard appearance of a Hop & Grape Taproom. At a minimum, such changes and modifications to the Franchised Location will include, but not be limited to: (a) repainting and, where applicable, recovering both the exterior and interior walls of the Franchised Location with totally different colors, including removing any distinctive colors and designs from the walls; (b) removing all furniture, fixtures and other decor items associated with Hop & Grape Taproom and replacing them with other decor items not of the general type and appearance customarily used in Hop & Grape Taproom; (c) removing all exterior and interior Hop & Grape Taproom signs and all other items bearing any of the Marks; and (d) immediately discontinuing use of the approved wall decor items and window decals, and refraining from using any items which may be confusingly similar to those used in Hop & Grape Taproom.

#### **20.3 Telephone Listings.**

Upon termination or expiration of this Agreement, or if Hop & Grape acquires Franchisee’s Taproom pursuant to this Agreement, Hop & Grape will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee’s right to use all telephone numbers and any classified or other directory listings for the Taproom and to authorize the telephone company and all

listing agencies to transfer to Hop & Grape or its assignee all telephone numbers and directory listings of Franchisee's Taproom. Franchisee acknowledges and agrees that Hop & Grape has the absolute right and interest in and to all telephone numbers and directory listings associated with the Marks, and Franchisee hereby authorizes Hop & Grape to direct the telephone company and all listing agencies to transfer Franchisee's telephone numbers and directory listings to Hop & Grape or to an assignee of Hop & Grape, if this Agreement expires or is terminated or if Hop & Grape acquires Franchisee's Taproom. The telephone company and all listing agencies may accept this Agreement as evidence of the exclusive rights of Hop & Grape to such telephone numbers and directory listings and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Hop & Grape. This Agreement will constitute a release of the telephone company and listing agencies by Franchisee from any and all Claims and Damages that Franchisee may at any time have the right to allege against them in connection with this Article. Franchisee will execute the Telephone Listing Agreement attached as an exhibit to this Agreement and such other documents as Hop & Grape may require for completing the transfer of the telephone numbers as contemplated herein.

#### **20.4 Social Media.**

Upon termination or expiration of this Agreement, or if Hop & Grape acquires Franchisee's Taproom pursuant to this Agreement, Franchisee shall, at the election of Hop & Grape, either (i) terminate all social media accounts Franchisee used related to its operation of its Taproom, or (ii) turnover all access and control to such social media accounts to Hop & Grape.

#### **20.5 Continuation of Obligations.**

The indemnities and covenants contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

### **ARTICLE 21**

#### **OPTION OF HOP & GRAPE TO PURCHASE**

#### **21.1 Terms of Option.**

Franchisee will not Assign or otherwise dispose of any interest in or any part of the Major Assets to any purchaser without first offering the same to Hop & Grape in a written offer that contains the purchase price, payment terms, and all other material terms and conditions of the proposed transaction with the third party, including price and payment terms (the "Franchisee's Offer"). Hop & Grape will have 30 days after receipt of Franchisee's Offer to give Franchisee written notice which will either waive its option to purchase (the "Waiver Notice") or will state that it intends to exercise its rights to purchase or acquire the Major Assets according to the terms contained in Franchisee's Offer (the "Letter of Intent").

#### **21.2 Due Diligence Review.**

If Hop & Grape provides Franchisee with a Letter of Intent within 30 days after receipt of Franchisee's Offer, then Hop & Grape will have 60 days after the date the Letter of Intent is received by Franchisee (the "Notice Date") to conduct a "due diligence" review. Franchisee will promptly provide Hop & Grape with all Financial Information, Financial Records, and other information requested by Hop & Grape or its accountants to conduct its "due diligence" review. Hop & Grape will have the absolute and unconditional right to terminate the Letter of Intent and any obligation to purchase the Major Assets from Franchisee for any reason and at any time during the 60-day "due diligence" review period by giving Franchisee written notice.

#### **21.3 Good Faith Negotiations.**

Unless Hop & Grape terminates its Letter of Intent as provided in Article 21.2, then Franchisee and Hop & Grape will act in good faith to agree on the terms and conditions of the definitive agreement or agreements for the purchase of the Major Assets (other than those objective terms and conditions contained in Franchisee's Offer) and the closing date for the sale of the Major Assets to Hop & Grape will take place at

the offices of Hop & Grape within 90 days after the Notice Date.

#### **21.4 Sale to Purchaser.**

Franchisee will have the right to complete the transaction for the sale of the Major Assets to a purchaser according to the terms and conditions contained in Franchisee's Offer to Hop & Grape if:

(a) Hop & Grape delivers a Waiver Notice to Franchisee, (b) Hop & Grape fails to deliver either a Waiver Notice or the Letter of Intent to Franchisee within 30 days after receiving Franchisee's Offer, (c) Hop & Grape terminates its Letter of Intent during the due diligence period pursuant to the provisions of Article 21.2, or (d) Franchisee and Hop & Grape fail to agree on the terms and conditions for the definitive agreement or agreements for the purchase of the Major Assets by Hop & Grape from Franchisee (other than those objective terms and conditions contained in Franchisee's Offer) on or before the 60th day after the Notice Date.

#### **21.5 Negotiated Changes with Purchaser.**

If Hop & Grape does not purchase the Major Assets from Franchisee under the terms and conditions contained in Franchisee's Offer, then if during any negotiations with the purchaser Franchisee agrees to negotiate, change, delete, or modify any of the terms and conditions contained in Franchisee's Offer or the terms and conditions contained in the most recent version of the definitive agreement or agreements proposed by Franchisee during negotiations that were not acceptable to Hop & Grape, then Franchisee will be required to re-offer to sell the Major Assets to Hop & Grape under the new terms and conditions offered to the purchaser in accordance with the provisions of this Article.

#### **21.6 Financing Exception.**

This Article will not apply to the Assignment of any of the Major Assets (with the exception of this Agreement) by Franchisee to a bank, financial institution or other lender in connection with Franchisee's financing of (a) the real estate or leasehold improvements for the Franchised Location, (b) the FF&E for Franchisee's Taproom, (c) inventory or supplies for the Taproom, or (d) working capital required by the Taproom.

#### **21.7 Compliance with Agreement.**

Franchisee's obligations under this Agreement including, but not limited to, its obligations to pay all Fees and to operate the business as a Hop & Grape Taproom, will in no way be affected or changed because of non-acceptance by Hop & Grape of Franchisee's Offer and as a consequence, the terms and conditions of this Agreement will remain in full force and effect. The decision by Hop & Grape not to exercise the option to purchase granted to it pursuant to this Article will not, in any way, be deemed to grant Franchisee the right to terminate this Agreement and will not affect the term of this Agreement. Moreover, if Hop & Grape does not exercise the option to purchase granted to it pursuant to this Article and if Franchisee sells or otherwise disposes of its Major Assets to a third party, then both Franchisee and the purchaser will be required to comply in all respects with the terms and conditions of ARTICLE 17 of this Agreement. Any Assignment of the Major Assets of Franchisee's Taproom that does not include an Assignment of this Agreement to the assignee will constitute a wrongful termination of this Agreement by Franchisee.

#### **21.8 Assignment of Ownership Interest.**

The Ownership Interests owned by Franchisee or by the Owners of Franchisee may not be Assigned by Franchisee or the Owners until the Ownership Interests have first been offered to Hop & Grape in writing. If Franchisee or the Owners desire to Assign their Ownership Interests, then they will first offer the Ownership Interests in Franchisee to Hop & Grape in writing under the same terms and conditions as those being offered to any party. Hop & Grape will have 30 days to accept any offer to purchase the Owner's Ownership Interest in Franchisee. The Owner will be required to comply with the provisions of Article 17.4 if Hop & Grape does not exercise its right to purchase the Owner's Ownership Interest.



### **21.9 Acknowledgment of Restrictions.**

Franchisee and Owners acknowledge and agree that the restrictions on Assignment imposed herein are reasonable and are necessary to protect Hop & Grape System and the Marks, as well as the reputation and image of Hop & Grape, and are for the protection of Hop & Grape, Franchisee and all other franchisees who own and operate Hop & Grape Taproom. Any Assignment permitted by this Agreement will not be effective until Hop & Grape receives a completely executed copy of all Assignment documents and Hop & Grape consents to the Assignment in writing.

### **21.10 Right of Hop & Grape to Purchase Major Assets.**

If this Agreement expires or is terminated by either Hop & Grape or Franchisee for any reason whatsoever, if Franchisee wrongfully terminates this Agreement by failing to comply with ARTICLE 19 or if Franchisee at any time ceases to do business as a Hop & Grape Taproom, then Hop & Grape will have the right, but not the obligation, to purchase from Franchisee any or all of the Major Assets. Within two business days after this Agreement expires or is terminated by either party, is wrongfully terminated by Franchisee, or Franchisee ceases to do business as a Hop & Grape Taproom, Franchisee must give Hop & Grape written notice of Franchisee's asking price for each of the Major Assets. If Franchisee fails to give Hop & Grape written notice of the asking price for the Major Assets and/or if Hop & Grape and Franchisee cannot agree on the price of the Major Assets, then either party will have the right to demand that the price of the Major Assets be determined by arbitration conducted in the municipality in which Hop & Grape's headquarters are then located, in accordance with the Code of Procedure of the National Arbitration Forum, Post Office Box 50191, Minneapolis, Minnesota 55405 ([www.adrforum.com](http://www.adrforum.com)). The arbitration hearing will be held as soon as possible, but in no event later than seven days after the date arbitration is demanded by either party. The Arbitrator will not consider any value for goodwill associated with the name "Hop & Grape Taproom" in determining the fair market value of the Major Assets since the right of purchase granted to Hop & Grape pursuant to this provision applies only after this Agreement has expired or been terminated or Franchisee has ceased doing business. The Arbitrator may not include the value of the Lease for the Franchised Location if Hop & Grape gives the Arbitrator written notice that it intends to exercise its right to assume the Lease. If the Arbitrator is unable to determine the fair market value of any of the Major Assets, then they will be valued at book value as determined by generally accepted accounting principles (cost less depreciation). Hop & Grape will have the right, but not the obligation, to purchase any or all of the Major Assets from Franchisee for cash within 20 days after the fair market value of the Major Assets has been established by the Arbitrator in writing. Nothing in this provision may be construed to prohibit Hop & Grape from enforcing the post-term obligations and conditions of this Agreement, including the covenants not to compete contained in ARTICLE 22.

### **21.11 Bankruptcy Issues.**

If Franchisee or any person or Entity holding any Ownership Interests (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Assignment of Franchisee's obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee will be subject to all of the provisions of this Article.

## **ARTICLE 22**

### **FRANCHISEE'S COVENANTS NOT TO COMPETE**

#### **22.1 Consideration.**

Franchisee and the Owners acknowledge that Franchisee and its Executive Management and employees will receive specialized training, marketing and advertising plans, business strategies, confidential recipe, cooking and food preparation information, and trade secrets from Hop & Grape pertaining to Hop & Grape System and the operation of the Taproom. In consideration for this information, Franchisee and the Owners will comply in all respects with the provisions of this Article. Hop & Grape has advised Franchisee that this is a material provision of this Agreement and that Hop & Grape will not sell a Franchisee

to any person or Entity that owns or intends to own, operate or be involved in any Competitive Taproom; however, Hop & Grape may, under certain circumstances, exclude from the coverage of Articles 22.2 and 22.3 existing operational taproom(s) owned and operated by Franchisee on the date of this Agreement, and Franchisee may, with the written consent of Hop & Grape, continue to own and operate such taprooms during the term of this Agreement and thereafter. Franchisee warrants and represents that it does not, except as disclosed to and approved by Hop & Grape pursuant to this Article 22.1, own, operate or have any involvement with or interest in any Competitive Taproom.

#### **22.2 In-Term Covenant Not to Compete.**

Franchisee and the Owners will not, during the term of this Agreement, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or Entity engaged in any Competitive Taproom, except with the prior written consent of Hop & Grape.

#### **22.3 Post-Term Covenant Not to Compete.**

Except as provided to the contrary in Article 22.1, for a period of 24 months after the termination or expiration of this Agreement, Franchisee and the Owners will not, on their own account or as an employee, principal, agent, Franchisee, independent contractor, consultant, Affiliate, licensee, partner, officer, director, shareholder, member, manager, governor or Owner of any other person or Entity (directly or indirectly, including through a spouse, parent, or child), own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or Entity engaged in any Competitive Taproom located within 50 miles of the Franchised Location, within 50 miles of any other Hop & Grape Taproom, or within any designated area or territory granted by Hop & Grape pursuant to a Franchise Agreement, area development agreement or other agreement. Franchisee and the Owners expressly agree that the time and geographical limitations set forth in this provision are reasonable and necessary to protect Hop & Grape and its other franchisees if this Agreement expires or is terminated by either party for any reason, and that this covenant not to compete is necessary to give Hop & Grape the opportunity to resell and/or develop a new Hop & Grape Taproom at or in the area near the Franchised Location. Franchisee agrees that the length of time in this Section 22.3 will be tolled for any period during which Franchisee is in breach of the covenants set forth in this Section 22.3 or any other period during which Hop & Grape seeks to enforce this Agreement.

#### **22.4 Ownership of Public Companies.**

Notwithstanding the provisions of Articles 22.2 and 22.3, Franchisee and the Owners will have the right to own up to 1% of any publicly-held company or mutual fund that owns, operates, has an interest in, or controls any Competitive Taproom business, provided that such company has a class of securities that is publicly traded on a national exchange or quotation system and is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

#### **22.5 Injunctive Relief.**

Franchisee and the Owners agree that the provisions of this Article are necessary to protect the legitimate business interest of Hop & Grape and its franchisees including, without limitation, preventing the unauthorized dissemination of marketing, promotional and other Confidential Information to competitors of Hop & Grape and its franchisees, protecting recipes, cooking and food preparation techniques and other trade secrets, protecting the integrity of the franchise system, preventing duplication of Hop & Grape System by unauthorized third parties, preventing damage to and/or loss of goodwill associated with the Marks and protecting Hop & Grape's intellectual property rights. Franchisee and the Owners also agree that Damages alone cannot adequately compensate Hop & Grape if there is a breach of this Article by Franchisee or the Owners, and that injunctive relief against Franchisee is essential for the protection of Hop & Grape and its franchisees. Franchisee and the Owners agree therefore, that if Hop & Grape alleges that Franchisee or the Owners have breached this Article, then Hop & Grape will have the right to petition a court of

competent jurisdiction for injunctive relief against Franchisee and the Owners, in addition to all other remedies that may be available to Hop & Grape. Hop & Grape will not be required to post a bond or other security for any injunctive proceeding. If Hop & Grape is granted ex parte injunctive relief against Franchisee or Franchisee's Owners, then Franchisee or the Owners will have the right to petition the court for a hearing on the merits at the earliest time convenient to the court.

## **ARTICLE 23**

### **INDEPENDENT CONTRACTORS**

#### **23.1 Independent Contractors.**

Hop & Grape and Franchisee are each independent contractors and, as a consequence, there is no employer-employee or principal-agent relationship between Hop & Grape and Franchisee. Franchisee will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of Hop & Grape or represent that their relationship is other than that of franchisor and franchisee. Neither Hop & Grape nor Franchisee will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

#### **23.2 Operation of Taproom Business.**

Franchisee will be totally and solely responsible for the operation of its Hop & Grape Taproom, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee, including the right to hire and fire its employees. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all federal, state and local laws, rules and regulations including, but not limited to, all discrimination laws, sexual harassment laws and laws relating to the disabled. Hop & Grape will not have any right, obligation or responsibility to hire, control, supervise, manage or fire Franchisee's employees, agents or independent contractors, and will not be involved in the day-to-day operations of Franchisee's Taproom. Franchisee will be solely responsible for all employment decisions and functions of the Taproom including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, scheduling, supervision, and discipline of employees, regardless of whether Franchisee receives information from Hop & Grape on these subjects. Franchisee acknowledges and agrees that all personnel decisions will be made by Franchisee, without any influence or advice from Hop & Grape, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Hop & Grape. Neither Franchisee nor any employee of Franchisee will be considered an employee of Hop & Grape under any circumstances. To the extent that any legal authority determines that Hop & Grape has a duty to act or not act with respect to any of Franchisee's employees, Hop & Grape hereby assigns to Franchisee any such duty, and Franchisee hereby accepts such assignment.

## **ARTICLE 24**

### **INDEMNIFICATION**

#### **24.1 Indemnification.**

Except as provided for in Article 15.7, the Franchisee will indemnify and hold harmless Hop & Grape and its current and former Affiliates and their past and present employees, shareholders, members, Owners, attorneys, accountants and agents (individually and collectively, the "Indemnified Parties") against, and will reimburse the Indemnified Parties for, all Damages that the Indemnified Parties incur in the defense of or as a result of any Claim brought against the Indemnified Parties arising from, as a result of, in connection with or out of this Agreement, the relationship between Hop & Grape and Franchisee, the operation of the Franchisee's Taproom, and/or the Franchisee's or the Franchisee's employees' actions or inaction. The Franchisee will indemnify the Indemnified Parties, without limitation, for all Damages arising from, out of, in connection with, or as a result of any and all Claims including, but not limited to: (a) any personal injury, property damage, commercial loss or environmental contamination resulting from any act or omission of

the Franchisee or its Executive Management, employees, agents or representatives; (b) any failure on the part of the Franchisee to comply with any requirement of any federal or state laws or any rules or regulations of any Governmental Authority; (c) any failure of the Franchisee to pay any of its obligations to any person or Entity; (d) any failure of the Franchisee to comply with any requirement or condition of this Agreement or any other agreement with Hop & Grape and/or the Indemnified Parties; (e) any misfeasance or malfeasance by the Franchisee or its Executive Management, employees, agents or representatives; (f) any tort committed by the Franchisee or its Executive Management, employees, agents or representatives; or (g) any other Claims brought against any of the Indemnified Parties, including claims brought by the Franchisee. The Franchisee will not be obligated to indemnify the Indemnified Parties for any Damages attributable to, arising out of, from, in connection with, or as a result of any negligence or intentional wrongdoing by the Indemnified Parties. Any of the Indemnified Parties will have the right to defend any Claim made against it arising from, as a result of, in connection with or out of the operation of the Franchisee's Taproom.

#### **24.2 Payment of Costs and Expenses.**

Franchisee will pay all attorneys' fees, costs, and expenses incurred by Hop & Grape if Hop & Grape prevails in any action: (a) it commences or defends to enforce any term, condition, or provision of this Agreement, or (b) to enjoin any violation of this Agreement by either Hop & Grape or Franchisee. These indemnification provisions and the other obligations contained in this Agreement will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

### **ARTICLE 25** **MANDATORY NON-BINDING MEDIATION**

#### **25.1 Disputes Subject to Mediation.**

Except as provided in Article 25.6, all disputes between Hop & Grape and Franchisee will be subject to mandatory non-binding mediation. The mediator will be appointed in accordance with the Code of Procedure of the National Arbitration Forum unless the parties agree on a mediator in writing within 10 days after either party gives written notice of mediation.

#### **25.2 Purpose.**

Hop & Grape and Franchisee acknowledge that resolving disputes prior to commencing court proceedings is in the best interests of both parties, all other franchisees, and Hop & Grape System. Therefore, the parties agree that they will act in good faith to settle any dispute between them either prior to or during mediation.

#### **25.3 Mediation Protocol.**

If either party alleges that a dispute exists between them, then either party will have the right to demand non-binding mediation within 10 days after the complaining party has provided the other party with written notice describing the dispute and the desired action. All mediation sessions will take place at a venue determined by Hop & Grape and located within 25 miles of Hop & Grape's then-current headquarters location. The sessions will be held within 30 days after the mediator has been appointed. The mediation hearing will be informal and the mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the mediator will be paid equally by the parties.

#### **25.4 Conditions.**

Hop & Grape and Franchisee will not have the right to commence any legal proceedings against the other party until the dispute has been mediated as provided for herein. Both parties will have the right to take all actions necessary to commence legal proceedings prior to any mediation proceedings; however, neither party will have the right to prosecute any legal proceedings beyond commencement of an action until the mediation has concluded. If the mediation proceedings have not been concluded within 30 days after the first meeting with the mediator, then either party will have the right to pursue all other remedies available

to them under this Agreement.

#### **25.5 Miscellaneous.**

The matters set forth in Article 25.6 will not be subject to mediation or the provisions of this Article. All matters, testimony, arguments, evidence, allegations, documents and memorandums, and the decision of the mediator will be confidential in all respects and will not be disclosed to any other person or Entity by either party. Hop & Grape and Franchisee will continue to perform their respective obligations pursuant to this Agreement during the mediation process.

#### **25.6 Disputes Not Subject to Mediation.**

The following disputes between Hop & Grape and Franchisee will not be subject to mediation: (a) use of the Marks by either Hop & Grape or Franchisee; (b) the obligations of Franchisee and Hop & Grape upon termination or expiration of this Agreement; (c) any alleged breach of the provisions of this Agreement relating to Confidential Information and in-term and post-term covenants not to compete contained in ARTICLE 22; (d) any dispute regarding Franchisee's obligations to indemnify Hop & Grape and/or an Affiliate for any Claims or Damages pursuant to ARTICLE 24 of this Agreement; and (e) any injunctive actions commenced by either party pursuant to this Agreement or pursuant to any statutory or common law rights.

### **ARTICLE 26** **ENFORCEMENT**

#### **26.1 Injunctive Relief.**

Either Franchisee or Hop & Grape will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement for any action relating to: (a) the use of the Marks and/or Hop & Grape System by Hop & Grape or Franchisee; (b) the obligations of Franchisee or Hop & Grape upon termination or expiration of this Agreement; and (c) any breaches of the provisions of this Agreement by either Franchisee or Hop & Grape relating to Confidential Information and the provisions of ARTICLE 22 relating to the interpretation, construction or enforcement of the covenants not to compete.

#### **26.2 Payments to Hop & Grape.**

Franchisee will not, on grounds of the alleged nonperformance by Hop & Grape of any of its obligations under this Agreement, any other contract between Hop & Grape and Franchisee, or for any other reason, withhold the payment of any Fees due to Hop & Grape. Franchisee will not have the right to "offset" or withhold any liquidated or unliquidated amounts, Damages or other funds allegedly due to Franchisee by Hop & Grape against any Fees due to Hop & Grape by Franchisee. Hop & Grape will have the right to deduct from amounts payable to Franchisee by Hop & Grape or an Affiliate any Fees or other payments owed to Hop & Grape, an Affiliate or a third party. Hop & Grape will also have the right to apply the Fees and other payments made to Hop & Grape by Franchisee in such order as Hop & Grape may designate from time to time. As to Franchisee and its Affiliates, Hop & Grape will have the right to: (a) apply any payments received to any past due, current, future or other indebtedness of any kind, no matter how payment is designated by Franchisee, except that Marketing Fund Fees may only be credited to the Marketing Fund; (b) set off, from any amounts that may be owed by Hop & Grape, any amount owed to Hop & Grape, the Marketing Fund or any other fund or account; and (c) retain any amounts received for Franchisee's account (and/or that of any Affiliate of Franchisee), whether rebates from suppliers or otherwise, as a payment against any Fee owed to Hop & Grape. Hop & Grape will have the right to exercise any of the foregoing rights in connection with amounts owed to or from Hop & Grape and/or any Affiliate.

#### **26.3 Effect of Wrongful Termination.**

If either Hop & Grape or Franchisee takes any action to terminate this Agreement or Franchisee takes any action to convert its Taproom to another business, and such actions were taken without first complying with

the terms and conditions of this Agreement, including ARTICLE 18 or ARTICLE 19 of this Agreement, as applicable, then: (a) such actions will not relieve either party of, or release either party from, any of its obligations under this Agreement; (b) the terms and conditions of this Agreement will remain in full force and effect; and (c) the parties will be obligated to fully perform all terms and conditions of this Agreement until such time as this Agreement expires or is terminated in accordance with the provisions of this Agreement and applicable law.

#### **26.4 Attorneys' Fees and Costs.**

Franchisee will fully reimburse and indemnify Hop & Grape for all attorneys' fees and costs incurred by Hop & Grape in: (a) enforcing any of the terms and conditions of this Agreement, including a breach of this Agreement, against Franchisee not involving any proceeding or court action; and (b) any proceeding or court action brought against Franchisee to enforce the terms and conditions of this Agreement, including a breach of this Agreement.

#### **26.5 Venue and Jurisdiction.**

All disputes or claims initiated by Franchisee or Hop & Grape must and will be venued exclusively in the municipality in which Hop & Grape's headquarters are then located. Franchisee and its Executive Management and Owners do hereby agree and submit to personal jurisdiction in such municipality for the purposes of any arbitration, suit, proceeding or hearing brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Franchised Location or Franchisee's Taproom, and do hereby agree and stipulate that any such suits, proceedings and hearings will be venued exclusively in such municipality. Franchisee, its Executive Management and its Owners waive any rights to contest such venue and jurisdiction and waive any rights to argue or contest before any court or Arbitrator the validity of such venue and jurisdiction.

#### **26.6 Arbitration.**

If mediation is unsuccessful under Article 25, or if mediation is not required, Franchisee and Hop & Grape agree to bring any and all disputes or claims solely in binding arbitration conducted in the venue and jurisdiction set forth in Section 26.5, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

#### **26.7 Limitation of Actions.**

Except as provided otherwise in this Agreement or by applicable law, and except for any Claims brought under the indemnification and insurance provisions of this Agreement, any and all Claims arising out of or relating to this Agreement, the relationship between Franchisee and Hop & Grape, or Franchisee's operation of the Taproom brought by either party against the other, whether in mediation or any court proceeding, must be commenced within 12 months after the occurrence of the facts giving rise to such Claims, or such Claims will be absolutely barred and unenforceable.

#### **26.8 Waiver of Jury Trial.**

HOP & GRAPE AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

#### **26.9 Waiver of Damages.**

FRANCHISEE HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY LOST FUTURE PROFITS OR PUNITIVE, EXEMPLARY, CONSEQUENTIAL, OR MULTIPLE DAMAGES AGAINST HOP & GRAPE, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM FRANCHISEE SHALL BE LIMITED TO THE

## RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

### **26.10 Class Action Waiver.**

Franchisee agrees to bring any claim, if at all, individually, and Franchisee shall not join such claim with claims of any other person or entity or bring, join, or participate in a class action against Hop & Grape.

### **26.11 Severability.**

All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Hop & Grape is invalid or unenforceable under applicable law, then the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction.

### **26.12 Waiver.**

Hop & Grape and Franchisee may, by written instrument signed by Hop & Grape and Franchisee, waive any obligation of or restriction upon the other under this Agreement. Acceptance by Hop & Grape of any payment or partial payment by Franchisee and the failure, refusal or neglect of Hop & Grape to exercise any right under this Agreement or to insist upon full compliance by Franchisee of its obligations hereunder will not constitute a waiver by Hop & Grape of any provisions, covenants, or conditions of this Agreement, or other amounts due. Hop & Grape will have the absolute right to waive obligations or restrictions for other franchisees under their Franchise Agreements without waiving those obligations or restrictions for Franchisee and, except to the extent provided by law, Hop & Grape will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees without granting those same rights to Franchisee and without incurring any liability to Franchisee whatsoever.

### **26.13 No Oral Modification.**

No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made by any person except by a written agreement signed by a duly authorized officer or partner of Franchisee and the President or a Vice President of Hop & Grape.

### **26.14 Entire Agreement.**

This Agreement supersedes and terminates all prior agreements, either oral or in writing, between the parties involving the franchise relationship and therefore, representations, inducements, promises or agreements alleged by either Hop & Grape or Franchisee that are not contained in this Agreement will not be enforceable. The Introduction is part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Hop & Grape and Franchisee relating to the subject matter of this Agreement. This Agreement will not supersede any written agreements or contracts that are signed concurrently with this Agreement. Any other Franchise Agreement(s), will remain in full force and effect in accordance with the terms and conditions thereof, and will not be superseded by this Agreement. The parties hereby acknowledge that this provision will not act as a disclaimer of the representations made by Hop & Grape in the Franchise Disclosure Document provided to Franchisee prior to the execution of this Agreement by Franchisee.

### **26.15 Headings; Terms.**

The headings of the Articles are for convenience only and do not in any way define, limit or construe the

contents of such Articles. The term “Franchisee” as used herein is applicable to one or more individuals or an Entity, as the case may be, and the singular usage includes the plural, the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to “Franchisee,” “assignee” and “transferee” which are applicable to an individual or individuals will mean the Owner or Owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is an Entity.

#### **26.16 Miscellaneous.**

The rights of Hop & Grape hereunder are cumulative and no exercise or enforcement by Hop & Grape of any right or remedy hereunder will preclude the exercise or enforcement by Hop & Grape of any other right or remedy hereunder or which Hop & Grape is entitled by law to enforce. This Agreement is binding upon the parties hereto and their executors, administrators, heirs, assigns and successors in interest. If Franchisee consists of more than one person or Entity, their liability under this Agreement will be deemed to be joint and several.

### **ARTICLE 27 NOTICES**

All notices to Hop & Grape will be in writing and will be made by personal service upon an officer of Hop & Grape or sent by prepaid certified mail addressed to the President of Hop & Grape, at the address on the cover page of this Agreement.

### **ARTICLE 28 ACKNOWLEDGMENTS; DISCLAIMER; MISCELLANEOUS**

#### **28.1 Disclaimer.**

HOP & GRAPE DOES NOT WARRANT OR GUARANTEE THAT FRANCHISEE WILL DERIVE INCOME OR PROFIT FROM ITS TAPROOM, OR THAT HOP & GRAPE WILL REFUND ALL OR PART OF THE INITIAL FEE PAID BY FRANCHISEE OR REPURCHASE ANY OF THE FOODS, BEVERAGES AND PRODUCTS, TECHNOLOGY, OR FF&E SUPPLIED OR SOLD BY HOP & GRAPE OR BY AN APPROVED OR DESIGNATED SUPPLIER IF FRANCHISEE IS IN ANY WAY UNSATISFIED WITH ITS TAPROOM. HOP & GRAPE EXPRESSLY DISCLAIMS THE MAKING OF ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES REGARDING THE SALES, EARNINGS, INCOME, PROFITS, REVENUES, ECONOMICS, BUSINESS OR FINANCIAL SUCCESS, OR VALUE OF FRANCHISEE’S TAPROOM EXCEPT AS SPECIFICALLY CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

#### **28.2 Acknowledgments by Franchisee.**

Franchisee acknowledges that it has conducted an independent investigation of the Franchise and recognizes that the business venture contemplated by this Agreement and the operation of the Taproom involve business and economic risks. Franchisee acknowledges that the financial, business and economic success of Franchisee’s Taproom will be primarily dependent upon the personal efforts of Franchisee, its management and employees, on economic conditions in the area where the Franchised Location is located, and economic conditions in general. Franchisee acknowledges and agrees that the officers, directors, employees, and agents of Hop & Grape act only in a representative capacity and not in an individual capacity, and that no other persons and/or Entities other than Hop & Grape has or will have any duties or obligations to Franchisee under this Agreement. Franchisee acknowledges that it has not received any estimates, projections, representations, warranties or guaranties, expressed or implied, regarding potential sales, Revenues, income, profits, earnings, expenses, financial or business success, value of the Taproom, or other economic matters pertaining to Franchisee’s Taproom from Hop & Grape or any of its agents that were not expressly set forth in the Franchise Disclosure Document received by Franchisee from Hop & Grape (“Representations”). Franchisee further acknowledges that if it had received any such



Representations, it would have not executed this Agreement, promptly notified the President of Hop & Grape in writing of the person or persons making such Representations, and provided to Hop & Grape a specific written statement detailing the Representations made.

### **28.3 Business Judgment.**

Franchisee understands and agrees that whenever Hop & Grape reserves or is deemed to have reserved rights in a particular area, or where Hop & Grape agrees or is deemed to be required to exercise its rights reasonably or in good faith, Hop & Grape will satisfy its obligations whenever it exercises reasonable business judgment in making Hop & Grape's decision or exercising a right (regardless of whether such term is expressly stated). A decision or action by Hop & Grape will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Hop & Grape's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Hop & Grape. Neither Franchisee nor any third party (including, without limitation, a trier of fact) may substitute its judgment for Hop & Grape's reasonable business judgment.

### **28.4 Other Franchisees.**

Franchisee acknowledges that other Hop & Grape franchisees have or will be granted franchises at different times, different locations, under different economic conditions and in different situations, and further acknowledges that the economics and terms and conditions of such other franchises may vary substantially in form and in substance from those contained in this Agreement.

### **28.5 Receipt of Agreement and Franchise Disclosure Document.**

Franchisee acknowledges that it received a copy of this Agreement with all material blanks fully completed at least 7 calendar days prior to the date that this Agreement was executed by Franchisee. Franchisee further acknowledges that it received a copy of Hop & Grape's Franchise Disclosure Document at least 14 calendar days prior to the date on which this Agreement was executed. Franchisee confirms receiving the Franchise Disclosure Document on the date Franchisee signed the acknowledgment of receipt page (the "Receipt Page") attached to the Franchise Disclosure Document. Franchisee and Hop & Grape each acknowledge receiving a signed and dated copy of the Receipt Page.

### **28.6 Hop & Grape's Consent.**

Except where expressly provided to the contrary, any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation required from or by Hop & Grape under the terms of this Agreement will be granted or withheld by Hop & Grape in its reasonable discretion.

## **ARTICLE 29** **FRANCHISEE'S LEGAL COUNSEL**

Franchisee acknowledges that this Agreement constitutes a legal document that grants certain rights to and imposes certain obligations upon Franchisee. Franchisee has been advised by Hop & Grape to retain an attorney or advisor prior to the execution of this Agreement to review Hop & Grape Franchise Disclosure Document, to review this Agreement in detail, to review all legal documents, including the Lease, all purchase agreements and architectural and construction contracts, to review the economics, operations and other business aspects of the Taproom, to determine compliance with applicable laws, to advise Franchisee on economic risks, liabilities, obligations and rights under this Agreement, and to advise Franchisee on tax issues, financing matters, applicable state and federal laws, liquor laws, health and safety laws, environmental laws, employee issues, insurance, structure of the Taproom business, and other legal and business matters. The name and telephone number of Franchisee's attorney or other advisor is: \_\_\_\_\_; Telephone Number: (\_\_\_\_\_) \_\_\_\_\_; Email Address: \_\_\_\_\_.

**ARTICLE 30**  
**GOVERNING LAW; STATE MODIFICATIONS**

**30.1 Governing Law; Severability.**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051, et seq.), all claims arising out of or relating to this Agreement and/or the relationship between Hop & Grape and Franchisee will be governed by the procedural and substantive laws of the state where Franchisee's Taproom is located, unless applicable state law specifically provides otherwise. The provisions of this Agreement which conflict with or are inconsistent with applicable governing law will be superseded and/or modified by such applicable law only to the extent such provisions are inconsistent. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by Franchisee and Hop & Grape. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

**30.2 Applicable State Laws.**

If applicable, the following states have statutes which may supersede the provisions of this Agreement in Franchisee's relationship with Hop & Grape in the areas of termination and renewal of the Franchise: Arkansas [Stat. Section 70-807], California [Bus. & Prof. Code Sections 20000- 20043], Connecticut [Gen. Stat. Section 42-133e, et seq.], Delaware [Code Section 2552], Hawaii [Rev. Stat. Section 482E-1], Illinois [815 ILCS 705/19-20], Indiana [Stat. Section 23-2- 2.7], Michigan [Stat. Section 19.854(27)], Minnesota [Stat. Section 80C.14], Mississippi [Code Section 75-24-51], Missouri [Stat. Section 407.400], Nebraska [Rev. Stat. Section 87-401], New Jersey [Stat. Section 56:10-1], Virginia [Code 13.1-557-574-13.1-564], Washington [Code Section 19.100.180], and Wisconsin [Stat. Section 135.03]. These and other states may have court decisions that may supersede the provisions of this Agreement in Franchisee's relationship with Hop & Grape in the areas of termination and renewal of the Franchise.

**30.3 State Law Modifications.**

If the Taproom is located in any one of the states indicated below in this Article, or if the laws of any such state are otherwise applicable, then the designated provisions of this Agreement will be amended and revised as follows:

- (a) California. If this Agreement is governed by the laws of the State of California, then: (1) the covenant not to compete upon termination or expiration of this Agreement contained in this Agreement may be unenforceable, except in certain circumstances provided by law; (2) provisions of this Agreement giving Hop & Grape the right to terminate in the event of Franchisee's bankruptcy may not be enforceable under federal bankruptcy laws (11 U.S.C. §101, et seq.); and (3) the following statement should be deemed to amend this Agreement:

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

- (b) Illinois. If as provided for in Article 30.1, this Agreement is governed by the laws of the State of Illinois, then: (1) the Illinois Franchise Disclosure Act of 1987 [815 ILCS 705/1-44] (the "Illinois Act") and Illinois law will be applicable to this Agreement; (2) Section 19 of the Illinois Act will be applicable to the termination of this Agreement by Hop & Grape; (3) any provision of this Agreement that designates jurisdiction or venue in a forum outside of Illinois is void, provided

that this Agreement may provide for mediation and arbitration in a forum outside of Illinois; (4) Section 27 of the Illinois Act will be applicable to any action maintained by Franchisee to enforce any liability created by the Illinois Act; (5) any representations made by Hop & Grape in the Franchise Disclosure Document provided to Franchisee will remain valid and enforceable by Franchisee after the execution of this Agreement; (6) any condition, stipulation or provision of this Agreement requiring Franchisee to waive compliance with any provision of the Illinois Act or any other law of Illinois is void; (7) the acknowledgments made by Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of Franchisee's rights under the Illinois Act; and (8) the following statement should be deemed to amend this Agreement:

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

(c) Maryland. If this Agreement is governed by the laws of the State of Maryland, then: (1) the provisions of this Agreement requiring jurisdiction and venue of lawsuits in the State of Wisconsin will be deleted from this Agreement, and Franchisee will have the right to commence litigation, lawsuits and other court proceedings alleging Claims arising under the Maryland Franchise Registration and Disclosure Law (the "Maryland Law") in the State of Maryland; (2) the acknowledgments made by Franchisee in this Agreement will not be construed to act as a release, estoppel or waiver of Franchisee's rights under the Maryland Law and the release agreement required to be signed upon renewal, sale, or assignment/transfer shall not apply to any liability under the Maryland Law; (3) any limitation on the period of time during which Claims must be brought will not act to reduce the three-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Law, and any Claims arising under the Maryland Law must be brought within 3 years after the grant of the Franchise; (4) notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement will be construed to disclaim any representations made by Hop & Grape in the Franchise Disclosure Document; and (5) the following statement should be deemed to amend this Agreement:

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

(d) Minnesota. If this Agreement is governed by the laws of the State of Minnesota, then: (1) except in certain circumstances specified by Minnesota law, Hop & Grape must give Franchisee at least 180 days prior written notice of nonrenewal of the Franchise; (2) except in certain circumstances provided by Minnesota law, if Hop & Grape gives Franchisee written notice that Franchisee has breached this Agreement, such written notice will be given to Franchisee at least 90 days prior to the date this Agreement is terminated by Hop & Grape, and Franchisee will have 60 days after such written notice within which to correct the breach specified in the written notice; (3) notwithstanding any provisions of this Agreement to the contrary, a court of competent jurisdiction will determine whether Hop & Grape will be required to post a bond or other security, and the amount of such bond or other security, in any injunctive proceeding commenced by Hop & Grape against Franchisee or the Owners; (4) any provision in the Agreement that requires litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent

to liquidated damages, termination penalties or judgment notes is deleted; (5) any provision in the Agreement requiring a franchisee to assent to a general release is deleted; and (6) notwithstanding any provisions of this Agreement to the contrary, Franchisee will have up to 3 years after the cause of action accrues to bring an action against Hop & Grape pursuant to Minn. Stat. §80C.17.

(e) New York. If this Agreement is governed by the laws of the State of New York, then: (1) all rights enjoyed by Franchisee and any cause of action arising in its favor from the laws of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this provision that the nonwaiver requirements of General Business Law §687.4 and §687.5 be satisfied; and (2) modifications to the Operations Manual by Hop & Grape will not unreasonably increase Franchisee's obligations or place an excessive economic burden on Franchisee's operations.

(f) North Dakota. If this Agreement is governed by the laws of the State of North Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) mediation or arbitration hearings will be conducted in Fargo, North Dakota or at a mutually agreed upon location; (3) the consent by Franchisee to jurisdiction and venue in the State of Wisconsin contained in this Agreement will be inapplicable to Franchisee; and (4) any provisions of this Agreement which limit the statute of limitations period for Claims under the North Dakota Franchise Investment Law (the "North Dakota Law") or the parties' rights or remedies under the North Dakota Law, such as the right to recover exemplary or punitive damages or to a jury trial, will not be enforceable.

(g) Rhode Island. If this Agreement is governed by the laws of the State of Rhode Island, then any provision of this Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

(h) South Dakota. If this Agreement is governed by the laws of the State of South Dakota, then: (1) the covenant not to compete upon termination or expiration of this Agreement may be unenforceable, except in certain circumstances provided by law; (2) any provision of this Agreement which designates jurisdiction or venue outside of the State of South Dakota or requires Franchisee to agree to jurisdiction or venue in a forum outside of the State of South Dakota is void with respect to any cause of action which is otherwise enforceable in the State of South Dakota; (3) any acknowledgment provision, disclaimer, integration clause or provision having a similar effect in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that violates Chapter 37-5B or a rule or order under Chapter 37-5B; (4) mediation or arbitration hearings will be conducted in Sioux Falls, South Dakota, or at a mutually agreed upon location; and (5) provisions of this Agreement which require that actions be commenced within one year and that limit the parties' rights to recover punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

(i) Washington. If this Agreement is governed by the laws of the State of Washington, then: (1) in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Washington Act"), will prevail; (2) if applicable, the arbitration site will be either in Washington, a place mutually agreed upon at the time of the arbitration, or as determined by the Arbitrator; (3) a release or waiver of rights executed by Franchisee will not include rights under the Washington Act, except when executed pursuant to a negotiated settlement after this Agreement is in effect and where the parties are represented by independent counsel; (4) any provision of this Agreement which unreasonably restricts or limits the statute of limitations period for Claims under the Washington Act, rights or remedies under the

Washington Act, such as a right to a jury trial, may not be enforceable; (5) the Assignment Fee is collectable by Hop & Grape to the extent that it reflects Hop & Grape's reasonable estimated or actual costs in effecting the Assignment; (6) any provision contained in the Agreement purporting to restrict, restrain, or prohibit a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of Hop & Grape is void; and (7) the following statement should be deemed to amend this Agreement:

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

(j) Wisconsin. If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

## **ARTICLE 31** **DEFINITIONS**

For purposes of this Agreement, the following words will have the following definitions:

### **31.1 Abandon.**

"Abandon" will mean the conduct of Franchisee indicating the willingness, desire or intent of Franchisee to discontinue operating its Taproom in accordance with the quality standards, uniformity requirements and Hop & Grape System as described in this Agreement and the Operations Manual including, but not limited to, the failure of Franchisee to operate the Taproom during the business hours specified in the Operations Manual for two or more consecutive days without the prior written approval of Hop & Grape or the failure to remain open for business during the specified business hours.

### **31.2 Accounting Year.**

"Accounting Year" will mean Franchisee's fiscal year consisting of 12 consecutive calendar months. The definition of Accounting Year may be further defined in the Operations Manual, and may in the future be changed by Hop & Grape as specified in the Operations Manual or otherwise in writing by Hop & Grape to address business practices and/or changes in the Internal Revenue Code.

### **31.3 Affiliate.**

"Affiliate" will mean any Entity or individual that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with the referenced Entity.

### **31.4 Approved Supplier.**

"Approved Supplier" will mean a supplier, vendor or distributor that has been approved in writing by Hop & Grape to supply its products and/or services to Franchisee because its products and/or services conform to the standards and specifications established by Hop & Grape, and Hop & Grape has determined that its business reputation, quality standards, delivery performance, credit rating and other factors are satisfactory.

### **31.5 Assign or Assignment.**

"Assign" or "Assignment" will mean sale, assignment, pledge, collateral assignment, bequeath, trade, transfer, lease or sublease.

### **31.6 Claims.**

"Claims" will mean any and all demands, complaints, filings, assertions, requests for payment or

compensation, challenges, allegations of liability, causes of action, and/or lawsuits.

### **31.7 Competitive Taproom.**

“Competitive Taproom” will mean any taproom, other than another Hop & Grape Taproom, where: (a) 10 or more tap beer selections are offered to customers and at least 10% of its revenues are derived from the sale of alcoholic beverages; or (b) at least 50% of the food selections offered to its customers consists of flatbreads.

### **31.8 Confidential Information.**

“Confidential Information” will mean and include all of the business, technology, marketing, operational, and proprietary information developed, created, owned or licensed by Hop & Grape including, but not limited to, the following: (a) all plans and specifications relating to the construction of any Hop & Grape Taproom, drawings and renderings, FF&E specifications and pricing, the names of all Approved Suppliers and Designated Suppliers, pricing information for any Foods, Beverages, and Products sold to any Hop & Grape Taproom, unpublished menus and menu designs, and all food recipes and cooking techniques, (b) all business information, practices, procedures, processes, “know how” and business and operational systems of Hop & Grape, (c) all marketing strategies, programs, and concepts, training programs, Operations Manual and materials, and operational and business development concepts, (d) all exclusive sales and marketing processes taught to Franchisee’s personnel during any training programs, (e) all training programs and materials, (f) all trade secrets, intellectual property, proprietary databases, computer processes, computer systems, computer software programs and all source codes for all computer software programs (excluding commercially available off-the-shelf third-party software programs), (g) all copyrighted materials that have not been publicly disclosed by Hop & Grape which are marked as “confidential,” (h) all patents of Hop & Grape, including pending patents, (i) all password-protected websites designed, created and developed by Hop & Grape, including all passwords, text, content, color schemes, images, graphics, information, look and feel, layout, methodology, metrics, graphical interfaces and functionality, and (j) all other written materials disclosed to Franchisee which have been designated as “confidential” by Hop & Grape. Franchisee and its employees and agents will not disclose to any person or Entity the name, addresses or any other information relating to any customers or guests of Hop & Grape, including Franchisee’s Taproom, except as authorized electronically or in writing by the customer or guest.

### **31.9 Damages.**

“Damages” will mean all judgments, losses, injuries, awards, reparations, penalties, interest, punitive damages, lost profits, pecuniary compensation, court costs, attorneys’ fees, mediation, arbitration or litigation out-of-pocket costs, settlement payments, deposition and pre-trial costs, mileage, Travel Expenses, investigation fees, and all other amounts paid or incurred as a result of any Claims.

### **31.10 Designated Market Area.**

“Designated Market Area” or “DMA” will mean each media market exclusive of another as defined by the A.C. Nielsen ratings service, the Arbitron radio ratings service or such other ratings service as may be designated by Hop & Grape.

### **31.11 Designated Supplier.**

“Designated Supplier” will mean a supplier, vendor or distributor designated by Hop & Grape in writing as Franchisee’s only source for those foods, food items, recipe ingredients, proprietary products, other products and services used or sold in the Taproom that Hop & Grape has determined must meet certain quality and uniformity standards to protect the valuable goodwill and uniformity associated with the Marks and Hop & Grape System.

### **31.12 Develop.**

“Develop,” for the purposes of Article 1.5(c) of this Agreement, will mean to franchise, license, own,

manage or operate.

**31.13 Dollars.**

“Dollars” will mean United States of America dollars.

**31.14 EFT.**

“EFT” will mean the process relating to the electronic transfer of Fees directly from Franchisee’s bank account to Hop & Grape’ bank account, as further described in Article 6.2 of this Agreement.

**31.15 Entity.**

“Entity” will mean a corporation, limited liability company, partnership, limited partnership or any other type of legal entity formed in compliance with applicable law.

**31.16 Executive Management.**

“Executive Management” will mean: (a) the officers and directors specified in the by-laws if Franchisee is a corporation; (b) the manager, chief manager, managers and/or governors specified in the operating agreement or by-laws if Franchisee is a limited liability company; or (c) the general partner(s) if Franchisee is a partnership or a limited partnership.

**31.17 Fees.**

“Fees” will collectively mean and include the Initial Fee, the Royalty Fees, the Marketing Fund Fees and all other amounts then due and payable by Franchisee to Hop & Grape pursuant to this Agreement or any other agreement or for any products or services purchased by Franchisee from Hop & Grape or any of its Affiliates.

**31.18 FF&E.**

“FF&E” will mean the furniture, fixtures, supplies and equipment used in the operation of the Taproom.

**31.19 Financial Records.**

“Financial Records” will mean all accounting records and ledgers maintained in a written form, on a computer disk or hard drive, and in any other electronic or other form including, but not limited to, sales ledgers, work papers, general ledgers, summaries, schedules, bank statements, cancelled checks, bank deposit slips, federal and state income tax returns, state sales tax returns, Financial Statements, daily cash register tapes, and other financial information.

**31.20 Financial Statements.**

“Financial Statements” will mean a balance sheet, profit and loss statement, statement of cash flows, and explanatory footnotes prepared in accordance with generally-accepted accounting principles applied on a consistent basis.

**31.21 Foods, Beverages, and Products.**

“Foods, Beverages, and Products” will mean the authorized and/or proprietary foods, food items, beverages, menu items, recipe ingredients and FF&E that are specified in the Operations Manual or otherwise approved by Hop & Grape in writing that are (a) used in the operation of the Taproom, (b) used in the preparation of any foods or food items, and/or (c) offered for sale to customers of the Taproom.

**31.22 Franchise.**

“Franchise” will mean the right granted by Hop & Grape to Franchisee under this Agreement authorizing Franchisee to operate a Hop & Grape Taproom at the Franchised Location in conformity with Hop & Grape System using the name “Hop & Grape Taproom” and the other Marks.

**31.23 Franchised Location.**

“Franchised Location” will mean the address, city and state set forth in the Addendum to this Agreement

where Hop & Grape Taproom to be owned and operated under this Agreement by Franchisee will be physically located.

**31.24 General Manager.**

“General Manager” will mean the individual responsible for the overall management and operation of the Taproom including, but not limited to, administration, basic operations, marketing, record keeping, employee staffing and training, inventory control, hiring and firing, food preparation and maintenance of the Franchised Location.

**31.25 Governmental Authority.**

“Governmental Authority” will mean any governmental department, commission, board, bureau, agency, court or other instrumentality of the United States including, but not limited to, federal, state, district or commonwealth thereof, any foreign government or any jurisdiction, municipality or other political subdivision thereof.

**31.26 Indemnified Parties.**

“Indemnified Parties” will have the meaning given to it in Article 24.1 of this Agreement.

**31.27 Kitchen Manager.**

“Kitchen Manager” will mean the individual who will assist the General Manager with the management and operation of the Taproom, with particular emphasis on the preparation of food and beverage items at the Taproom.

**31.28 Lease.**

“Lease” will mean the written lease agreement and related documents signed by Franchisee for the Franchised Location.

**31.29 Major Assets.**

“Major Assets” will mean (a) Franchisee’s Taproom; (b) the Franchised Location; (c) the Lease for the Franchised Location; (d) the FF&E, inventory, point-of-sale system, customer lists and all other assets used in Franchisee’s Taproom; (e) this Agreement; (f) any Ownership Interest in Franchisee; (g) all FF&E leases, and (h) the land, building and related real estate used for Franchisee’s Taproom, if the land, building and real estate are owned by Franchisee.

**31.30 Management Staff.**

“Management Staff” means the Taproom’s General Manager and Kitchen Manager.

**31.31 Marketing Fund.**

“Marketing Fund” will mean the fund maintained by Hop & Grape to account for the Marketing Fund Fees received by Hop & Grape pursuant to Article 4.1 and the expenditure of the Marketing Fund Fees pursuant to Article 4.2.

**31.32 Marks.**

“Marks” will mean the name “Hop & Grape Taproom®,” “Hop & Grape®,” and such other trademarks, trade names, service marks, logos, commercial symbols, phrases, slogans and tag lines as Hop & Grape has or may hereafter create, own, develop or license for use in connection with taprooms operating under Hop & Grape System.

**31.33 Hop & Grape System.**

“Hop & Grape System” will mean the distinctive Foods, Beverages, and Products which are associated with the Marks, copyrights, distinctive interior and exterior building designs, décor, furnishings, menus, uniforms, signs, color combinations, uniformity requirements, standards of consistency and quality, procedures, cleanliness, sanitation, controls, specifications, training, advertising and instructions



promulgated by Hop & Grape.

**31.34 Hop & Grape Website.**

“Hop & Grape Website” will have the meaning given to it in Article 12.4 of this Agreement.

**31.35 Operations Manual.**

“Operations Manual” will mean the confidential and copyrighted standard operations manuals and other documents and materials developed by Hop & Grape for the operation of Hop & Grape Taprooms.

**31.36 Owner.**

“Owner” will mean any person or Entity who owns (a) any shares of capital stock in Franchisee if Franchisee is a corporation, (b) any membership interests in Franchisee if Franchisee is a limited liability company, (c) any partnership interests in Franchisee if Franchisee is a partnership, (d) any limited or general partnership interests if Franchisee is a limited partnership, and (e) any other kind or type of Ownership Interest in Franchisee. References to “Franchisee,” “assignee” and “transferee” which are applicable to (i) an individual or individuals will mean the Owner or Owners of an Ownership Interest in Franchisee and (ii) an Entity will mean the Entity that has an Ownership Interest in Franchisee.

**31.37 Ownership Interests.**

“Ownership Interests” will mean (a) capital stock if Franchisee is a corporation, (b) membership interest if Franchisee is a limited liability company, (c) partnership interest if Franchisee is a partnership, (d) limited or general partnership interests if Franchisee is a limited partnership, and (e) all other types and means of ownership or other legal interest in Franchisee.

**31.38 Per Diem Training Fee.**

“Per Diem Training Fee” will mean the current daily fee charged by Hop & Grape for each employee or independent contractor of Hop & Grape who provides any training, coaching, consulting and/or instructing services or any operational assistance or other services to Franchisee pursuant to the terms of this Agreement. The amount of the Per Diem Training Fee will be the amount specified in the most current publication and update of the Operations Manual, and the amount of the Per Diem Training Fee may be increased from time to time, at the sole option of Hop & Grape, to account for inflation, increased costs and other economic conditions.

**31.39 Quarter.**

“Quarter” will mean 3 consecutive calendar months. The definition of Quarter may be changed from time to time as specified by Hop & Grape in the Operations Manual or otherwise in writing.

**31.40 Required Opening Date.**

“Required Opening Date” will mean the date that is 9 months after the date of this Agreement.

**31.41 Taproom.**

“Taproom” will mean Hop & Grape Taproom operated pursuant to this Agreement in conformity with Hop & Grape System under the Marks.

**31.42 Revenue Report.**

“Revenue Report” means the written or electronic record, in the form designated in the Operations Manual, used to report the daily and Monthly Revenues and other specified financial information for Franchisee’s Taproom.

**31.43 Revenues.**

“Revenues” will mean the total dollar sales from all guests or customers of Franchisee’s Taproom, and will include all cash, credit card, and credit sales made by Franchisee of every kind and nature made at, from, by or in connection with Franchisee’s Taproom including, but not limited to, all dollars and income received

from the following: (a) the sale of all Foods, Beverages, and Products, including alcoholic and nonalcoholic beverages; (b) the sale of any and all goods, products, merchandise or items sold under any of the Marks; (c) all payments received from or for vending machines, telephones and electronic and other amusement games; (d) all payments received from or for slot machines, gaming machines and other gambling devices (notwithstanding this Agreement's prohibition on the use of such devices at the Franchised Location); (e) all payments received from or for lotteries, lottery tickets and pull tabs notwithstanding this Agreement's prohibition on the sale of such items at the Franchised Location; (f) all sales from the catering of Foods, Beverages, and Products; (g) all sales from the delivery of Foods, Beverages, and Products; (h) all sales of Foods, Beverages or Products for any banquet service; (i) all sales from the carry-out of Foods, Beverages, and Products; (j) all sales of Foods, Beverages, and Products at any locations or sites other than the Franchised Location; (k) all payments received from or for the redemption of gift cards and gift certificates by Franchisee's Taproom; (l) all payments received from business interruption insurance payments made to Franchisee by any insurance company; and (m) the sale of all Foods, Beverages, and Products to its employees including sales from discounted meals provided to employees and actually paid for by employees. "Revenues" will not include (i) any sales, use or gross receipts tax imposed by any Governmental Authority directly upon sales, if the amount of the tax is added to the selling price and is charged to the customer, a specific record is made at the time of each sale of the amount of such tax, and the amount of such tax is paid to the appropriate taxing authority by Franchisee; (ii) the sale (as opposed to the redemption) of gift cards by Franchisee's Taproom; (iii) the value of complimentary Foods, Beverages, and Products, such as house charges; and (iv) the one-time sale of any FF&E or any inventory items to a purchaser.

**31.44 Salaries and Benefits.**

"Salaries and Benefits" will mean the salaries, fringe benefits, including life insurance, medical insurance and retirement plans, payroll taxes, unemployment compensation, workers' compensation insurance, and all other expenses related to employment.

**31.45 Travel Expenses.**

"Travel Expenses" will mean all costs incurred for travel, transportation, food, lodging, telephone calls, automobile rental and all other related travel expenses.

**31.46 Week or Weekly/ Month or Monthly.**

"Week" or "Weekly" will mean a period of seven consecutive days beginning on each Sunday and ending each Saturday. "Month" or "Monthly" will mean a calendar month.

*[signatures on next pages]*

IN WITNESS WHEREOF, Hop & Grape, Franchisee and the Owners have respectively signed this Agreement effective as of the date set forth above.

In the Presence of:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

In the Presence of:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

In the Presence of:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**Hop & Grape**

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Its \_\_\_\_\_  
Title

**Franchisee**

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Its \_\_\_\_\_  
Title

And

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Its \_\_\_\_\_  
Title

Each of the undersigned Owners of Franchisee hereby confirms that the Ownership Interests set forth below for each Owner are true and correct and, as a condition to Hop & Grape agreeing to enter into this Agreement with Franchisee, each Owner who owns 20% or more of the Ownership Interests of Franchisee agrees to execute and be bound by the terms and conditions of the Personal Guaranty attached to this Agreement.

<u>In the Presence of:</u>	<u>Names of Owners:</u>	<u>Percentage of Ownership:</u>
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	
_____	_____	_____ %
Signature	Signature	
_____	_____	
Print Name	Print Name	_____ %
	Total	<u>100%</u>

## **PERSONAL GUARANTY**

THIS PERSONAL GUARANTY (this “Personal Guaranty”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Hop & Grape Holding LLC , a Wisconsin limited liability company (“Hop & Grape”) and each one of the undersigned personal guarantors (the “Personal Guarantors”).

WHEREAS, Hop & Grape and \_\_\_\_\_, (a/an) \_\_\_\_\_ (“Franchisee”) have entered into a Franchise Agreement, dated the same date as set forth above, for the operation of a franchised Hop & Grape Taproom at the Franchised Location set forth in the Franchise Agreement (the “Franchise Agreement”).

WHEREAS, it is the desire of each one of the undersigned Personal Guarantors to personally guaranty the obligations of Franchisee under the Franchise Agreement and to be individually, jointly and severally bound by the terms and conditions of the Franchise Agreement.

NOW, THEREFORE, in consideration of the execution of the Franchise Agreement by Hop & Grape, and for other good and valuable consideration, each one of the undersigned, for themselves, their heirs, successors, and assigns, do individually, jointly and severally hereby become surety and guaranty for the payment of all amounts and the performance of the covenants, terms and conditions of the Franchise Agreement, including the covenants not to compete, to be paid, kept and performed by Franchisee.

Obligations under Agreement. Each one of the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including the covenants not to compete, and agree that this Personal Guaranty should be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Franchise Agreement. Each one of the Personal Guarantors acknowledges having received a copy of the Franchise Agreement which is incorporated herein by reference.

Default of Franchisee. If Franchisee defaults on any monetary obligation of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to pay to Hop & Grape the Initial Fee, Royalty Fees, Marketing Fund Fees and all other Fees due and payable to Hop & Grape under the terms and conditions of the Franchise Agreement or for any purchases of goods or services made by Franchisee from Hop & Grape or any Affiliate of Hop & Grape.

Noncompliance by Franchisee. If Franchisee fails to comply with any other terms and conditions of the Franchise Agreement, then each one of the undersigned, their heirs, successors and assigns, do hereby, individually, jointly and severally, promise and agree to comply with the terms and conditions of the Franchise Agreement for and on behalf of Franchisee.

Obligations to Hop & Grape. If Franchisee is at any time in default on any obligation to pay monies to Hop & Grape or any affiliate of Hop & Grape, whether for the Initial Fee, Royalty Fees, Marketing Fund Fees, goods or services purchased by Franchisee from Hop & Grape or any Affiliate of Hop & Grape, or for any other indebtedness of Franchisee to Hop & Grape or any Affiliate of Hop & Grape, then each of the undersigned, their heirs, successors and assigns, do hereby, individually,

jointly and severally, promise and agree to pay all such monies due and payable by Franchisee to Hop & Grape or any Affiliate of Hop & Grape upon default by Franchisee.

**Binding Agreement.** Each one of the Personal Guarantors warrant and represent that they have the capacity to execute this Personal Guaranty and that they will each be bound by all of the terms and conditions of this Personal Guaranty. The provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of the successors and assigns of Hop & Grape.

**Jurisdiction and Venue.** Except as precluded by applicable law, all mediation, arbitration, litigation, actions or proceedings pertaining to this Personal Guaranty will be brought and venued in accordance with the terms of the Franchise Agreement, and each one of the Personal Guarantors agrees to the dispute resolution provisions, including jurisdiction and venue, contained in the Franchise Agreement.

**Personal Guarantors**

_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone
_____ Signature	_____ Signature
_____ Print Name	_____ Print Name
_____ Address	_____ Address
_____ City, State and Zip Code	_____ City, State and Zip Code
_____ Telephone	_____ Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

Signature

Print Name

Address

City, State and Zip Code

Telephone

**EXHIBIT A**  
**AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS**

**Electronic Transfer of Funds Authorization**

Franchisee: \_\_\_\_\_

Location: \_\_\_\_\_

Date: \_\_\_\_\_

NEW	CHANGE

Attention: Franchise Department

The undersigned hereby authorizes Hop & Grape Holding LLC ("Hop & Grape"), to initiate monthly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Fund Fees, or other amounts that become payable by the undersigned to Hop & Grape. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Hop & Grape.

This authorization is binding and will remain in full force and effect until 90 days' prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

\*\*\* Attach VOIDED Check \*\*\*

Sincerely yours,

\_\_\_\_\_  
Account Holder's Name

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Branch

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
City State Zip Code

By \_\_\_\_\_

\_\_\_\_\_  
Bank Telephone Number

Its \_\_\_\_\_

\_\_\_\_\_  
Bank's Routing Number

Date \_\_\_\_\_

\_\_\_\_\_  
Customer's Account Number



**EXHIBIT B**  
**TELEPHONE LISTING AGREEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Hop & Grape ("Hop & Grape"), and \_\_\_\_\_ ("Franchisee").

**WHEREAS**, Hop & Grape is the franchisor of Hop & Grape Taproom and the licensor of the name "Hop & Grape Taproom" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "Marks"); and

**WHEREAS**, Hop & Grape and Franchisee have entered into a Franchise Agreement, dated the same date as this Agreement (the "Franchise Agreement") pursuant to which Franchisee is granted the right to operate a franchised Hop & Grape Taproom (the "Taproom") and to use the Marks in on-line and/or printed book versions of telephone directory listings for Franchisee's Taproom; and

**WHEREAS**, Franchisee is authorized to continue using the Marks until such time as the Franchise Agreement is terminated or expires.

**NOW, THEREFORE**, Hop & Grape and Franchisee hereby agree as follows:

1. Franchisee is authorized to obtain telephone service for Franchisee's Taproom. Such service will not be used in conjunction with any other business or residential telephone service.
2. Franchisee is authorized to secure on-line and printed book White Pages, Yellow Pages and directory assistance listings for Franchisee's Taproom only in the name of "Hop & Grape Taproom." No other names may be used in conjunction with the Taproom and the Marks, and no additional listings may be used with the telephone number(s) assigned to the Taproom, unless approved in writing in advance by Hop & Grape.
3. All telephone directory listings, Yellow Pages display advertising, layout, and copy will be approved in advance in writing by Hop & Grape, and Franchisee agrees that it will not place any such copy unless the written approval of Hop & Grape is attached. Placement of display advertising by Hop & Grape or its advertising agency for Franchisee through a national Yellow Pages service will constitute automatic approval.
4. Franchisee agrees that the telephone numbers and telephone directory listings for the Taproom will be considered to be the sole property of Hop & Grape. Franchisee acknowledges that Hop & Grape has the absolute right and interest in all of the telephone numbers and telephone directory listings associated with the Marks, and Franchisee hereby authorizes Hop & Grape to direct the telephone company and all listing agencies to transfer all of Franchisee's telephone numbers and directory listings to Hop & Grape or Hop & Grape's assignee if the Franchise Agreement expires or is terminated for any reason whatsoever.
5. Upon the expiration or termination of the Franchise Agreement for any reason, Franchisee agrees that it will immediately cease all use of such telephone numbers and telephone directory listings and that all such telephone numbers and telephone directory listings will remain the sole property of Hop & Grape, subject to Hop & Grape's obligation to pay all fees due therefor that become due and payable after the date of the cessation of Franchisee's right to use the Marks and the telephone numbers and telephone directory listings associated with the Marks.

6. Franchisee hereby releases and forever discharges Hop & Grape and its successors or assigns and the telephone company from liability of any kind or character which results or may result directly or

indirectly from Hop & Grape' exercise of its rights hereunder or from the telephone company's cooperation with Hop & Grape in effecting the terms of this Agreement.

7. Hop & Grape will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use all telephone numbers and all classified and other directory listings under the "Hop & Grape Taproom" name and to authorize the telephone company and all listing agencies to transfer to Hop & Grape or its assignee all telephone numbers and directory listings of Franchisee's Taproom.

8. The telephone company and all listing agencies will have the right to accept this Agreement as evidence of the exclusive rights of Hop & Grape to such telephone numbers and directory listings, and this Agreement will constitute the authority from Franchisee for the telephone company and listing agency to transfer all such telephone numbers and directory listings to Hop & Grape. Franchisee will not make any Claims or commence any action against the telephone company and the listing agencies for complying with this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

**"Hop & Grape"**

**"Franchisee"**

**Hop & Grape Taproom**

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

**EXHIBIT C**  
**ADDENDUM TO LEASE**

THIS ADDENDUM TO LEASE (this "Addendum") is dated \_\_\_\_\_, 20 \_\_\_\_, and is entered into by and between:

Franchisee/Lessee: \_\_\_\_\_("Lessee")

Street Address: \_\_\_\_\_

City, State: \_\_\_\_\_

and

Lessor: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State: \_\_\_\_\_

Location: \_\_\_\_\_

Lease Agreement Date: \_\_\_\_\_

Effective Date of Franchise Agreement: \_\_\_\_\_

**WHEREAS**, Lessee and Lessor have entered into a Lease Agreement on the date and for the location identified above (the "Lease"), in conjunction with the opening or continuation of a Hop & Grape Taproom(the "Taproom") under a Franchise Agreement between Lessee and Hop & Grape Taproom (the "Franchise Agreement"); and

**WHEREAS**, Lessee has requested and Lessor has agreed to incorporate certain provisions into the Lease as required by the terms of the Franchise Agreement.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. **USES**: Lessee shall occupy and use the premises during the term of the Lease only as a Hop & Grape Taproom.

2. **TRADE FIXTURES**: Lessee is and shall be permitted to install and use in the leased premises any and all fixtures and equipment customary or necessary to the operation of a Hop & Grape Taproom, including, but not limited to, movable sinks and partitions, carpets, counters, shelves, and accessories and products used in connection therewith. All of such fixtures and equipment shall remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed in, attached to or affixed to the premises.

3. **SIGNS**: Lessee is hereby given the right, at Lessee's expense, to install and maintain during the term of the Lease, and any extension of the term hereof, a sign or signs advertising Lessee's business in, on or about the leased premises, subject to Lessor's prior approval (not to be unreasonably withheld) and Lessee's compliance with all applicable governmental regulations and receipt of all requisite

permits, at Lessee's sole cost and expense. Lessor agrees that the signs may at Lessee's discretion be the maximum size permitted by local code. The signs shall at all times remain the property of Lessee and may be removed by Lessee in accordance with the law relating to the removal of trade fixtures, no matter how the same may be installed on, attached to or affixed to the premises, provided Lessee shall promptly repair any and all damage caused by such removal.

4. **GRACE PERIODS:** Lessee shall not be deemed in default or breach of the Lease unless Lessee shall fail to pay the rent within ten (10) days after the receipt of written notice, and as to any other term, provision, condition or covenant hereof, unless Lessee shall fail to cure or reasonably commence to cure said default or breach within thirty (30) days after written notice from Lessor to Lessee specifying said default or breach.

5. **SUBORDINATION:** Lessor shall use reasonably commercial efforts to deliver to Lessee before commencement, from each mortgagee (including trustee of a trust deed) and ground lessor of real estate including, in whole or in part, the leased premises, a subordination and non-disturbance agreement in mortgagee's standard form providing that this Lease and Lessee's right to possession of the leased premises shall not be disturbed by such mortgagee or ground lessor or any other person or party claiming under or through such mortgagee or ground lessor, provided that Lessee continues to observe and perform Lessee's obligations under the Lease and pay rent to whomsoever may be lawfully entitled to the same from time to time.

6. **DEFAULT/ASSIGNMENT:** Lessor agrees that in the event of default by Lessee under the terms and conditions of the Lease, Lessor will permit the Lease to be assumed by Hop & Grape Taproom or its designee, on the same terms and conditions contained in the Lease, as modified by this Addendum. Lessor agrees to give notice to Hop & Grape Taproom of any default by Lessee under the terms and conditions of the Lease and to give Hop & Grape Taproom thirty (30) days written notice to cure such default and to permit Hop & Grape Taproom, at its sole discretion, to assume the Lease for the remainder of the term herein, and to exercise any renewal options. Lessor further agrees that in the event that Lessee's Franchise Agreement should terminate for any reason, upon receipt by Lessor of notice to that effect from Hop & Grape Taproom, Lessor will permit Hop & Grape Taproom to enter the premises and to become the lessee or to designate another successor lessee under the same terms and conditions contained in the Lease. Hop & Grape Taproom will have the option, but not the obligation, to exercise the assumption rights granted to it under this provision of this Addendum. Lessee specifically agrees that Lessor will transfer the Lease to Hop & Grape Taproom or its designee upon Hop & Grape Taproom notice to Lessor of intent to assume the Lease.

7. **ESTOPPEL:** Lessor will promptly upon request of Hop & Grape Taproom deliver to Lessee, Hop & Grape Taproom, or such other party as Hop & Grape Taproom may designate: (i) written confirmation (a) that the Lease is in full force and effect without modification or amendment, and (b) that Lessee is not in default under the terms of the Lease, and/or (ii) such other information, documents, confirmations and/or certifications regarding the Lease as may be reasonably requested by Hop & Grape Taproom (or, to the extent that Lessor is unable to comply, identifying with particularly the reasons why compliance with Hop & Grape Taproom request is not possible). Lessor shall comply with this paragraph of this Addendum at no charge to Lessee or Hop & Grape Taproom.

8. **LIEN WAIVER:** Lessor shall have no lien upon the assets of Lessee. Lessor waives any statutory "landlord's lien" on the assets of Lessee. Upon request, Lessor will execute and deliver to Lessee or to Hop & Grape Taproom a waiver of lien waiver or other acknowledgment that Lessor has no lien on the assets of Lessee.

9. **REPORT OF SALES:** Lessor is authorized to provide and disclose to Hop & Grape Taproom, upon its request, sales and other information furnished to Lessor by Lessee.

10. **INSPECTION:** Lessor shall permit representatives of Hop & Grape Taproom to enter upon the premises during regular business hours for the purposes of conducting inspections of Lessee's Taproom.

11. **NOTICES:** Copies of all notices to be sent to or served upon Lessee shall be also mailed to Hop & Grape, 205A W Upham Street, Marshfield, WI 54449.

12. **CONFLICT:** If there is any conflict between a provision of the Lease and a provision of this Addendum, then the applicable provision of this Addendum will supersede the conflicting provision in the Lease.

13. **ACKNOWLEDGMENTS:** Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate the Taproom, and Lessee would not lease the Taproom premises without this Addendum. Lessor further acknowledges that Lessee is not an agent or employee of Hop & Grape Taproom and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Hop & Grape Taproom or any affiliate of Hop & Grape Taproom, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Hop & Grape Taproom or any affiliate of Hop & Grape Taproom, unless and until the Lease is assumed and accepted in writing by, Hop & Grape Taproom or a designee of Hop & Grape Taproom.

14. **THIRD PARTY BENEFICIARY:** Hop & Grape Taproom, is an express third party beneficiary of this Addendum and the Lease and may, directly or indirectly, enforce any right of Hop & Grape Taproom or Lessee hereunder.

15. **MODIFICATIONS:** The provisions of the Lease and/or this Addendum will not be modified, amended, extended, assigned or terminated without the prior written consent of Hop & Grape Taproom .

The parties are signing this Addendum as of the date first above written.

**LESSOR:**

**LESSEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**Exhibit C (Continued)**  
**ADDENDUM TO**  
**HOP & GRAPE TAPROOM FRANCHISE AGREEMENT FOR**

**ADDRESS OF FRANCHISED LOCATION:**

\_\_\_\_\_  
Street

\_\_\_\_\_  
City, State, Zip Code

**AND**

**DESIGNATED AREA:**

The area within a \_\_\_\_\_ mile radius of the Franchised Location for  
Franchisee's Taproom

Dated: \_\_\_\_\_, 20\_\_\_\_

**Hop & Grape Holding LLC**

\_\_\_\_\_  
Name of Franchisee

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

**DESCRIPTION OF AREA WHERE FRANCHISEE WILL HAVE THE RIGHT TO LOCATE THE  
TAPROOM UNTIL THE ADDRESS OF THE FRANCHISED LOCATION HAS BEEN DETERMINED:**

\_\_\_\_\_

\_\_\_\_\_  
(include if possible the City, County and State)

Dated: \_\_\_\_\_, 20\_\_\_\_

**Hop & Grape Holding LLC**

\_\_\_\_\_  
Name of Franchisee

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

**HOP & GRAPE HOLDING LLC FRANCHISE DISCLOSURE  
DOCUMENT**

**EXHIBIT B**

**List of Hop & Grape Taprooms**

1. 205 W. Upham Street, Marshfield, Wisconsin 54449.

**HOP & GRAPE HOLDING LLC FRANCHISE  
DISCLOSURE DOCUMENT**

**EXHIBIT C**

**CURRENT COMPUTERS AND SOFTWARE REQUIREMENTS (1)**

<b>Description</b>	<b>Quantity</b>
Square Terminal - Credit Card Machine to Accept All Payments   Mobile POS	1
Square Register - Powered by Square POS	2
Square Integrated Cash Register`	2
Star TSP 100 Printer	2
Star TSP143IIIU Gray Thermal Receipt Printer with USB	1

Footnote:

- (1) As of the date of this Disclosure Document; these items are subject to change based upon availability and upgrades due to technology advancements.



**Hop & Grape Holding LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT D**

**FINANCIAL STATEMENTS**

Balance Sheet

<b>Total Current Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>	<b>\$17,500</b>
<b>Fixed Assets</b>					
<b>Total Fixed Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Assets</b>					
<b>Total Other Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL ASSETS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>	<b>\$17,500</b>
<b>LIABILITIES AND EQUITY</b>	<b>Jan</b>	<b>Feb</b>	<b>March</b>	<b>April</b>	<b>May</b>
<b>Current Liabilities</b>					
Accounts payable	\$0	\$0	\$0	\$0	\$595
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$595</b>
<b>Long-Term Liabilities</b>					
<b>Total Long-Term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$595</b>
<b>Stockholders' Equity</b>					
Investment capital	\$0	\$0	\$0	\$0	\$16,905
Accumulated retained earnings	0	0	0	0	0
Current net profit (loss)	0	0	0	0	0
Less: Dividend	0	0	0	0	0
<b>Total Capital</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,905</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,500</b>

**Hop & Grape Holding LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT E**

**SAMPLE RELEASE**

## Hop & Grape Holding LLC

### SAMPLE RELEASE

Unless precluded by applicable state law, if you sell, assign or transfer your Franchise Agreement to a third party, you will sign a joint and mutual release containing language substantially similar to the following:

This Joint and Mutual Release is made, entered into and effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Hop & Grape Holding LLC (the “Franchisor”) and \_\_\_\_\_ (the “Franchisee”).

The Franchisee entered into a Franchise/, dated \_\_\_\_\_, 20\_\_ with Hop & Grape (the “Agreement”) authorizing the Franchisee to open and operate a franchised Hop & Grape Taproom(s) at/in \_\_\_\_\_.

The Franchisee desires to reacquire the Franchise for the Taproom/transfer, sell and assign the Agreement to a third party (the “Assignee”).

Hop & Grape has agreed to consent to the reacquisition of the Franchise for the Taproom/transfer, sale and assignment of the Agreement by the Franchisee to the Assignee, a condition of which is the execution of the following joint and mutual release by Hop & Grape and the Franchisee:

1. Release of Hop & Grape by Franchisee. For and in consideration of the execution of this Joint and Mutual Release and the consent by Hop & Grape to the assignment of the Agreement to the Assignee, the Franchisee and its affiliates hereby release and forever discharge Hop & Grape and its current and former affiliates from any and all claims which the Franchisee and its affiliates have had or now have or may in the future have against Hop & Grape and its current and former affiliates or any of them, for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through and including the date of this Joint and Mutual Release including, but not limited to, any alleged violations of the Federal Trade Commission’s Trade Regulation Rule relating to Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures, “mini” FTC laws, deceptive or unfair trade practices laws, franchise laws or securities laws, and all other local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged breaches or violations of the Agreement and/or any other agreements between the Franchisee and its affiliates and any of them, and Hop & Grape and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

2. Release of Franchisee by Hop & Grape. For and in consideration of the execution of this Joint and Mutual Release and the consent by Hop & Grape to the assignment of the Agreement to the Assignee, Hop & Grape and its affiliates hereby release and forever discharge the Franchisee and its affiliates from any and all claims which Hop & Grape and its affiliates have had or now have against the Franchisee and its affiliates for, upon or by reason of any matter, fact or thing whatsoever from the beginning of time through, up to and including the date of this Joint and Mutual Release including, but not limited to, any local, municipal, state, federal or other laws, statutes, rules or regulations, and any alleged violations of the Agreement, and/or any other agreements between the Franchisee and its affiliates and any of them, and Hop & Grape and its affiliates and any of them; provided, however, that this provision will not apply to any claims specifically excluded by terms of this Joint and Mutual Release.

*[Signatures on next page]*

“Franchisee”

\_\_\_\_\_

By:\_\_\_\_\_

Its\_\_\_\_\_

“Franchisor”

Hop & Grape Holding LLC

By:\_\_\_\_\_

Its\_\_\_\_\_

The above language may be modified or supplemented to address issues specific to the transfer of your Franchise Agreement to a third party, or to comply with applicable law (see the Addendum to the Franchise Disclosure Document).

**Hop & Grape Holding LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**EXHIBIT F**  
**STATE AGENCY EXHIBIT**  
**State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Wisconsin	August 12, 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**Hop & Grape Holding LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT G**

**TABLE OF CONTENTS TO OPERATIONS MANUAL**

- 1. Introduction**
  - 1.1 Welcome and Overview
  - 1.2 Franchise Mission and Values
  - 1.3 Manual Purpose and Usage
- 2. Franchise Overview**
  - 2.1 History and Background
  - 2.2 Brand Identity
    - 2.2.1 Logo
    - 2.2.2 Brand Guidelines
  - 2.3 Franchise Organizational Structure
- 3. Getting Started as a Franchisee**
  - 3.1 Becoming a Franchisee
  - 3.2 Site Selection and Lease Agreements
  - 3.3 Training and Onboarding
    - 3.3.1 Training Structure
    - 3.3.2 Franchisee Onboarding
- 4. Operations**
  - 4.1 Daily Procedures
    - 4.1.1 Opening Procedures
    - 4.1.2 Daily Action Items
    - 4.1.3 Closing Procedures
  - 4.2 Staffing and Employee Guidelines
    - 4.3.1 Compliance with Brand Standards
    - 4.3.2 Product Specifications
    - 4.3.3 Quality Control Checks
    - 4.3.4 Service Protocols
    - 4.3.5 Routine Inspections
    - 4.3.6 Customer Feedback
    - 4.3.7 Reporting Non-Compliance
    - 4.3.8 Corrective Actions
  - 4.4 Health and Safety Protocols
    - 4.4.1 Emergency Procedures
    - 4.4.2 First Aid Kits
    - 4.4.3 Safety Signage
    - 4.4.4 Safe Work Practices
    - 4.4.5 Illness Reporting
- 5. Marketing and Advertising**
  - 5.1 Marketing Strategy
    - 5.1.1 Target Audience
    - 5.1.2 Marketing Channels
    - 5.1.3 Content Strategy
  - 5.2 Local Advertising Guidelines

- 6. Sales and Customer Service**
  - 6.1 Sales Techniques
  - 6.2 Customer Service Standards
  - 6.3 Handling Customer Complaints
- 7. Financial Management**
  - 7.1 Pricing and Costing
  - 7.2 Financial Reporting
  - 7.3 Royalties and Fees
- 8. Technology and IT**
  - 8.1 Point of Sale Systems
  - 8.2 IT Support and Maintenance
- 9. Legal and Compliance**
  - 9.1 Franchise Agreement
  - 9.2 Regulatory Compliance
  - 9.3 Intellectual Property Rights
- 10. Expansion and Development**
  - 10.1 Renovation and Remodeling
  - 10.2 Growth Strategies
- 11. Appendices**
  - 11.1 Forms and Templates
  - 11.2 Glossary of Terms

**Hop & Grape Holding LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT H**  
**FRANCHISEE QUESTIONNAIRE**



## **FRANCHISEE QUESTIONNAIRE**

QUESTION	YES	NO
1. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "Disclosure Document") provided to you?		
2. Did you sign a receipt for the Disclosure Document indicating the date you received it?		
3. Do you understand all of the information contained in the Disclosure Document?		
4. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5. Please insert the date on which you received a copy of the Franchise Agreement with all material blanks fully completed:  _____		
6. Do you understand the terms of and your obligations under the Franchise Agreement?		
7. Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8. Do you understand the risks associated with operating the Franchise?		
9. Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10. Do you understand that this Franchise may be impacted by other risks, including those outside your or our control such as economic, political or social disruption, including COVID-19 or similar outbreaks? In addition, do you understand that the COVID-19 outbreak, or similar outbreaks and any preventative or protective actions that federal, state, and local governments may take in response to this pandemic may result in a period of business disruption, reduced customer demand, and reduced operations for Hop & Grape Taproom businesses? Do you further understand that the extent to which the coronavirus impacts the Hop & Grape Taproom system will depend on future developments which are highly uncertain and which we cannot predict?		
11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		

QUESTION	YES	NO
12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the Disclosure Document?		
13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
14. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
15. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the Disclosure Document?		
<p>16. We encourage and strongly recommend that all prospective franchisees contact and speak with existing franchisees as part of your review and diligence process, to inquire about their operations and experience. If you have done so, please identify the franchisees with whom you have communicated:</p> <p>1. _____</p> <p>2. _____</p> <p>3. _____ Others:</p> <p>If you did not contact any franchisees, please explain why:</p> <p>_____</p> <p>_____</p> <p>_____</p>		

If you answered “Yes” to any of questions eleven (11) through fifteen (15), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of the foregoing questions, please leave the following lines blank.

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You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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FRANCHISE APPLICANT

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FRANCHISE APPLICANT

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Hop & Grape Holding LLC offers you a franchise, it must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement with, or make a payment to, Hop & Grape Holding LLC or an affiliate in connection with the proposed franchise sale.

Iowa and New York require that Hop & Grape Holding LLC give you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Hop & Grape Holding LLC give you this Disclosure Document at least 10 business days before the execution of any binding Franchise Agreement or other agreement or the payment of any consideration, whichever occurs first.

If Hop & Grape Holding LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in the State Agency Exhibit.

Issuance Date: August 12, 2025.

The franchise sellers for this offering are Scott J. Gebelein and Dr. Sharon J. Gebelein, 205A W Upham Street, Marshfield, WI 54449, (715) 207-0422, and/or \_\_\_\_\_ (name), \_\_\_\_\_ (address), \_\_\_\_\_ (telephone number).

Hop & Grape Holding LLC authorizes the respective state agencies identified in the State Agency Exhibit to receive service of process for it in the particular state.

I received this Disclosure Document, dated August 12, 2025, that included the following exhibits:

Exhibit A:	Franchise Agreement
Exhibit B:	List of Hop & Grape Taprooms
Exhibit C:	Computers and Software Requirements
Exhibit D:	Financial Statements
Exhibit E:	Sample Release
Exhibit F:	State Agency Exhibit
Exhibit G:	Table of Contents to Operations Manual
Exhibit H:	Franchisee Questionnaire

Signed:	_____
Print Name:	_____
Address:	_____
City/State/Zip:	_____
Telephone:	_____
Dated:	_____

Signed:	_____
Print Name:	_____
Address:	_____
City/State/Zip:	_____
Telephone:	_____
Dated:	_____

Copy To: Hop & Grape Holding LLC

205 A W Upham Street Marshfield, WI 54449

## RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Signed:	_____
Print Name:	_____
Address:	_____
City/State/Zip:	_____
Telephone:	_____
Dated:	_____

Signed:	_____
Print Name:	_____
Address:	_____
City/State/Zip:	_____
Telephone:	_____
Dated:	_____

Copy To: Franchisee