

# FRANCHISE DISCLOSURE DOCUMENT

**MHDGA, LLC**  
**A Nevada Limited Liability Company**  
**10175 W. Twain Ave., Suite 130**  
**Las Vegas, NV, 89147**  
**Tel.: 702-463-8002**  
**[hello@cruncheseusa.com](mailto:hello@cruncheseusa.com)**  
**<https://www.cruncheseusa.com/>**



As a franchisee, you will operate a CrunCheese Korean Hot Dog location as a quick service restaurant featuring a limited menu specializing Korean style hot dogs. We offer Single Unit Franchises and Area Development Franchises (referred hereto hereafter individually as a “Location” or collectively as “Locations”). Each Location franchise will conduct business under the name of “**CrunCheese Korean Hot Dog**” and will own and operate restaurant business (“Restaurant(s)”). Each Location will report and receive support directly from our corporate headquarters.

The total investment necessary to begin operation of a CrunCheese Korean Hot Dog Franchise ranges from **\$235,050.00 to \$652,500.00**. This includes \$40,000 that must be paid to the franchisor or affiliate for a Location (“Location Franchise”).

If you sign an area development agreement that will allow development of a minimum of three Locations, the total development fee necessary under the area development agreement is \$100,000.00 for three Locations. If you sign an agreement for more than three Locations, you would pay us \$15,000.00 for each additional Location you agree to develop after your third Location. The amount is payable to us. We will credit the development fee against the initial franchise fee of each Location developed upon the signing of each franchise agreement. The total investment necessary to begin operation of each Location under an area development agreement is the same as that for a single unit.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact LEON WU at MHDGA, LLC, 10175 W. Twain Ave., Suite 130 Las Vegas, NV, 89147, Tel.: 702-463-8002.

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

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

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

Issuance Date: April 19, 2023

## 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 J.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit “I” 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 CrunCheese Korean Hot Dog business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a CrunCheese Korean Hot Dog franchisee?</b>	Item 20 or Exhibit J 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 the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

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

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

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

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

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

### Some States Require Registration

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

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

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

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

1. **Out-Of-State Dispute Resolution**. The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. 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 the franchisor in Nevada than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Short Operating History**. The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division  
Attn: Franchise  
670 G. Mennen Williams Building  
525 W. Ottawa Street  
Lansing, Michigan 48909  
(517) 373-7117

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement and Area Development Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written.

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### **EXHIBITS TO DISCLOSURE DOCUMENT:**

- A** State Administrators/Agents for Service Of Process
- B** Franchise Agreement
- C** Operations Manual: Table Of Contents
- D** Confidentiality Agreement For Disclosure of Manuals
- E** Confidentiality Agreement - Employee
- F** Area Development Agreement
- G** General Release Agreement
- H** Transfer Agreement
- I** Financial Statements
- J** List of Franchisees
- K** State Specific Addendum



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

The Franchisor is MHDGA, LLC, which will be referenced to in this disclosure document as “MHDGA, LLC”, “CrunCheese”, “we”, “us” or “our”. A person, corporation, or any entity that buys a franchise from MHDGA, LLC will be referred to in this disclosure document as “you”.

**The Franchisor, and any Parents, Predecessors and Affiliates.**

MHDGA, LLC is a Nevada Limited Liability Company, organized on April 5, 2021. The principal business address of MHDGA, LLC is 10175 W. Twain Ave. Suite 130, Las Vegas, NV 89147. We conduct business under the name “CrunCheese Korean Hot Dog”. We do not do business under any other name.

We have not and do not currently operate any CrunCheese, but we have one or more of our affiliates that have operated CrunCheese since 2019. We have not conducted business in any other line of business and has not offered franchises for CrunCheese Korean Hot Dog or any other business.

We do not have any parent and any predecessor.

We have several affiliates that own and operate business of the type being franchised in California and Nevada. However, none of these affiliates offer franchises in this or any other line of business or are approved suppliers of any product or service that you must purchase.

We do not have any other parents, predecessors, or affiliates that offer franchises in any line of business or provide products or services to the franchisees of the franchisor.

Our agents for service of process are listed in Exhibit A in this disclosure document.

**The Franchised Business.**

We franchise the quick service restaurants under the name of “CrunCheese Korean Hot Dog” (“CrunCheese”).

We and our affiliates have operated CrunCheese Korean Hot Dog since 2019.

We offer Location franchises to persons or legal entities that meet our qualifications and that are willing to undertake the investment and effort to own and operate quick service restaurants known as “CrunCheese Korean Hot Dog” (“CrunCheese”). Your CrunCheese restaurant will feature Korean style hot dogs.

We plan to offer two basic types of franchises for CrunCheese - Single Unit franchises and Area Development franchises. Single Unit franchises obtain the right to operate one (1) CrunCheese at an approved Location under a Franchise Agreement. Area Development franchises obtain the right to develop a specified minimum number of CrunCheese in a defined territory (“Assigned Area”) over a specified period of time (“Development Schedule”) under an Area Development Agreement.

Locations are typically located in high-traffic locations with favorable co-tenancy between 800 to 1500 sq. ft., or other similarly suitable locations.

You must operate your Location at a site we approve and in accordance with the standards and procedures designated by the Company (the “System”), and according to the Company’s Operations Manual for Locations (“the Manual”). (See Item 11).

Under our Franchise Agreement (the “Agreement”), the Company offers qualified Franchisees the right to establish and operate a Location at a site approved by the Company. The Franchise Agreement (attached as **Exhibit B** hereto) gives you the right to operate a Location under the name and mark “CrunCheese Korean Hot Dog” and other marks designated by the Company from time to time (all referred to as the “Proprietary Marks”). Under the Agreement, you must offer all products and services that we may specify and may not offer any products or services we have not authorized.

### **Discretionary Area Development Deals**

We may, in our sole discretion, offer you the opportunity to enter into Area Development Agreements with us for development of new CrunCheese Restaurants. The Area Development Agreement grants you right to open and operate new CrunCheese Restaurants in an Assigned Area for the same initial franchise fee for the first Location and a reduced initial franchise fee for any subsequent Locations you plan to develop. The royalty fees will remain the same no matter how many Locations you agree to open and operate under the Area Development agreement. Upon establishing each additional unit under the development schedule, you will be required to sign the then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. (See Item 12.)

The minimum number of CrunCheese required to open under the Area Development Agreement is three (3) units.

### **Market and Competition.**

The market for restaurant and food services is extremely well established. Market for Korean style hot dog is developing, and the product is appealing for individuals of all ages and demographics who enjoy hot dogs.

As a franchisee, you should not have any expectation that the economic and demographic factors that exist at your CrunCheese restaurant location will remain constant. In addition, other future CrunCheese restaurants (including those that we develop) may have an effect on the sales of your CrunCheese restaurant. You also will be competing with other full-service restaurants, quick-service businesses and convenience stores that offer the same types of products that you do. These full-service restaurants, quick-service businesses and convenience stores may be associated with national or regional chains (whether or not franchised) or may be local, single restaurant locations. You will compete with other full-service restaurants, quick-service businesses and convenience stores that feature products different from those in a CrunCheese restaurant. Your products and services will be offered primarily to individual consumers for on-site or off-site consumption. The market for the products you will offer is developed in some areas and still developing in other areas, depending on the number of restaurants of this type operating in each particular area.

Your competitive advantage will be based on following our standards and guidelines. Furthermore, the other competing brands include Two Hands, Myunrung, OK! Hog Dog, and Mochinut.

**Laws and Regulations.**

You must comply with laws and rules on operating a restaurant, health, safety and sanitation, health department inspections, menu and menu board labeling, providing calorie and nutrition information, smoking, restrictions, posting notices of chemicals and health hazards, fire safety and emergency preparedness, use, storage and disposal of containers and materials that may harm the environment or effect food or health, and on waste, insecticides and other hazardous materials, food labeling, minimum wages, overtime, working hours and conditions, unlawful discrimination, disability discrimination and compliance, anti-terrorism, employing children and with the FDA Hazard Analysis and Critical Control Point (HACCP) food safety program. Some states require you to employ a person certified in food safety. Also, in several states, (for example, California, Illinois, and Washington) county health departments inspect restaurants and other retail food facilities for such matters as sanitation, compliance with safe food handling practices and adequacy of kitchen facilities. You must investigate and comply with these laws and regulations, despite any advice or information we may give you.

**ITEM 2  
BUSINESS EXPERIENCE**

**CHOONG KYUN “MIKE” KIM - Director.**

Mike has served as one of our Director since April 2021 in Las Vegas, Nevada. He owns and operates MAD LAS VEGAS I, LLC in Las Vegas, Nevada, operating a CrunCheese Korean Hot Dog since September 2019.

**LEON WU - Director of Franchise Sale/ Real Estate.**

Leon has served as our Director of Franchise Sale/Real Estate since April 2021 in Las Vegas, Nevada. From 1999 to present, Mr. Wu serves as the Vice President and Managing Principal of Hospitality International Group, LLC (“HIG”) in Las Vegas, Nevada.

**BOBBY SABAS - Development Director.**

Bobby has served as our Development Director since April 2021 in Las Vegas, Nevada. From 1999 to present, Mr. Sabas is a Senior VP and Managing Principal of Hospitality International Group, LLC (“HIG”) in Las Vegas, Nevada.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4 BANKRUPTCY**

MHDGA LLC's Development Director, Bobby Sabas, was a Managing Member of TC Westshore, LLC, dba Rathaus Las Vegas. On June 15, 2016, Bobby Sabas filed a voluntary petition for non-individuals filing for bankruptcy for TC Westshore, LLC under the Chapter 11 of the US Bankruptcy Code. In re TC Westshore, LLC (Case No. 16-13277-led). The case was filed in the United States District Court for the District of Nevada. The bankruptcy involvement was due to a lease termination whereas TC Westshore was a tenant in the lease. On August 4, 2016, the bankruptcy court entered an order for relief for TC Westshore, LLC entitled: "the "Stipulation and Order to Dismiss Chapter 11 Bankruptcy Case," and the case is closed on August 19, 2021.

## **ITEM 5 INITIAL FEES**

### **(A) Initial Franchise Fee**

The initial franchise fee for a single CrunCheese Location is \$40,000.00. The initial franchise fee is due and payable in a lump sum upon signing the Franchise Agreement and is non-refundable under any circumstances. For state specific requirements that may apply to you, please see the State Specific Addendum.

Except for reduced initial franchise fee that you may pay under the Area Development Agreement (as described below), you will pay us the then-current initial franchise fee if you decide to open a subsequent CrunCheese. You must sign the then-current form of franchise agreement for each Location you will operate and pay our then-current initial franchise fee in a lump sum when each franchise agreement is signed.

We may offer a reduced initial franchise fee under certain circumstances. During 2022, we received initial franchise fees ranging from \$20,000 to \$40,000.

### **(B). Area Development Fee**

If we determine, in our discretion, to enter into an Area Development Agreement (covering at least three (3) Locations) with you, you must pay to us a nonrefundable development fee in a lump sum at the time of signing your Area Development Agreement. The development fee will essentially be an advance payment of the initial fee of all the units you agree to open, as reflected in the development schedule of your Area Development Agreement. Under the Area Development Agreement (covering at least 3 Locations), the initial franchise fee for the first Location will remain \$40,000.00, and the initial franchise fee for any additional Location will be \$30,000.00.

The amount of the development fee will vary depending on the number of Locations stated in the development schedule. The development fee for three Locations is \$100,000.00, which is composed of the initial franchise fee of \$40,000.00 for the first Location and the reduced initial franchise fee of \$30,000.00 for each of the second and third Location. A typical development fee for a larger number of Locations would be equal to \$100,000.00 (first 3 Locations), plus \$15,000.00 (half of \$30,000.00) for

each additional Location to be developed after the third Location. You will pay the remaining of the initial franchise fee upon signing each of the Franchise agreement after the third Locations.

You will sign your first franchise agreement at the time you sign the Area Development Agreement and sign a separate then-current franchise agreement upon establishing each new additional Location.

### ITEM 6 OTHER FEES

<b>Fee (1), (2)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	5% of monthly Gross Revenues (3)	Collected on the 15 <sup>th</sup> day each month	Based on monthly Gross Revenues (3). See Item 11 for additional information.
Contribution to the Company's Advertising Fund	Currently 1% of monthly Gross Revenues	Collected on the 15 <sup>th</sup> of each month.	Based on monthly Gross Revenues (3). See Item 11 for additional information.
Local Market Advertising	\$600 or 1% of your monthly Gross Revenues whichever is greater	Collected on the 15 <sup>th</sup> of each month.	Based on monthly Gross Revenues (3). See Item 11 for additional information.  Franchisee is to spend on online advertisement Yelp, and print advertisement in local paper, periodical magazine.
Interest	18% per annum (California: Maximum 10% per annum)	From the date payments are due, and continues until outstanding balance and accrued interest are paid in full	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us.
Late Charge	\$50 per day	As incurred	Charged on any late payments of Royalty Fees, contributions to the Company's advertising fund, amounts due for product purchases, or any other amounts due our affiliates or us.
Insufficient Fund	\$100 per violation	As incurred	Charged on any payment by check that is not honored by the bank upon which it is drawn
Audit Expenses	Cost of audit and inspection, plus any reasonable accounting and legal expenses, and expenses such as travel, lodging, and wages which are reasonably	On demand	If you fail to timely input financial data or fail to submit required reports, payable in the event of an understatement of gross sales of five (5%) per cent or more. The franchisee shall also be responsible for expenses such as travel, lodging, and wages which are reasonably incurred in conducting an audit in which the above discrepancy is found.

	incurred in conducting an audit in which the above discrepancy is found.		
Accounting Fee	\$100	On the 15 <sup>th</sup> day of the month following the omission or inaccuracy	Payable if you omit or fail to accurately input any information in the office management software, or fail to timely submit any required reports.
Non-Compliance Charge	\$500 per violation	On demand	Where permitted by law, we may charge you a non-compliance charge in an amount up to \$500 per violation by you of any term or condition of the Franchise Agreement. The non-compliance charge is to compensate us for our damages in dealing with non-compliance.
Fee for Sale of Prohibited Products or Services	\$500 or 50% of your gross Revenues of the prohibited products or services whichever is greater	As incurred	Payable if you use, sell or distribute non-authorized products or services in your Location.  Payable within 5 business days from Cease or Desist Letter.
Insurance (4)	Amount of unpaid premiums and related costs	On demand	Payable if you fail to maintain required insurance coverage and we obtain coverage for you.
Replacement of Operations Manual	An amount set by us; currently \$200	As incurred	Payable if your copy of the Manual for Locations is lost, destroyed, or significantly damaged.
Renewal Fee	The then current Initial Franchise Fee or 50% of the then-current Initial Franchise Fee	Upon renewal	Payable upon renewal of the Franchise at the expiration of the Ten (10) year term of the Franchise Agreement, franchisees shall pay a franchise renewal fee equal to 50% of the then-current franchise fee if it is an existing location, or then-current initial franchise fee if it is for new location, but shall execute a Franchise Agreement in the then current form.
Transfer Fee	\$5,000	15 days before transfer completed	Applies to any transfer of the Franchise Agreement, the franchise, or a controlling interest in the franchise.
Relocation Fee (5)	An amount set by us, currently \$5,000.	Within 7 days after the site approval by us	Applies to any relocation of the Location due to a loss of the initial premises of the Location.

Legal Costs and Attorney's Fees	All legal costs and attorneys' fees incurred by us	As incurred	Payable if we must enforce the Franchise Agreement, or defend our actions related to, or against your breach of, the Franchise Agreement.
Indemnification	All amounts (including attorneys' fees) incurred by us or otherwise required to be paid	As incurred	Payable to indemnify us, our affiliates, and our and their respective owners, officers, directors, employees, agents, successors, and assigns against all claims, liabilities, costs, and expenses related to your ownership and operation of your franchise.
De-Identification	All amounts incurred by us	As incurred	Payable if we de-identify the franchise upon its termination, relocation, or expiration.
CrunCheese's Lost Profits Following Termination (6)	The mathematical product of (a) the average monthly Royalty Fees, and Marketing Fund Fees, payable under your Franchise Agreement <i>over</i> the 12-month period preceding the date of termination (or a shorter time period if the CrunCheese Restaurant has been open less than 12 months); (b) multiplied by the lesser of 36 or the number of months remaining in the term of your Franchise Agreement.	If incurred, on termination.	If your Franchise Agreement is terminated because of your default, you must compensate CrunCheese for its lost profits resulting from the termination.
Ongoing Training	\$400 per day plus room and board for each trainer.	15 days before the training begin.	The training fee is the same for traditional locations and non-traditional locations
Supplies or Inventories	Based on Use.	Paid to Franchisor before the 15 <sup>th</sup> day of the month	<i>Payments for Supplies or Inventories:</i> Supplies or inventories, such as flour mixes, logoed paper products, and logoed uniform.

		following the month of reference.	
Negotiating franchisee's lease or constructing or remodeling franchisee's unit	\$1,500 to \$10,000	As Incurred	Payable if you request our assistance to negotiate your lease or provide assistance on constructing or remodeling your Location.

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

**Explanatory Notes:**

(1) Except for some product and service purchases (see Item 8), all fees are uniform, and are imposed by, collected by, and payable to us. We may, in the future, waive or defer some of the fees set forth in the table. However, we will not do so unless we determine in our sole and absolute discretion that it is in the best interest of the franchise system as a whole. All fees are non-refundable.

(2) You must pay all amounts due by automatic debits. After you sign the document we require to debit your business checking account automatically for the amounts due, we will debit your bank account for the Royalty Fee, Advertising Fee, and other amounts you owe us. You must make funds available for withdrawal from your account before each due date. If you do not accurately report your Location's gross revenues for any month, then we may debit your account for **one hundred twenty percent (120%)** of the Royalty Fee and Advertising Fee amounts that we debited during the previous month. If the Royalty Fee and Advertising Fee amount we debit are less than the Royalty Fee and Advertising Fee amounts you actually owe us (once we determine the franchise's actual gross revenues for the month), then we will debit your account for the balance on the day we specify. If the Royalty Fee and Advertising Fee amount we debit is greater than the Royalty Fee and Advertising Fee amount you actually owe us, then we will credit the excess amount, without interest, against the amount we otherwise would debit from your account during the following week.

(3) "Gross revenues" means the total of all revenue and receipts derived from the operation of the franchise, including all amounts received at or away from the Location, or through the business the Location conducts (such as fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the franchise actually makes. The Royalty Fee is at a fixed rate of 5% no matter the number of units the franchisee is purchasing, or whether the franchisee is new to the system or an existing franchisee, or whether the franchisee has prior business experience in operating restaurants similar to CrunCheese Restaurants. If we, in our discretion, enter into an Area Development Agreement with you, the royalty fees will also be maintained at a 5% of Gross Revenues as further discussed in Item 5 and Item 12.



(4) If you fail to pay the premiums for insurance required to operate your franchise, including but not limited to, general or professional liability insurance, we may obtain insurance for you and you will be required to reimburse us within **ten (10)** days of receipt of a demand for reimbursement from us. We will have the right to debit your account the amounts owed to us for such premiums if you fail to pay us within **ten (10) days** of our request for reimbursement.

(5) Location relocation is only applicable if the Location loses its premises because of circumstance beyond the control of the franchisee. Any Location relocation site needs to be approved by us in the same manner as the approval of the Location's initial site. The relocation fee is due to us within seven (7) days after the site approval by us.

(6) You must pay the termination fee, plus any costs and attorneys' fees incurred by us, if you improperly attempt to terminate or close your Location or franchise before your term expires, or we terminate your Franchise Agreement for any reason set forth in the Franchise Agreement. We may also recover from you any damages suffered by us (e.g., lost future revenues) resulting from your improper or wrongful termination of the franchise. Termination fees may be unenforceable in certain states. See Item 17 for additional information.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**For A Single CrunCheese Restaurant Under a Franchise Agreement**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is to be Made</b>
Initial Franchise Fee [NOTE 1]	\$40,000.00	Lump Sum	When you sign the Franchise Agreement	US
Lease rent for three months [NOTE 2]	\$9,000.00 - \$27,000.00	As agreed	As agreed	Landlord
Leasehold Improvements (Construction and remodeling) [NOTE 3]	\$60,000.00 - \$250,000.00	As agreed	As agreed per contract	Landlord and/or independent contractors
Furnishings [NOTE 4]	\$5,000.00 - \$18,000.00	As agreed	Before Opening	Vendors
Fixtures [NOTE 4]	\$5,000.00 - \$25,000.00	As agreed	Before Opening	Vendors
Signage [NOTE 5]	\$5,000.00- \$25,000.00	As agreed	Before opening	Vendors

Equipment [NOTE 4]	\$20,000.00 - \$70,000.00	As agreed	Before Opening	Vendors
Travel/Living expenses for Initial Training [NOTE 6]	\$2,000.00 - \$25,000.00	As agreed	During Training	Transportation, hotels, and restaurants
Inventory for the first 3 months: Special Formula Flour [NOTE 7]	\$1,500.00 - \$10,000.00	As agreed	As agreed per contract	Vendors
Point-of-sale system mobile app, and technology [NOTE 8]	\$13,300.00- \$15,300.00	As agreed	As agreed per contract	Vendors
Professional Fees and Services [NOTE 9]	\$1,000.00 - \$6,200.00	As agreed	Before opening	Attorneys, accountants, and other professionals
Start-up supplies – Uniforms, contracts, invoices, and other office and/or restaurant supplies [NOTE 10]	\$5,000 - \$10,000.00	As agreed	As incurred	Vendors
Utility deposits and fees [NOTE 11]	\$500.00 - \$5,000.00	As agreed	Before opening	Landlord and /or utility companies
Business Licenses and Permits [NOTE 12]	\$750.00 - \$15,000.00	As required	Before opening	Governmental agencies
Wages for employees (For the 3 months while in training) [NOTE 13]	\$30,000.00 - \$45,000.00	As required	On paydays	Employees
Insurance [NOTE 14]	\$2,000.00 - \$6,000.00	As agreed	Before opening	Insurer
Additional Funds– three (3) months [NOTE 15]	\$30,000.00 - \$50,000.00	As incurred	Before opening	Employees, vendors
Marketing Expenses for Grand Opening [NOTE 16]	\$5,000.00 - \$10,000.00	As agreed	As incurred	Vendors
<b>TOTAL ESTIMATED INITIAL INVESTMENT</b> [NOTE 17]	\$235,050.00- \$652,500.00			

Explanatory Notes:

Note 1	The fee is nonrefundable.
Note 2	Your actual rent payments may vary, depending upon your location and your market's retail lease rates. We recommend that you lease a space between 800 to 1,500 square feet of space. We estimate your initial expenses for leasing restaurant space during the first three months will range from \$9,000.00 to \$27,000.00 depending on the size and location of your Location. If you purchase instead of lease the premises for your Location, then the purchase price, down payment, interest rates, and other financing terms will determine the amount of your monthly mortgage payments.
Note 3	This estimate does not include any construction allowances that may be offered by your landlord. Building and construction costs will vary depending upon the condition of the premises for the Location, the size of the premises, and local construction costs. The estimate also includes your cost to obtain architect and general contractors necessary for the construction of the premises.
Note 4	You will need to purchase equipment, fixtures, and office furniture for the operation of your Location, including (without limitation) fryers, refrigerators, freezers, small wares, kitchen tools, uniforms, table and chairs, and any office equipment. The types of costs are uniform amount franchisees, but it may vary depending on factors like the size and layout of your Location and may include shipping and handling costs.
Note 5	We estimate your signage would be \$5,000.00 to \$25,000.00. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restrictions.
Note 6	We estimate that your travel expenses for initial training will be \$2,000.00 to \$25,000.00. While we do not charge for training, the Franchise Owner is required to pay his/her transportation to and from our training site and pay for his/her living arrangements and food during the time of training. We estimate costs of \$400.00 per day, per person, for lodging, food and other miscellaneous expenses, plus travel expenses to and from Franchise Owner's Location.
Note 7	The estimate would be \$1,500.00 and \$10,000.00 for the first 3 months.
Note 8	We estimate that the cost to purchase and license a computerized point-of-sale system (POS System), mobile application, set up your technology system (such as computer hardware, software, and internet etc.) would be \$13,300.00 to \$15,300.00. The fee includes the POS System initial setup fee of \$2,500.00, the ongoing POS System monthly fee of \$400.00 for 1 year, the mobile application monthly fee of \$250.00 for 1 year, and the technology system set up. The fee is not refundable. All of these costs are currently paid to third party supplier, although we may require you to purchase the POS system and other technology from us or our affiliates in the future. See Manual and Item 11 for more details about computer systems and software.
Note 9	You may incur legal fees, accounting fees and other professional fees in order to incorporate your business, review agreements relating to the operation of the franchise, to perform background checks and personality profiles of potential employees, and to perform all necessary tax filings and to set up a small business, including a general ledger, tax reports, payroll deposits, etc.
Note 10	We estimate the start-up supplies (such as uniforms, contracts, invoices, and other office and/or restaurant supplies) would be \$5,000.00 and \$10,000.00. You will be required to purchase required start-up supplies.
Note 11	This estimate includes security deposits required by the landlord and utility companies (including, but not limited to water, sewer, and internet.).
Note 12	You may be required to obtain business licenses from the local government agency to operate your Franchised Business. We have estimated these costs will be between \$750.00 and \$15,000.00 depending upon the jurisdiction. This estimation does not include licenses specific to alcohol consumption because it is not required.
Note 13	The wage paid to the employees are not refundable.
Note 14	We estimate that your annual cost of insurance will range from \$2,000.00 to \$6,000.00. You must purchase all insurance necessary to operate your franchise. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, changing economic conditions, or other relevant changes in circumstances. All insurance policies you purchase must name us and any affiliate (if applicable) we designate as additional insureds,

	and provide for thirty (30) days' prior written notice to us of a policy's material modification or cancellation. If you fail to obtain or maintain the insurance we specify, we may (but need not) obtain the insurance for you and the Location on your behalf (see Item 6). The cost of your premiums will depend on the insurance carrier's charges, terms of payment, and your insurance and payment histories. Our insurance requirements are in our Operations Manual, and may be updated from time to time by way of updates to our Operations Manual or other written communications.
Note 15	The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's draw. The estimate of \$30,000.00 to \$50,000.00 is for a period of at least three (3) months. The Company estimates that, in general, you may expect to put additional cash into the business during at least the first three (3) months, and sometimes longer.
Note 16	You are required to spend \$5,000.00 to \$10,000.00 on the Grand Opening marketing . You must spend this amount in accordance with the Manual during the sixty (60) day period that begins thirty (30) days prior to the opening of your Franchise, and ending thirty (30) days after the opening of your Franchise. The Grand Opening marketing will cover a variety of advertising media, including but not limited to, online marketing, newspaper/magazine advertisements and related customized marketing materials prepared by the Company or third-party vendors.
Note 17	These totals are based on estimated expenses. We relied upon operating CrunCheese Restaurant by the Affiliate to prepare these figures. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to renovate; your management skill, experience and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and, the sales level reached during the startup phase. These amounts do not include any estimates for debt service. These are only estimates and your costs may vary based on actual rental prices in your area, and other site specific requirements or regulations. We do not offer direct or indirect financing to you for any of the initial investment.

### For Multiple CrunCheese Restaurants Under an Area Development Agreement

(1) Type of expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To whom payment is to be made
Development Fee (Note 1)	\$100,000.00 plus \$15,000 for each Locations to be developed after the third Location.	One lump sum	At Signing of the Area Development Agreement	Us
<b>TOTAL</b>	<b>\$100,000.00</b> plus \$15,000 for each Locations to be developed after the third Location. (Note 1)			

Note 1	<p>If you sign an Area Development Agreement (covering a minimum of 3 Locations), you will pay us a lump sum when you sign the Area Development Agreement for the right to develop multiple Franchise Locations ("Development Fee"), which is fully earned when paid and not refundable under any circumstances. You will sign a separate Franchise Agreement for each Location that you develop pursuant to your Area Development Agreement.</p> <p>Under the Area Development Agreement (covering at least 3 Locations), the Initial Franchise Fee for the first Location is \$40,000.00, and the Initial Franchise Fee for any subsequent Location to be</p>
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developed is \$30,000.00. The Development Fee for three Locations is \$100,000.00, which is composed of the initial franchise fee of \$40,000.00 for the first Location and the reduced initial franchise fee of \$30,000.00 each for the second and third Location. If you sign an Area Development Agreement for more than 3 franchises, the development fee would be equal to \$100,000.00 plus \$15,000.00 for each additional agreed after the third Location.

So long as you are in compliance with your obligations under the Area Development Agreement and all of your Franchise Agreements, we will credit \$40,000.00 Development Fee toward the Initial Franchise Fee for the first Location and \$30,000.00 Development Fee toward each of the second and third Location. If there are more than 3 Locations, then we will credit \$15,000.00 development fee toward the Initial Franchise Fee of each additional Location to be developed after the third Location.

You must sign an addendum to the Area Development Agreement if we authorize you to open additional Locations under the existing Area Development Agreement. The initial franchise fee of \$30,000.00 applies to subsequent Locations.

To determine the cost of opening and operating your first Location under the Franchise Agreement, please refer to the first table in this Item 7. You should be aware that your initial investment for your second and subsequent Locations will be higher than the above estimates for your first location due to inflation and other economic factors that vary over time.

\* The tables above contain an estimated break-down of the various items for which you will incur expenses during the start-up and initial operation of your CrunCheese Restaurant. Ranges are provided for some items because they depend upon factors that may vary, such as Site location, size of your CrunCheese Restaurant, and other local market conditions and circumstances. The amounts set forth in the table above assume a CrunCheese Restaurant ranging in size of at least 800 square feet. We prepared these estimates based upon the experience of our management and existing CrunCheese Restaurant. You should review these estimates carefully with a business advisor before making a decision to enter a Franchise Agreement or an Area Development Agreement.

All fees paid to us are fully earned and non-refundable under any circumstances. Fees payable to vendors, approved suppliers and other third parties are not refundable unless such vendors, approved suppliers or other third parties have an applicable refund policy.

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

You must operate your CrunCheese Location according to our System Standards and in compliance with the Franchise Agreement. Establishing and enforcing System Standards are the mechanism by which we maintain the quality and consistency of the CrunCheese brand.

### **Required Purchases of Goods and Services**

All food and beverage ingredients, products, equipment, software, computer and POS/Computer Systems (for further discussion of the POS/Computer Systems requirements, see Item 11: POS/Computer System), marketing and advertising materials and all paper and other goods bearing the CrunCheese or other proprietary designation purchased for your restaurant must conform to CrunCheese's specifications and

must be purchased from approved suppliers, if these suppliers are so designated. The cost of these items, purchased in accordance with CrunCheese's specifications, will represent approximately 80% to 100% of your total purchases for the establishment and operation of your restaurant. Required specifications are prescribed by CrunCheese in the System and may be modified occasionally and communicated to you in writing. A list of approved suppliers is available for your review upon request. Approved suppliers receive the specifications directly from CrunCheese. These specifications include standards for quality, taste, design, appearance and performance. CrunCheese may, by notice to you, issue additional specifications or alter existing specifications for these items and add or delete approved suppliers. CrunCheese does not make any express or implied warranties about any items recommended for your use.

As of the date of this Disclosure Document, neither us nor our affiliates are approved suppliers of any good or services of franchisees.

### **Approval of Alternative Suppliers**

Our general criteria used for evaluating suppliers include: product quality, consistency, reliability, financial capacity, standards of service established broad-line distributor, on-time delivery, clean and sanitary warehouses and trucks, or competitive pricing. However, we do not have any specific written criteria for supplier selection and do not intend at this time to prepare one. Therefore, we will not furnish its criteria for supplier approval to Franchisee.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. Once we receive the written request, it will take up to 30 days to approve or disapprove a new supplier.

If you want to purchase or lease equipment, supplies, products or services from a supplier that has not been approved by CrunCheese, CrunCheese may require you to reimburse our expenses to visit the proposed supplier and submit specifications, drawings, photographs, samples and other relevant information for examination or testing. CrunCheese reviews proposed suppliers of various products based on factors (the "Supplier Factors") like the utility of the product, quality of the product, capability of the supplier, compatibility with CrunCheese's established distribution system and other relevant factors.

Other than the reimbursement of our expenses in reviewing a potential supplier, there is no fee to apply for approval of a new supplier. You must present CrunCheese with information about the proposed supplier and a prototype of the product to be supplied. CrunCheese will approve or disapprove a proposed supplier within 30 days of receipt of the prototype and all requested information. We have the right to inspect the proposed supplier's facilities, and require that product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet our criteria.

Once a proposed supplier is approved based on our criteria, you may thereafter work with such alternate supplier for the approved products and services unless such approval is thereafter revoked. CrunCheese may revoke approval of a supplier if the supplier fails to continuously satisfy the Supplier Factors. CrunCheese and its affiliates are not approved suppliers of any goods or services

and derive no revenues from sales of goods or services to the franchisees except as set forth in the next two paragraphs. No officer of CrunCheese owns an interest in any approved supplier.

### **Negotiated Prices, Volume Purchase, Cooperatives and Material Benefits**

To ensure consistent quality, CrunCheese will negotiate the volume supply arrangements with a number of food and beverage companies. Products from all of these suppliers are available to Franchisees directly from the supplier. We may also negotiate other purchase agreements with suppliers for the benefits of franchisee, but we are under no obligation to do so.

We encourage our suppliers to offer their best prices to you. However, some suppliers may provide additional assistance in the form of payments to us based on sales made (to both company owned and franchised stores) or direct contributions. You are required to purchase from approved suppliers.

We do not provide material benefits to you or withhold material benefits from you (such as renewal rights or the right to open additional franchised CrunCheese Restaurants) based on whether you purchase through the sources we designate or approve. You receive the benefit of knowing that designated or approved sources and products meet our quality standards, and you may benefit from favorable prices based on volume purchases by our franchisees. However, any purchases you make of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us to terminate your Franchise Agreement.

As of the date of the Disclosure Document, no CrunCheese officer owns any interest in any supplier.

**Allowances and Discount.** We may collect and retain certain manufacturing allowances, marketing allowances, rebates, credits, monies, payments and benefits (collectively, “Allowances”) offered to us or to our affiliates by manufacturers, suppliers and distributors based upon your purchases of products and other goods and services. These Allowances are based on system-wide purchases of food, equipment, supplies, paper goods, merchandise and other items.

Allowance will not increase the price you pay for the products you purchase. We may use the Allowance to subsidize some of our operating cost. In fiscal year 2022, the allowances we or our affiliates received from supplier ranged from less than 1% up to 10% of the prices franchisees paid for those items.

We may receive discounts on equipment and other items, which we are not obligated to pass on to you.

**Insurance.** Before you open the Franchise and during any Term of the Franchise Agreement or the Area Development Agreement, you must secure and maintain at all times thereafter, at your sole cost and expense, sufficient insurance on your Location and with an A.M. Best rating of A-VIII or better approved and designated by us. Policies must name us and our Affiliates as additional insured for Liabilities policies and meet other coverage criteria as specified by us in the Manual, Franchise Agreement, or otherwise. You will be required to obtain proof of coverage and submit the same to us on a periodic basis, usually annually. The types of insurance and amounts of coverage necessary may vary by state. Please check with your state agencies to ensure your business is properly covered.

These policies must include the coverage we require, which currently includes: (1) comprehensive public, professional, product, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business, pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 (i.e., a maximum of \$1 million per occurrence and \$3 million per year for claims) or such other amounts that we may establish in the Operations Manual.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If you fail to maintain the required insurance, we or our designee may obtain the insurance for you and charge you for the premium cost plus a 25 % service charge for acquiring the insurance. Each year we may unilaterally modify the insurance minimum coverage requirement which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market condition warrant.

**Computer-Related Equipment and Software.** You must purchase or lease specific Point-of-Sale (POS) system, a computer system and operating software that we specify from time to time. See Item 7 regarding the estimated initial cost of this equipment. You will also be required to have access to a broadband Internet connection at all time. You are required to use our CrunCheese mobile application, which enables customers to place an order online, receive promotional material, and earn loyalty reward points, as described in Item 11. You are required to pay monthly fee for your use and access of the mobile application to the provider. See Item 11 for information concerning the required computer, software and POS.

**Advertising Specifications.** You must obtain our approval before you use any advertising and promotional materials and signs unless we have prepared or approved them during the twelve (12) months prior to their proposed use. You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead from approved vendors only. Further, you must not engage in any advertising of your Franchised Business unless we have previously approved the medium, content and method. See Item 11 for more information.

**Purchasing or Distribution Cooperative.** There are no purchasing or distribution cooperatives as of the date of this disclosure document. We may establish national or regional purchasing or distribution programs for the purchase or distribution of certain goods, materials or supplies at reduced prices. If a purchasing or distribution program is established for the region where your CrunCheese Restaurant is located, you must participate in the program.



**ITEM 9  
FRANCHISEE’S OBLIGATION**

**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>Obligations</b>	<b>Section in Franchise Agreement</b>	<b>Section(s) in Area Development Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Section 3.1	Section(s) 3	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 4.2	Section(s) 3, 4, 5, 6	Item 7
c. Site development and other pre-opening requirements	Sections 3.2, 3.3, 3.4, 3.5 and 3.6	Section(s) 3, 4, 7	Items 7 and 11
d. Initial and ongoing training	Sections 4.1, 4.2 and 5.1	Section(s) 9(b)	Item 11
e. Opening	Sections 3.1, 3.3 and 3.6	Section(s) 2, 3, 4, 5	Items 7 and 11
f. Fees	Sections 2.6, 3.4, 4.2, 5.1, 5.2, 6, 10.1, 10.2, 10.3, 10.8, 11.1, 11.2, 12, 13.2, 14.5, 15, 16.6, and 16.8	Section(s) 1, 2	Items 5, 6, 7, 8 and 11
g. Compliance with standards and policies/operating manual	Sections 3.3, 3.4, 3.5, 3.6, 5.2, 5.3 and 10	Section(s) 1, 4, 7, 9,	Items 8, 11, and 12
h. Trademarks and proprietary information	Sections 7 and 9	Section(s) 1, 6	Items 13 and 14
i. Restrictions on products/services offered	Section 10.2	Section(s) 1, 6, 7,	Item 16
j. Warranty and customer service requirements	Section 10.7	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 3	Section(s) 1, 3, 5, 6	Item 12

l. On-going product/service purchases	Section 3.4, 4.2, 5.1, 10.1, 10.2, 10.3, 10.7, 10.8, 10.9 and 11	Section(s) 1, 3, 6	Items 7, 8 and 11
m. Maintenance, appearance, and remodeling requirements	Sections 10.1, 10.5, and 10.7	Section(s) 1, 3, 6	Items 7, 8 and 11
n. Insurance	Section 10.8	Section(s) 6, 8	Items 6, 7 and 8
o. Advertising	Sections 6.3, 6.4, 11, and 15	Section(s) 7	Items 6, 7, and 11
p. Indemnification	Sections 8.3, 10.8	Section(s) 8, 9, 12, 18	Items 6 and 13
q. Owner's participation/ management and staffing	Sections 4.1 and 10.7	Not Applicable	Items 11 and 15
r. Records/reports	Sections 12, 13.2	Section(s) 1, 2, 3, 7, 9, 10	Item 6
s. Inspections/audits	Section 13	Section(s) 1, 2, 3, 7, 9, 10	Item 6
t. Transfer	Section 14	Section(s) 9	Items 6 and 17
u. Renewal	Section 2.6	Section(s) 5, 7	Items 6 and 17
v. Post-termination obligations	Section 9.3 and 16	Section(s) 8, 18	Item 17
w. Non-competition covenants	Section 9.3	Section(s) 6	Item 17
x. Dispute resolution	Section 17	Section(s) 14	Item 17
y. Other: Owners/ Shareholders/ Spousal Guarantee	Section 2.7	Section(s) 18	Item 15

## ITEM 10 FINANCING

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

## ITEM 11

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

Except as listed below, CrunCheese is not required to provide you with any assistance.

#### 1. Pre-opening assistance.

- a) **Site Location:** Before you open your Location franchise for business, Franchisor or its designee will review and approve or disapprove your proposed Location site. We require that you have selected and we have approved your proposed Location site within 6 months of signing the Franchise Agreement. In order to provide us time to review your proposed Location site and meet that deadline, you must use your best efforts to seek and select a mutually agreeable site after signing the Franchise Agreement. We do not own locations and lease them to Franchisee. You must then obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the site, or the time agreed to in the Development Agreement. The site must meet our criteria for demographics; traffic count; parking; ingress and egress; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We require that your Location be at least eight hundred (800) or more square feet in size. Locations are typically located in high-traffic area. For each proposed site, you must submit to us, in the form we specify, a description of the site and any other information or materials that we may require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout, and other physical characteristics for a Location. If you fail to identify a mutually agreeable site by the established deadline, then we may terminate your Franchise Agreement. (Franchise Agreement – Section 5.1).
- b) **Conforming the premises to local laws and regulations:** Franchisee is responsible for hiring the local architect and general contractor who will make sure premise is up to code or make the necessary changes to bring up to current building, health, and other city codes. (Franchise Agreement - Section 3.2)
- c) **Remodeling or constructing:** Franchisor will provide Franchisee with mandatory and suggested specifications and layouts to setup a CrunCheese restaurant, including exterior and interior. (Franchise Agreement - Section 6.13)
- d) **Purchasing or leasing equipment, signs, fixtures, opening inventory or supplies:** Franchisor will provide limited assistance with providing equipment, signs, fixtures, opening inventory, and supplies. Specifically, Franchisor will provide names of approved suppliers and written specifications for these items, so that Franchisee can identify the products, materials (equipment, signs, and fixtures), inventory, supplies, and services you must use to develop and operate your Location, the minimum standards and specifications that you must satisfy in developing and operating the franchise, and the designated and approved suppliers from whom you must or may buy or lease these items. Franchisor will not deliver or install any items for Franchisee. (which might be limited to or include us and/or our affiliates) (Franchise Agreement – Section 5.1).
- e) Franchisor will provide Franchisee with specifications for the computer system for your Location (Franchise Agreement – Section 3.4). See below for additional information about these specifications.
- f) We provide an initial training program for your managing owner and management team as explained below. We do not charge a fee for this training. (Franchise Agreement – Section 4.2).

- g) At the Franchisee's expense, Franchisor will provide an opening supervisor to assist you with the Location's operational efficiency, staff training (including Front of House and/or Back of House), Location setup and opening of your Location for three (3) day or more (upon request) before the opening of your first Location and for one (1) day after the opening of your first Location (Franchise Agreement – Section 3.6).

**2. Post-Opening Obligations:** After your Location opens for business, we or our designee will provide the following assistance:

- a) At the Franchisee's request and payment of additional fees, provide you with guidance and assistance in the following areas:
  - i. Evaluating personnel performance;
  - ii. Food preparation and supplying menus, recipes and food required by Franchisee in its operations;
  - iii. Formulating advertising and promotional programs; and
  - iv. Evaluating and testing of new food developments and other improvements in the System and in the Restaurant. (Franchise Agreement - Section 5.1)
- b) Provide you with advice, from time to time, regarding the operation of the CrunCheese Restaurant based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications, operating procedures and methods utilized by CrunCheese Restaurant; purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; materials, menus, and business methods; use of suppliers, approved products, volume buying, advertising and marketing programs. This guidance may be furnished in our Confidential Operating Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the CrunCheese Restaurant. (Franchise Agreement - Sections 5.1 and 5.2).
- c) Allow you to use our Marks and confidential information in operating your Location (Franchise Agreement – Sections 7 and 9). You must use the Marks and confidential information only as authorized in the Franchise Agreement and our Manual. See Items 13 and 14 for additional information.
- d) As we deem advisable, conduct inspections and/or audits of your Location, including evaluations of its training methods, techniques, and equipment; its staff; and the services rendered to its customers (Franchise Agreement – Section 13.1). We may provide you with additional guidance and training based on the results of these inspections and/or audits.
- e) If requested by you, we may provide you with a Franchisor's employee or agent to assist you with the operation of your Location ("Store Assistance"). You will be responsible to pay to the Company a daily fee (currently set at \$400.00) - the Franchisor reserves the right to adjust this fee as it deems appropriate) in addition to the actual costs (including but not limited to travel, meals, lodging, car rental, etc.) for the Store Assistance (Franchise Agreement – Section 5.1).
- f) We do not currently, but may in the future, assist you in establishing prices and we reserve the right to set maximum or minimum pricing for certain items (Franchise Agreement – Section 10.1).

### **3. Area Development Agreement**

If you are entering into an Area Development Agreement, then under the Area Development Agreement we will designate an Assigned Area, the number of CrunCheese Restaurant you will open, and the Development Schedule setting the timetable you will follow for opening the CrunCheese Restaurant,

based on our mutual agreement. We will determine or approve the location of future units and any territories for those units, and that the then-current standards for sites and territories will apply. (Area Development Agreement - Exhibit B and D).

**4. Time to opening.** The typical length of time between the signing of a Franchise Agreement and the opening of a new franchisee's business is between 9 to 12 months depending upon site selections, leasing process, permitting, construction schedule, delivery schedule, training schedule. (Franchise Agreement - Section 3.1)

**5. Training for All New Franchisees**

CrunCheese's training program is conducted on a continuing basis as needed. The training program is mandatory for all new Franchisees and must be completed to CrunCheese's satisfaction. Depending on the size and location of the Restaurant, CrunCheese will, at its discretion, require you to send two to four trainees to the training program. One of the trainees must be the full-time manager of the Restaurant. Among the criteria we consider in determining how many trainees must attend the training program is whether trainees have previous restaurant management experience and number of employees. CrunCheese typically advises franchisees of the number of required trainees at least 30 days before they must attend the training program. Your manager and trainees must begin the positional training program at least two (2) to four (4) weeks before your Restaurant's scheduled opening date. Currently, there is no additional training required. CrunCheese reserves the right to require ongoing training as needed. (Franchise Agreement - Section 4.2)

Training is conducted on a regular basis at an approved CrunCheese Restaurant. You are responsible, though, for all your trainees' costs and expenses, including transportation, housing and living expenses while they attend such program. If any scheduled training is cancelled by reason of you or your delayed opening of the Restaurant, you must also reimburse CrunCheese for CrunCheese's out-of-pocket expenses incurred (including the travel, food and lodging costs of CrunCheese's trainers) as a result of the cancellation. The training is conducted by CrunCheese or its designee's trainers and service employees with experience in the restaurant industry of a minimum of six months as a general manager and four years in the industry. The instructional materials consist of the CrunCheese Operations Manual (consisting of 153 pages) and any other additional Manuals, computer/ invoice order guides, tools and forms. The training program is overseen by a CrunCheese designated representative at that time. (Franchise Agreement - Section 4.2 and 5.2)

**6. TRAINING PROGRAM.\***

<b>Subject</b>	<b>Hours of Classroom Training (Fn 1)</b>	<b>Hours of On-The-Job Training (Fn1)</b>	<b>Location</b>
<b>Food/Inventory purchases</b>	1	1	Franchisor’s corporate site in Las Vegas, Nevada, or otherwise at Franchisor’s designate
<b>Preparation &amp; service of foods &amp; beverages</b>	17 -21	17 -21	Franchisor’s corporate site in Las Vegas, Nevada, or otherwise at Franchisor’s designate

<b>Operation of Restaurant equipment</b>	4-16	4-16	Franchisor's corporate site in Las Vegas, Nevada, or otherwise at Franchisor's designate
<b>Relations with employees &amp; customers</b>	7	7	Franchisor's corporate site in Las Vegas, Nevada, or otherwise at Franchisor's designate
<b>Merchandising &amp; Management skills</b>	1	1	Franchisor's corporate site in Las Vegas, Nevada, or otherwise at Franchisor's designate
<b>Preparation of records &amp; reports</b>	1	1	Franchisor's corporate site in Las Vegas, Nevada, or otherwise at Franchisor's designate

\*We do not conduct a training program in connection with our Area Development Program which is separate from our training program for the Franchise Program.

**Fn1:** The hours of training for these subjects will vary depending on the level of experience of the Franchisee and its manager.

- a) The Franchise training program (including initial training and any required or optional ongoing training) shall be held at Franchisor's corporate site in Las Vegas, Nevada, or otherwise at Franchisor's designate. (Franchise Agreement - Section 4.2)
- b) The typical training period is between **5-7 days**. The length is evaluated by Franchisor and upon Franchisee passing of written and performance test. All persons who attend our initial training program must complete it to our satisfaction.
- c) The training is conducted one (1) time at Corporate location at least **2-4 weeks** prior to anticipated Grand Opening of Franchisee location, and one (1) time on-site of Franchisee location upon Grand Opening. (Franchise Agreement - Section 4.2)
- d) At least **seven (7) days** before your Location opens for business, you (if you are an individual) or at least one of your Principal Owners as defined in your Franchise Agreement (if you are a legal entity), your general manager (if we agree for you to have a general manager; see Item 15) (Franchise Agreement – Section 4.1), and other members of your management team that we designate must complete this initial training program to our satisfaction.
- e) All training is currently led by our founding director, Choong Kyun “Mike” Kim. Mike has at least 13 years of experience in the field he is teaching.
- f) There will be no tuition charge for these training programs for any persons who attend, but you must pay any wages or compensation owed to, and all travel, lodging, meal, and transportation expenses incurred by all of your personnel who attend the training programs. However, Franchisee is responsible to pay each instructor/trainer for his/her/their services in pre-opening training, and on-board training, and for their respective travel, room and board, and meal expenses. Each instructor/trainer is currently charging at a rate of \$400.00 per day.
- g) Additional ongoing training is optional, but they are offered at Franchisee's expenses at \$400.00/day per trainer, in addition to each trainer's travel, room and board, meals.
- h) The hours of training for these subjects will vary depending on the level of experience of the Franchisee and its manager.

## 7. Confidential Operations Manual.

CrunCheese will loan you one or more copies of the Manuals, which contains our mandatory and suggested specifications, standards and procedures for operating your Location (Franchise Agreement – Section 5.1-5.2). Exhibit “C” to this Disclosure Document sets forth the Table of Contents for our Manual which is approximately “153” pages in length. The Manual may be composed of or include audiotapes, videotapes, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet.

## 8. Advertising

- a) **Advertising Funds and program.** Franchisor will maintain an advertising fund to which franchisees must contribute. Franchisees are required to contribute one percent (1%) of the monthly gross sale to the fund. The contribution to the fund is also required of the company-owned units. The fund is administered by the Franchisor. While the funds are managed, no financial statements of the fund be available for review by franchises. Franchisor or its affiliate(s) will not receive any consideration for providing goods or services to the fund. In the end-of-year, any surpluses in the fund will be automatically rolled over to the following year. The fund is maintained to advertise to local, regional and national audiences. The marketing will be conducted through a combination of in-house marketing or third-party marketing agency. We are not required to spend any amount of money on advertising in a particular area or territory where franchisee is located. (Franchise Agreement - Section 6.3)

There was no advertising fund as of the date of this disclosure document. We will prepare annually, or cause to be prepared, a report or reports of the operation of the advertising fund. We will furnish such report to you for the most recent year upon your written request. The said report is not audited (Franchise Agreement – Section 11.1).

- b) **Local advertising.** Franchisee will be required to spend one percent (1%) or \$600.00 per month, whichever is greater, of its certain amounts on local advertising. (Franchise Agreement - Section 11.2).
- c) **The Franchise Advisory Council.** There currently are no franchise advisory council (“FAC”) comprised of franchisees that advises us on advertising policies, menu, product development, purchasing, franchise sales, training, operations and other matters. The FAC acts solely in an advisory capacity and does not have decision making authority. We have the right to change, merge or dissolve the FAC at any time. Members of the FAC include franchisee representatives and our representatives. The franchisee representatives are chosen by us or elected by other franchisees in the System. If you participate in the FAC, you will pay any expenses you incur related to your participation, such as travel, lodging and meals involved in attending any meetings.
- d) **Franchisee Advertising Cooperatives.** There currently are no franchisee advertising cooperatives. We have the sole right to establish and coordinate advertising cooperatives from time to time among our franchisees. We may require you to participate by contributing an amount determined by the advertising cooperative, but in no event will the amount exceed 2% of your Adjusted Gross Sales.

## 9. Website

CrunCheese currently maintains a Website under the domain names: <https://www.crunchesehotdog.com/> and <https://www.cruncheseusa.com/>, which promotes the Proprietary Marks and/or the System. The Website is currently in operation, but CrunCheese has no obligation to maintain the Website and may dismantle it at any time. You must pay to CrunCheese any fee imposed by CrunCheese, or your pro rata share of any fee imposed by a third party service provider, as applicable, in connection with hosting the Website. We do not currently impose this fee. CrunCheese has the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to other Websites, legal notices, and policies and terms of usage. CrunCheese will also have the right to discontinue operation of the Website at any time without notice to you. (Franchise Agreement, Sections 11.3.)

Except as we approve in advance in writing, you may not establish or maintain a separate Website, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with your Restaurant. If we grant approval, you must establish and operate your Website in accordance with our standards and policies provided to you in the Manuals or otherwise in writing. (Franchise Agreement – Section 11.3)

## 10. POS / Computer Systems.

Under the Franchise Agreement, you must purchase, install and use the computer hardware and software, point-of-sale and cash register equipment as CrunCheese requires, and sign any and all related maintenance, support, license and/or other agreements as required by CrunCheese. CrunCheese has the right to specify or require that you use certain brands, types, makes and/or models of communications, computer systems and hardware, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (the "POS/Computer System"). (Franchise Agreement, Section 9(f).)

CrunCheese also has the right under the Franchise Agreement, but not the obligation, to develop or have developed for CrunCheese, or to designate: (a) computer software programs that you must use in connection with the POS/Computer System (the "Required Software"), which you must install at your expense; (b) updates, supplements, modifications or enhancements to the Required Software, which you must install at your expense; (c) the tangible media on which you record data; and (d) the database file structure of the POS/Computer System. (Franchise Agreement – Section 3.4 and 4.6)

At CrunCheese's direction, you must purchase or lease, and maintain, the POS/Computer System and, if applicable, the Required Software. You must keep your POS/Computer System in good maintenance and repair and install all updates, upgrades, additions, changes, modifications, substitutions and/or replacements to your POS/Computer System or Required Software as CrunCheese may direct occasionally in writing, all at your own expense. There are no contractual limits on the frequency or cost of your obligation to maintain, upgrade and update your POS/Computer System in conformance with our directives. CrunCheese has no obligation to provide, or to cause any affiliate or third party to provide, ongoing maintenance, repairs, upgrades or updates to your POS/Computer System. (Franchise Agreement – Section 3.4)



You must install and maintain the equipment, make the arrangements, and follow the procedures that CrunCheese requires in the Manuals (including the establishment and maintenance of Internet, intranet, or extranet access or other means of electronic communication, as CrunCheese specifies) to permit CrunCheese to access, download and retrieve electronically, by telecommunication or other designated method, any information stored in your POS/Computer System, including information concerning Gross Revenues, and to permit CrunCheese to upload, and for you to receive and download, information from CrunCheese (including advertising materials, the Manuals and training tools). CrunCheese will have independent access to the information at the times and in the manner that CrunCheese specifies from time to time. There are no contractual limits imposed upon our access to your computer information. (Franchise Agreement – Section 3.5)

The POS/Computer System is designed to assist you in point-of-sale transactions, menu management, and financial reporting and internal accounting. You must use our approved POS/Computer System or a similar system which meets our minimum standards and specifications and which we have approved in writing. CrunCheese will have independent access to the information and data generated by your POS/Computer System. CrunCheese is not obligated to provide or assist you in obtaining the POS/Computer System. You must also obtain support and service for the POS/Computer System, including online support and patches. The cost to purchase the POS System is determined by our designated supplier and is estimated to be \$7,300.00. This estimate includes the costs of purchasing the POS System computer hardware and software required, and hardware and software maintenance fees for one year. (Franchise Agreement – Section 3.4)

You must also maintain a high-speed internet connection at your Location and install a telephone system at your Location that meets our specifications. You must also subscribe to our CrunCheese Mobile Application prior to the grand opening and begin to accept orders from the CrunCheese Mobile Application during the same week of your Grand opening. The CrunCheese mobile application is an online platform that allows customers to order and accumulate loyalty reward points each time they make a purchase. The cost of the CrunCheese Mobile Application is determined by the Designated Supplier and generally cost \$3,000.00 annually. We will credit the first two months of user fee within 6 months of your Location's grand opening via electronic funds transfer. The monthly user fee may increase over the term of your franchise agreement by the Designated Supplier. (Franchise Agreement – Section 3.4)

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

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

The non-exclusive territory will be a radius around your Location, which will vary depending on where your CrunCheese is located. In determining the proposed boundaries, we will consider factors including, but not limited to: the population size, population age, traffic patterns and parking, neighboring business mix, and the presence of any other nearby CrunCheese. The specific description of your non-exclusive

territory (“designated area”) along with the corresponding map showing the clear boundaries of your territory will be in writing and incorporated into your Franchise Agreement.

Your franchise will be for a location that CrunCheese will need to approve. You will select your Location according to the requirements and within the time specified in the Franchise Agreement. Unless we agree otherwise, you must lease or purchase a site for the Premises of your Location, subject to our approval, within Six (6) month after execution of the Franchise Agreement, as noted earlier in this Disclosure Document. Our approval will be based upon a variety of factors including the viability of the proposed location in relation to population, demographics, visibility, competition, projected growth in market area, and other factors.

We must approve the relocation of your franchised business with a prior written consent. We will apply the same criteria for the relocation of a franchised business as we apply when determining the location of a new franchise. You are required to pay relocation fees and reimburse costs associated with relocation (site evaluation, plan reviews, etc.). We may be withheld our approval for any or no reason. The opening of any additional locations requires prior approval of the Franchisor and will require additional payments and the signing of separate franchise agreements.

You may not market or sell outside your territory in any manner or do any internet advertising without our prior written approval, which we may withhold in our discretion. You may promote the business through social media and similar means as long as such promotion is consistent with guidelines we issue from time to time.

We reserve the right, without payment to you, to sell products under our Marks to grocery stores, supermarkets and other channels of distribution at any time, and to customers anywhere through our website. In the even that we merge with, acquire or are acquired by another company that competes with us, we and our affiliates reserve the right to offer and sell and authorize others to offer and sell competing products and services under any other names and marks while your franchise is in effect.

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

### **Area Development Agreement**

We may, in our sole discretion, offer to you the opportunity to enter into an Area Development Agreement and become an “area developer” by granting you rights to open and operate a specific number of Locations withing a specified period of time in a defined territory as described in the Area development Agreement. Under the development agreement, we will determine or approve the locations of future units and any territories for those units, and that the then-current standards for sites and territories will apply.

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 of competitive brands that we control.

Upon establishing each additional Location under the development schedule, an area developer will be required to sign the then current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. We are not obligated to offer you the opportunity to enter into an Area Development Agreement, and the terms of any Area Development

Agreement (including, without limitation, those relating to determining or approving the location of each Restaurant) shall be determined at our sole and absolute discretion.

Concessions granted to a developer during the term of an Area Development Agreement generally does not survive after development is complete. If you fail to meet your obligations under an Area Development Agreement, including your failure to open the minimum number of Restaurants required, on schedule, or to continue operating the minimum number of Restaurants required, we may, among other remedies, terminate the Area Development Agreement, terminate any Franchise Agreements executed under the Area Development Agreement, keep the full amount of the development fee, restrict you from opening additional Restaurants, require payment of anticipated initial franchise fees and royalty fees, and increase royalties under Franchise Agreements opened under the Area Development Agreement.

Your Area Development Agreement will expire at the end of its ten-year term. Your territorial rights end when the Area Development Agreement expires. You maintain rights to your territory during the term of your Area Development Agreement even if the population increases. You do not receive the right to acquire additional territories, or to develop franchises outside of your territory, unless you enter into another Area Development Agreement or Franchise Agreement with us.

**Alternative distribution channels.** Franchisor or its affiliate(s) is permitted to establish under a **different** trademark other franchises or company-owned outlets or other channels of distribution that sell similar products or services to those being offered by your franchisees.

**Minimum sales requirements.** Franchisor will not impose minimum sales requirements or other conditions on franchisees' being able to keep their territorial rights or avoid default.

**Company Reserved Rights** We and our affiliates reserve the right to engage in any activities we deem appropriate that your Franchise Agreement and/or Area Development Agreement does not expressly prohibit, whenever and wherever we desire, including the right to (1) operate, or grant to others the right to operate Locations on terms and conditions we deem appropriate; (2) provide or grant other persons the right to provide goods and services that are similar to and/or competitive with those provided by Locations through any distribution channel, including, but not limited to, sales via mail order, catalog, toll-free telephone numbers, and electronic means, including the Internet under the Marks or trademarks and services marks other than the Marks; (3) acquire the assets or ownership interest of businesses providing products and services similar to those provided at Locations, and franchising, licensing, or creating similar arrangements with respect to those acquired businesses, wherever those businesses or their franchisees or licensees are located; and (4) being acquired (regardless of the form of transaction) by a business providing products and services similar to those provided at Locations or another business. Franchisor has no obligation to pay franchisee compensation for any of these activities within the franchisee's territory, if one is granted.

**ITEM 13  
TRADEMARKS**




The Company grants you the right and license to use the Proprietary Marks and the System solely in connection with your Franchised Business. You may use our trademark “**CrunCheese Korean Hot Dog**”, design, and such other Proprietary Marks as are designated in writing by the Franchisor for your use. In addition, you may use them only in the manner authorized and permitted by the Company and you may not directly or indirectly contest the Company’s ownership of or rights in the Proprietary Marks.

“**CrunCheese Korean Hot Dog**” is a service mark registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) on April 5, 2022 under Registration Number 6690892. All required affidavits have been filed. The Mark is shown as the follow:



We expect and intend to submit all affidavits and filing necessary to maintain the registration above.

MHDGA, LLC, has applications pending for registration of the following trademarks on the principal register of the USPTOS:

Trademark	Serial No.	Date of Application
	97901553 97901584	April 21, 2023 April 21, 2023
	97901570 97901579	April 21, 2023 April 21, 2023
	97901562 97901602	April 21, 2023 April 21, 2023

We do not yet have federal registrations for the above trademarks. Therefore, these trademarks do not have as many legal benefits and rights as a federally-registered trademark. If our right to use the

trademarks is challenged, you may have to change to an alternate trademark, which may increase your expense.

There are no agreements currently in effect that significantly limit the Company's right to use or license the use of the Proprietary Marks in a manner material to the franchise. The logo is part of the Company's Proprietary Marks. With respect to the Marks, there are currently no effective material determinations of the UPSTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceeding. There is also no pending material federal or state court litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

We are not obligated by the Franchise Agreement to protect your right to use the Marks or defend you against any infringement, unfair competition or other claim regarding your use of our marks. Although we are not contractually obligated to protect your right, as a matter of corporate policy we intend to defend the Marks vigorously.

You must stop using any mark when the franchise ends. We may require you, at your expense, to discontinue or modify your use of any of the Marks.

The Franchise Agreement requires you to notify the Company immediately when you become aware of the use, or claim of right to, a Proprietary Mark identical or confusingly similar to our Proprietary Marks. If litigation involving the Proprietary Marks is instituted or threatened against you, you must notify the Company promptly and cooperate fully with the Company in defending or settling the litigation. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any administrative proceedings or litigation involving the Marks licensed by the Company to you.

We or our Affiliates own the domain <https://www.crunchesehotdog.com/> and <https://www.cruncheseusa.com/>. You cannot register as a domain name any of our Marks or similar words. We have the sole right to advertise on the Internet and create, use, or stopusing a website containing the Marks. Unless we consent in writing, you must not link or frame our website, conduct any business or offer to sell or advertise any products or services on the web, or create or register any Internet domain name connected with your franchise.

The Company has no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Proprietary Marks in any state.

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

**Patents Rights.** The Franchisor owns no rights in or to any patents that are material to the franchise.

**Copyrights.** The Franchisor claims copyright protection in the Operations Manual (containing confidential trade secrets), all Franchise System Websites, advertising and marketing materials (if any), all or part of the Marks, and other portions of the Franchise System and other similar materials used in operating Locations. We have not registered these copyrights with the United States Registrar of

Copyrights but need not do so at this time to protect them. You are permitted to use the material as part of the franchise.

We claim copyright ownership in advertising we develop, advertising we provide you, the CrunCheese Korean Hog Dog website(<https://www.cruncheesehotdog.com/> and <https://www.cruncheeseusa.com/>), our restaurant décor, packaging and other materials we create. Otherwise, there aren't any copyrights material to the franchise, but this is not a waiver of our other copyright rights.

**Confidential Operations Manual.** Under the Franchise Agreement, you must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. You will be loaned a copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction. You must operate your Location franchise strictly in accordance with the Manual, as it may be revised by the Company from time to time.

You must at all times treat the Manual and the information in it, as well as any other materials created for or approved by use for the operation of your Franchised Business, as confidential, as required by the Franchise Agreement. You must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Location Owner. We may, from time to time, revise the contents of the Manual, and you must comply with each new or changed provision. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at Company's home office will be controlling.

**Confidential Information.** The Franchise Agreement requires you to maintain all Confidential Information of the Company as confidential both during and after the term of the Agreement. "Confidential Information" includes all information, data, recipes, techniques and know-how designated or treated by the Company as confidential and includes the Manual. You may not at any time disclose, copy, or use any Confidential Information except as specifically authorized by the Company. Under the Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement.

There currently are no effective determinations of the USPTO, the United States Copyright Office or a court regarding the patent or copyright. No other agreement limits CrunCheese's right to use or sublicense the use of any CrunCheese Properties copyrighted materials. Further, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state.

See Item 15 below concerning your obligation to obtain confidentiality and non-competition agreements from persons involved in the Franchise Business.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF**  
**THE FRANCHISED BUSINESS**

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Restaurant. Brand Standards may regulate the Restaurant's minimum staffing levels, certified manager training, and uniform dress code. We have no control or authority over your labor relations, including, among other things, employee selection, training, promotion, termination, discipline, hours worked, rates of pay, benefits, work assigned, or working conditions, or any other control over your employment practices. Your employees are under your control at the Restaurant. You must communicate clearly with your employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of CrunCheese Restaurants, are not their employer.

The Restaurant must at all times be under direct supervision by an on-premises General Manager (or the "Operating Principal") who has satisfactorily completed CrunCheese's training program, devotes his or her full time during business hours to the management of the Restaurant, and, unless exempted by CrunCheese in writing, owns and controls at least 10% of the equity and voting control of Franchisee.

You must obtain signed confidentiality agreements from all persons who are actively involved in the management of the Restaurant or who have access to CrunCheese's confidential information by virtue of their relationship with you. Attached to this Disclosure Document as Exhibit E is CrunCheese's current form of Confidentiality Agreement titled "CONFIDENTIALITY AGREEMENT - EMPLOYEE".

If the franchisee is a corporation, partnership, or individual, the Franchisor requires the franchisee to devote reasonable time and effort to overseeing the day-to-day operations of the franchised business. If they cannot, then they are obligated to have a fully trained General Manager operate the franchise. However, we believe that a person with an equity interest can best ensure that our standards of quality and competence are maintained.

The Franchise Agreement requires that you, or a designated General Manager, be directly involved in the day-to-day operations and utilize your best efforts to promote and enhance the performance of the Franchised Business.

The Franchised Location may be closed on customary holidays and shall be open on days and at times that franchisee reasonably believes appropriate for maximizing the business of the location.

Any designated General Manager you employ for your franchise operations must complete the initial management-training course required by the Company. All subsequent Managers must be trained fully according to our standards by the Company. However, the Company may charge a fee for this additional training. See Item 6 and the Manual for details. Although not required by the Franchise Agreement, it is assumed that the manager's identity will be disclosed to the Franchisor in the normal course of doing business.

If at any time your Franchised Location is not being managed by an Operating Manager who has attended and completed our initial training program to our satisfaction, we are authorized, but not required, to appoint a manager to maintain operating on your behalf. Our appointment of a manager does not relieve

you of your obligations under the Franchise Agreement. We will not be liable for any debts, losses, costs or expenses incurred during any period in which we manage the franchised business. We have the right to charge a reasonable service fee for such management services, and we may cease providing such services at any time.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. The Guaranty must be executed by the spouse(s) of the franchisee, and all its owners, partners, etc.

At the Company's request, you must obtain and deliver executed covenants of confidentiality and non-competition from any persons who have or may have an ownership interest in the Franchise Owner or in the franchise, any Managers, or any other persons who receive or have access to training and other Confidential Information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce the covenants.

The Franchise Agreement requires that the franchisee enter into a Confidentiality Agreement (a.k.a. Non-Disclosure Agreement (NDA)) with its manager to maintain trade secrets of the Franchisor and not to compete with the business of the franchisee during and after employment.

You may not solicit or initiate recruitment of any person then employed, or who was employed within the preceding 12 months, by us, any or our affiliates, or another franchisee. You must disclose to us in writing the specific details of any investment in any other restaurant or food-related business or franchise held by you, any of your owners, or any of your or your owners' spouses. Your Managing Owner and Operations Partner may not have any interest in, or perform any work for, any other restaurant or food-related business or franchise, whether or not it is a competitive business.

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

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System, as set forth in the Manual and in other writings by the Company from time to time. You must use the Premises only for the operation of your Franchised Business and may not operate any other business at or from the Premises without the express prior written consent of the Company.

You must offer and sell all Menu Items and perform all services we specify, and you may not offer or sell any products or perform any services we have not authorized. Our Brand Standards may regulate required and/or authorized Menu Items, Trade Secret Food Products, Branded Products, and Permitted Brands; unauthorized and prohibited food products, beverages, and services; purchase, storage, cooking, preparation, handling, and packaging procedures and techniques for Menu Items, Trade Secret Food Products, Branded Products, and Permitted Brands; and inventory requirements for Trade Secret Food Products, Branded Products, Permitted Brands, and other products and supplies so that your Restaurant operates at full capacity. We periodically may change required and/or authorized Menu Items, Trade



Secret Food Products, Branded Products, and Permitted Brands. There are no limits on our right to do so. To the extent allowed by applicable law, we may regulate the minimum, maximum, and other prices for Menu Items and services your Restaurant offers as well as pricing methods and procedures for in-store, delivery, and on-line/electronic orders. Upon notice from us given at any time, you must discontinue offering for sale any items, products or services we may disapprove or discontinue.

In addition, the Company may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before the Company will allow you to offer certain services.

We reserve the right to designate additional required or optional goods and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no express limitations on our right to designate additional or operational goods and services; however, such goods and services will be reasonably related to our franchise system or model.

We do not currently have any restrictions or conditions that limit access to customers to whom the franchisee may sell goods or services.

**Franchised Business Exclusivity Obligations.**

You, the Franchise Owner, are not authorized to offer products or services identical or similar to the products or services offered by Franchisor through any means other than your franchise. Failure to abide by this term may result in the immediate termination of your franchise.

**Item 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.**

**Franchise Agreement**

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	Ten (10) years
b. Renewal or extension	Section 2.6	Your renewal rights permit you to remain a franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) renewal term of ten (10) years. The terms and conditions of the new Franchise Agreement may

		differ materially from those in the original Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 2.6	You must: (a) have substantially complied with your Franchise Agreement; (b) given notice to us of your intent to renew between twelve (12) months and two (2) years before the expiration of the initial term of the franchise; (c) sign a new Franchise Agreement in our then current form which may include terms and conditions materially different from those in the original Franchise Agreement; (d) sign general release of claims against us and related parties (see <b>Exhibit G</b> ); (e) pay the applicable renewal fee (see Item 6); (f) cure any defaults; (g) Remodel; and (h) pay all amounts owed to us.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 15	Various breaches of Franchise Agreement.
g. "Cause" defined – curable defaults	Section 15	Failure to Cure the following items within required time frame after written notice: 1. Use, sell, or distribute unauthorized product; 2. Nonpayment of financial obligations; 3. Violate any health or safety law or ordinance or regulation; 4. Breach of Franchise Agreement or Manual or specification, standard, or operating procedure; 5. Social media violation; 6. Improper Use of Trademarks; 7. Noncompliance with laws/regulations; or 8. Failure to Achieve Performance Standards in Franchise Agreement.
h. "Cause" defined – non-curable defaults	Section 15	We can terminate if: 1. failure to timely develop or open the franchise and begin operations in accordance with the Franchise Agreement; 2. you abandon, surrender, transfer control of or do not actively operate the franchise or lose the right to occupy the franchise location;

		<ol style="list-style-type: none"> <li>3. you or any Principal Owner make an unauthorized transfer or assignment of the franchise or its assets;</li> <li>4. you are adjudged a bankrupt, become insolvent, or make an assignment for the benefit of creditors;</li> <li>5. you failed to have a competent, conscientious, trained staff to promptly service customers;</li> <li>6. you or your Principal Owners are convicted of a felony, or are convicted or plead no contest to any crime or offense that adversely affects the reputation of the franchise and the goodwill of our Marks;</li> <li>7. you are involved in any action that adversely affects the reputation of the franchise and the goodwill of our Marks;</li> <li>8. Receipt of more than 3 cure notices that you fail on multiple occasions within any twelve (12) month period to comply with the Franchise Agreement regardless of whether or not such failures to comply are corrected;</li> <li>9. Default by guarantor;</li> <li>10. Default under Lease;</li> <li>11. Failure to carry required insurance;</li> <li>12. Intentionally disclose confidential information;</li> <li>13. Failure to pay any taxes;</li> <li>14. Materially false statement in application or periodic reports; or</li> <li>15. Payment more than 10 business days past due.</li> </ol>
i. Franchisee’s obligations on termination/non-renewal	Section 16	Includes payment of money owed to us, return Manual, cancellation of assumed names and transfer of phone numbers, cease using Proprietary Marks, cease operating Franchised Business, no confusion with Proprietary Marks, our option to purchase your inventory and equipment, your modification of the premises and our option to purchase your Franchised Business.
j. Assignment of contract by franchisor	Section 14.3	No restriction on right to transfer.
k. “Transfer” by franchisee –defined	Section 14	Includes assignment of Franchise Agreement, sale or merger of business entities, transfer of corporate stock, death of Franchise Owner or majority owner of Franchise Owner.

l. Our approval of transfer by you	Section 14.4	You need the Company's approval to transfer Location ownership or ownership interest.
m. Conditions for our approval of transfer by you	Section 14.5	New owner must have sufficient business experience, aptitude and financial resources to operate the franchise; you must pay all amounts due us or our affiliates; new owner and its director must successfully complete our initial training program; your landlord must consent to transfer of the lease, if any; you must pay us a transfer fee (see Item 6); you and your Principal Owners must sign a general release in favor of us, our affiliates, and our and their officers, directors, employees and agents; if applicable, the new owner must agree to remodel to bring the franchise to current standards; new owner must assume all obligations under your Franchise Agreement or, at our option, sign a new Franchise Agreement using our then-current form; you and your Principal Owners must sign a non-competition agreement agreeing not to engage in a competitive business for two (2) years within twenty-five (25) miles of your Location or any other CrunCheese Location. We also may approve the material terms of the transfer, and require that you subordinate any installment payments to the new owners' obligation to pay us.
n. Our right of first refusal to acquire your business	Section 14.6	We have the option to match any offer for your Franchised Business. The purchase price is determined based on the net earnings and fair market value of the business.
o. Our option to purchase your business	Section 16.6	We have the option to purchase your Franchised Business upon termination or non-renewal.
p. Death or disability of you	Section 14.7	Franchise must be assigned by estate to approved buyer within forty-five (45) days.
q. Non-compete covenants during the term of the franchise	Section 9.3	You cannot be involved in a competitive business during the term of the Agreement.
r. Non-compete covenants after the franchise is terminated or expires	Section 9.3	No involvement in competing business for two (2) years within a twenty-five (25) mile radius of any franchise Location.
s. Modification of the agreement	Section 20	Must be in writing by both sides.
t. Integration/merger clause	Section 20	Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

u. Dispute resolution by arbitration or mediation	Section 17.9	Except for certain claims, we and you must arbitrate all disputes in Clark County, Nevada.
v. Choice of forum	Section 17.11	Subject to applicable state law, you can only file lawsuits where our principal office is located (currently, Clark County, Nevada).
w. Choice of law	Section 17.11	Nevada law governs (subject to state law), except for matters regulated by the United States Trademark Act.

**Area Development Agreement**

<b>Provision</b>	<b>Section in Area Development Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section(s) 5(a)	Ten (10) years from Effective Date.
b. Renewal or extension	Section(s) 5(b)	Your renewal rights permit you to remain a Developer after the initial term of your Area Development Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to one (1) renewal term of ten (10) years. The terms and conditions of the new Area Development Agreement may differ materially from those in the original Area Development Agreement.
c. Requirements for franchisee to renew or extend	Sections (s) 5(b)	You must: (a) given notice to us of your intent to renew at least one hundred and eighty (180) days before the expiration of the Area Development Agreement; (b) (ii) negotiated with us an Area Development schedule and a renewal Area Development fee at least one hundred and eighty (180) days before the expiration of the Area Development Agreement; (c) (iii) pay the negotiated renewal Area Development fee; and (d) sign a new Area Development Agreement in our then current form which may include terms and conditions materially different from those in the original Area Development Agreement.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section(s) 7, 8	Various breaches of Area Development Agreement. Termination of the Area Development Agreement

		permits the franchisor to also terminate a developer's single unit franchise agreement.
g. "Cause" defined – curable defaults	Section(s) 7	<p>Failure to Cure the following items within thirty (30) days after written notice to</p> <p>(1) fails to obtain site approval or any other approval required;</p> <p>(2) fails to adhere to the agreed Area Development Schedule(s);</p> <p>(3) fails at any time to meet and fully satisfy the operational, financial and legal requirements set forth herein;</p> <p>(4) fails to pay any amount when due under this Agreement and does not cure such failure within ten (10) days of written notice from CrunCheese;</p> <p>(5) fails to obtain or renew any licenses or permits necessary for the performance of Developer's obligations;</p> <p>(6) opens a Restaurant without CrunCheese's approval, site approval, payment of all Initial Franchise Fees and other fees, and/or execution of a Franchise Agreement and all other agreements and documents required;</p> <p>(7) developer or any Owner challenges the validity of any of the Marks, other trademarks or trade names, copyrights or other intellectual property; and</p> <p>(8) the occurrence of any event which is contrary to the provisions of Section 9 "Transfer".</p> <p><b>Note:</b> Termination of the Area Development Agreement permits the franchisor to also terminate a developer's single unit franchise agreement.</p>
h. "Cause" defined – non-curable defaults	Section(s) 7	<p>Non-curable defaults include:</p> <p>(d) (i) The occurrence of any event or governmental regulation or practice or any law which prohibits or restricts the payment to CrunCheese of any amounts due to CrunCheese or under the proposed or existing Franchise Agreements, or in CrunCheese's reasonable opinion believes a restriction is about to be imposed or likely to be imposed within twelve (12) months.</p> <p>(ii) Developer or any of its affiliates defaults under any Franchise Agreement or any other agreement with CrunCheese or its affiliates and fails to cure such default within any applicable cure period.</p>

		<p>(iii) Dissolution, termination of existence, insolvency, or business failure of either Developer or any Developer' s owners.</p> <p><b>Note:</b> Termination of the Area Development Agreement permits the franchisor to also terminate a developer’s single unit franchise agreement.</p>
i. Franchisee’s obligations on termination/non-renewal	Section(s) 6	Compliance with post-term competitive restrictions, ceasing your development activities, ceasing use of Marks and confidential information except as necessary for operation of currently operating, not divert business opportunities nor solicit the employees employed by CrunCheese.
j. Assignment of contract by franchisor	Section(s) 9(h)	No restriction on right to transfer.
k. “Transfer” by franchisee –defined	Section(s) 9(a)	Neither Developer, any immediate or remote successor to any part of Developer's interest in this Agreement nor any Person who directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement; or transfer any interest in Developer to any Person that directly or indirectly controls Developer, in a transfer or series of transfers which results in a change in control of Developer, in any such case without prior written consent of CrunCheese.
l. Our approval of transfer by you	Section(s) 9(a), 9(b)	You need the Company’s approval to transfer Location ownership or ownership interest.
m. Conditions for our approval of transfer by you	Section(s) 9(b)	<p>(i.) Developer is not in default under the Area Development Agreement or any Franchise Agreement and all of Developer's monetary obligations to CrunCheese and its subsidiaries and affiliates shall have been fully satisfied ;</p> <p>(ii.) The transferor shall have executed a general release in a form satisfactory to CrunCheese of any and all claims against CrunCheese and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal and local laws, rules and ordinances;</p> <p>(iii.) The transferee is a Person with, in CrunCheese's opinion, sufficient business experience, financial resources and aptitude to develop and operate Restaurants in the Assigned Area;</p> <p>(iv.) The transferee or its personnel have completed CrunCheese's training program to CrunCheese's</p>

		<p>satisfaction and have paid CrunCheese's then current training fee;</p> <p>(v.) The transferee must have assumed, and agreed to be bound by the terms and conditions of, this Agreement and each Franchise Agreement then in effect, for the remainder of their respective terms;</p> <p>(vi.) Developer or the transferee shall have paid CrunCheese a transfer fee of Ten Thousand (\$10,000) dollars;</p> <p>(vii.) CrunCheese shall have approved the material terms and conditions of such transfer, including without limitation, that the price and payment terms are not so burdensome as to adversely affect transferee's performance hereunder and under any Franchise Agreement that is in effect;</p> <p>(viii.) All third parties (such as landlords or governmental authorities) whose consent is required in connection with the proposed transfer shall have granted such consent;</p> <p>(ix.) CrunCheese shall not have exercised its right of first refusal; and</p> <p>(x.) The transferee acknowledges CrunCheese's approval of the proposed transfer is based solely upon CrunCheese's assessment that the proposed transferee falls within an acceptable criteria as a developer in the Assigned Area and does not institute any approval of the terms of the transfer.</p>
n. Our right of first refusal to acquire your business	Section(s) 9(d)	<p>We have the right to exercise first refusal within thirty (30) days after receipt of written notification of such proposed transfer.</p> <p>Value is set on the same terms and conditions offered by the third party. If the price cannot be set, an independent appraiser would be used to set the price.</p>
o. Our option to purchase your business	Not Applicable	Pursuant to Franchise Agreement, we have the option to purchase your Franchised Business upon termination or non-renewal.
p. Death or disability of you	Not Applicable	Pursuant to Franchise Agreement, franchise must be assigned by estate to approved buyer within forty-five (45) days.
q. Non-compete covenants during the term of the franchise	Section(s) 6(b), 6(c)	You cannot be involved in a competitive business during the term of the Agreement.
r. Non-compete covenants after the	Section(s) 6(b), 6(c)	No involvement in competing business for one (1) year within the Assigned Area, which is defined by Franchisor and Developer.



franchise is terminated or expires		
s. Modification of the agreement	Section(s) 16(d)	Must be in writing by both sides.
t. Integration/merger clause	Section(s) 16(d)	Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section(s) 14(b)	Except for certain claims, we and you must arbitrate all disputes in Clark County, Nevada.
v. Choice of forum	Section(s) 14(b)	Subject to applicable state law, you can only file lawsuits where our principal office is located (currently, Clark County, Nevada).
w. Choice of law	Section(s) 14(a)	Nevada law governs (subject to state law), except for matters regulated by the United States Trademark Act.

**ITEM 18  
PUBLIC FIGURES**

CrunCheese does not use any public figure to promote its franchises.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting LEON WU, 10175 W. Twain Ave., Suite 130 Las Vegas, NV, 89147, Tel. 702-463-8002, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**Table No. 1: System wide Outlet Summary**  
**For years 2020 to 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	<b>2020</b>	0	0	0
	<b>2021</b>	0	0	0
	<b>2022</b>	0	3	+3
<b>Company or Affiliate-Owned</b>	<b>2020</b>	1	1	0
	<b>2021</b>	1	2	+1
	<b>2022</b>	2	5	+3
<b>Total Outlets</b>	<b>2020</b>	1	1	0
	<b>2021</b>	1	2	+1
	<b>2022</b>	2	8	+6

**Table No. 2: Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years 2020 to 2022**

State	Year	Number of Transfers
<b>ALL</b>	<b>2020</b>	0
	<b>2021</b>	0
	<b>2022</b>	0
<b>Total</b>	<b>2020</b>	0
	<b>2021</b>	0
	<b>2022</b>	0

**Table No. 3: Status of Franchised Outlets**  
**For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
<b>FL</b>	<b>2020</b>	0	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	0	1
<b>MN</b>	<b>2020</b>	0	0	0	0	0	0	0

	<b>2021</b>	0	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	0	1
<b>NV</b>	<b>2020</b>	0	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	0	1
<b>Totals</b>	<b>2020</b>	0	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0	0
	<b>2022</b>	0	3	0	0	0	0	3

**Table No. 4: Status of Company or Affiliate Owned Outlets  
For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>California</b>	<b>2020</b>	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	1
<b>Maryland</b>	<b>2020</b>	0	0	0	0	0	0
	<b>2021</b>	0	0	0	0	0	0
	<b>2022</b>	0	1	0	0	0	1
<b>Nevada</b>	<b>2020</b>	1	0	0	0	0	1
	<b>2021</b>	1	1	0	0	0	2
	<b>2022</b>	2	1	0	0	0	3
<b>Totals</b>	<b>2020</b>	1	0	0	0	0	1
	<b>2021</b>	1	1	0	0	0	2
	<b>2022</b>	2	3	0	0	0	5

**Table No. 5: Projected Openings As Of Dec. 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company or Affiliate Owned Outlet In the Next Fiscal Year
<b>Arizona</b>	0	0	0
<b>Arkansas</b>	0	0	0
<b>California</b>	0	1	1
<b>Colorado</b>	1	1	0
<b>Connecticut</b>	0	0	0

<b>Delaware</b>	0	0	0
<b>Dist. of Columbia</b>	0	0	0
<b>Florida</b>	0	2	0
<b>Georgia</b>	0	0	0
<b>Hawaii</b>	0	0	0
<b>Idaho</b>	0	0	0
<b>Illinois</b>	0	0	0
<b>Indiana</b>	0	0	0
<b>Iowa</b>	0	0	0
<b>Kansas</b>	0	0	0
<b>Kentucky</b>	0	0	0
<b>Louisiana</b>	0	0	0
<b>Maine</b>	0	0	0
<b>Maryland</b>	0	0	0
<b>Massachusetts</b>	0	0	0
<b>Michigan</b>	0	0	0
<b>Minnesota</b>	0	2	0
<b>Mississippi</b>	0	0	0
<b>Missouri</b>	0	0	0
<b>Montana</b>	0	0	0
<b>Nebraska</b>	0	0	0
<b>Nevada</b>	0	2	0
<b>New Hampshire</b>	0	0	0
<b>New Jersey</b>	0	1	0
<b>New Mexico</b>	0	0	0
<b>New York</b>	0	2	0
<b>North Carolina</b>	0	0	0
<b>North Dakota</b>	0	0	0
<b>Ohio</b>	0	0	0
<b>Oklahoma</b>	0	0	0
<b>Oregon</b>	0	0	0
<b>Pennsylvania</b>	0	0	0
<b>Rhode Island</b>	0	0	0
<b>South Carolina</b>	0	0	0
<b>South Dakota</b>	0	0	0
<b>Tennessee</b>	0	0	0
<b>Texas</b>	1	2	0
<b>Utah</b>	0	0	0
<b>Vermont</b>	0	0	0
<b>Virginia</b>	0	0	0

<b>Washington</b>	0	0	0
<b>West Virginia</b>	0	0	0
<b>Wisconsin</b>	0	0	0
<b>Wyoming</b>	0	0	0
<b>Total</b>	2	13	0

Exhibit J list the names of all former and current CrunCheese Unit Franchisees and Area Development Franchisees as of December 31, 2022. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

### **Item 21 FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit I is the audited financial statements for the fiscal year ending December 31, 2021 and December 31, 2022, and Franchisor’s current, unaudited Balance Sheet and Statement of Operations as of March 2023 are attached as well. We have not been in business for 3 years or more and cannot include all financial statements required by 16 C.F.R. § 436.5(u)(1)(i) and (ii).

### **Item 22 CONTRACTS**

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

<b>Exhibit No.</b>	<b>Description</b>
B	FRANCHISE AGREEMENT (and its exhibits)
C	OPERATIONS MANUAL: TABLE OF CONTENTS
D	CONFIDENTIALITY AGREEMENT FOR DISCLOSURE OF MANUALS
E	CONFIDENTIALITY AGREEMENT - EMPLOYEE
F	AREA DEVELOPMENT AGREEMENT (and its exhibits)
G	GENERAL RELEASE AGREEMENT
H	TRANSFER AGREEMENT
K	STATE SPECIFIC ADDENDUM

**Item 23**  
**RECEIPTS**

Two copies of an acknowledgement of your receipt of this Disclosure Document appear at the end of this Disclosure Document. The Receipts are detachable and one copy must be signed by you and given to us. The other copy may be retained by you for your records. If this page or any other pages or exhibits are missing from your copy, please contact the Franchisor at the address or phone number noted in Item 1.

**EXHIBIT A**

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

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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2344 (866)275-2677	Commissioner of Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2344 (866-275-2677
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 S. Second Street Springfield, IL 62706 (217) 782-4465	Office of the Attorney General Franchise Bureau 500 S. Second Street Springfield, IL 62706 (217) 782-4465
INDIANA	Franchise Section Indiana Securities Division Secretary of State, Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6531	Indiana Secretary of State 200 West Washington Street, Room 201 Indianapolis, IN 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place, 20 <sup>th</sup> Floor Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner Office of Attorney General 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360

MICHIGAN	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Lansing, MI 48913 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6456 Mercantile Way Lansing, MI 48909 (517) 335-7567
MINNESOTA	Minnesota Department of Commerce Market Assurance Division 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> FL New York, NY 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd., 5 <sup>th</sup> Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department State Capitol, 5th Floor 600 East Blvd. Bismarck, ND 58505-0510 (701) 328-2910
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9527	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 462-9527
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Department of Labor & Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Department of Securities and Retail Franchising 1300 E. Main St., 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1 <sup>st</sup> Floor 1300 E. Main St. Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703 (608) 266-3431	Commissioner of Securities Securities and Franchise Registration 201 West Washington Avenue, Suite 300 Madison, WI 53703 (608) 266-3431



**Exhibit B to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**FRANCHISE AGREEMENT**



**MHDGA, LLC**

**FRANCHISE AGREEMENT**

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**MHDGA, LLC**

**FRANCHISE AGREEMENT**

This Franchise Agreement (the “Agreement”) is being entered into effective as of the day of \_\_\_\_\_, 20\_\_ (the “Agreement Date”). The parties to this Agreement are MHDGA, LLC, a Nevada Limited Liability Company (“we,” “us,” the “Company,” or “CrunCheese”); \_\_\_\_\_, as Franchise Owner (“you,” “Franchise Owner,” or “Franchisee”), and, if you are a partnership, corporation, or limited liability company, your “Principal Owners” (defined below).

1. **INTRODUCTION.**

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. This Agreement includes several exhibits, all of which are legally binding and are an integral part of the complete Franchise Agreement. In this Agreement, we refer to MHDGA, LLC as “we,” “us,” “CrunCheese,” or the “Company.” We refer to you as “you,” “Franchise Owner” or “Franchisee.” If you are a corporation, partnership or limited liability company, you will notice certain provisions that are applicable to those principal shareholders, partners or members on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as “Principal Owners.”

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of CrunCheese business model, a restaurant location that specializes in Korean Style Hot Dog. It is our mission “to introduce specialized Korean style hot dog to the general public through the operation of a quick-serve Korean hot dog restaurant” (all of these characteristics are referred to in this Agreement as the “System”). This business model includes a location model offering all of our franchised services and products (individually, a “Location” and collectively, the “Locations”). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the marks “CrunCheese Korean Hot Dog” and certain associated designs, artwork and logos, which we may change or add to from time to time (the “Marks”).

This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own, and be franchised to operate a CrunCheese Location (we will refer to your CrunCheese franchise as the “Franchise” or the “Franchised Business”). You may purchase and operate your Franchise as a new, start-up Location (a “Start-up Location”), or may convert an existing restaurant practice to a CrunCheese Location. In signing this Agreement, you acknowledge that you have conducted an independent investigation of CrunCheese franchised Business, and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a CrunCheese franchised Business involves business risks, and that the success of this business venture is primarily dependent on your business abilities and effort.

We expressly disclaim making, and you acknowledge, that you have not received or relied on, any guarantee, express or implied, as to the revenues, profits, or likelihood of success of

CrunCheese franchise venture contemplated by this Agreement. You acknowledge that there have been no representations by us or our affiliates or our or their respective officers, directors, members, employees, or agents that are inconsistent with the statements made in our current Franchise Disclosure Document concerning the Franchised Business, or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement, or in the financial information provided by you and your Principal Owners.

## 2. GRANT OF FRANCHISE.

### 2.1 Term; Reference to Exhibit 1.

You have applied for a franchise to own and operate a CrunCheese Location, and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a Franchise to operate a CrunCheese Location offering all products, services, and proprietary programs of ours, in accordance with all elements of the System, that we may require for CrunCheese Locations.

You must operate the Franchise at a mutually agreeable site (the “Premises”) to be identified after the signing of this Agreement, and to use the System and the Marks in the operation of that Franchise, for a term of Ten (10) years (the “Initial Term”). The Initial Term will begin on the Agreement Date. (For convenience, the expiration date of the Initial Term is listed on Exhibit 1.) Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the “term” of this Agreement refer to the period from the Agreement Date to the date on which this Agreement actually terminates or expires.)

### 2.2 Full Term Performance.

You specifically agree to be obligated to operate the Franchise, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Franchise for the full term of this Agreement.

### 2.3 Selection of Premises; No Protected Territory; Reservation of Rights.

You and we will mutually select the location of the Premises upon or after the signing of this Agreement. You acknowledge that the Franchise granted by this Agreement gives you the right to operate your Franchise only at the Premises. Although we will not seek to operate or grant others the right to operate a CrunCheese Location within the same general area as the Premises, we make no guarantee of any protected territory., we retain all rights with respect to CrunCheese Location franchises, the Marks and the System, including (by way of example only and not as a limitation): (a) the right to operate or grant others the right to operate CrunCheese Location franchises in any location on terms and conditions we deem appropriate; (b) the right to operate or offer other restaurant related companies or franchises or enter into other lines of business offering similar or dissimilar products or services under trademarks or service marks other than the Marks, in any location; and (c) the right to establish CrunCheese Location Franchises in airports, hotels

and resorts, military establishments, university and college campuses, casinos, theme parks and sports stadium within or outside your territory.

#### 2.4 Renewal of Franchise.

(a) Franchise Owner's Right to Renew. Subject to the provisions of subparagraph 2.6(b) below, and if you have substantially complied with all provisions of this Agreement and all other agreements between us, on expiration of the Initial Term, if you refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment, and signs and otherwise modify the Franchise in compliance with specifications and standards then applicable under new or renewal franchises for CrunCheese Location franchises, you will have the right to renew the Franchise for one (1) additional term of ten (10) years (the "Renewal Term"). You must provide us with a written notice of that intent no earlier than two (2) years and no later than one (1) year before the expiration of the Initial Term if you choose to renew the Franchise. If you do not provide us with a written notice of that intent one (1) year before the expiration of the Initial Term, we may consider such inaction as you do not intent to renew the Franchise.

(b) Notice of Deficiencies and Other Requirements. At least one (1) year before the expiration of the Initial Term, we agree to give you written notice of any deficiencies in your operation or in the historical performance of the Franchise that could cause us not to renew the Franchise. If we will permit renewal, our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Franchise or of the Premises, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of non-renewal, it will state the reasons for our refusal to renew.

(c) Renewal Agreement; Releases. To renew the Franchise, the Company, you, and your Principal Owners must execute the form of Franchise Agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of CrunCheese Location Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), except that a renewal fee equal to one-half (1/2) of the initial franchise fee will be payable upon renewal of the Franchise. However, you must pay to us a renewal fee equal to our then-current initial franchise fee for a new Start-up Locations. You and your Principal Owners and your and their spouses must also execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees, and agents.

#### 2.5 Personal Guaranty by Principal Owners; Reference to Exhibit 2.

Each of the Principal Owners and their spouses (where applicable), will be required to execute a personal guaranty (the "Guaranty"), guaranteeing the Franchise's liabilities and obligations to the Company. A copy of the Guaranty is incorporated herein as Exhibit 2.

### 3. DEVELOPMENT AND OPENING OF THE FRANCHISE



3.1 Site Approval; Lease or Purchase of Premises; Opening Timeline; Reference to Exhibit 3.

(a) **RESTAURANT LOCATION**

This Agreement shall be subject to the availability of the location specified this section below (the "**Location**") and of the execution by Franchisee of a lease or sublease that is acceptable to Franchisee, or a purchase agreement for the Location. Franchisee agrees to continuously operate the Restaurant at the Location, or at such other location as CrunCheese may approve in writing, for the duration of the Term. You will use your best efforts to locate and select a proposed site for the Premises that is acceptable to us as suitable for the operation of the Franchise, which must be reviewed and approved by us within six (6) months of the Agreement Date. Our review and approval process may take up to thirty (30) days, so we recommend you submit your proposed site to us within six (6) months of the Agreement Date. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, for CrunCheese Location franchises.

(1) The Restaurant shall be located at: [ADDRESS]: \_\_\_\_\_.

(2) Unless a Location has been designated in this Section above, Franchisee shall immediately seek to locate a suitable site within the designated general geographic area described on Exhibit "1". If a site for the Restaurant is not approved by CrunCheese or if you fail to identify a mutually-agreeable site within twelve (12) months following the Effective Date, at the option of either Franchisee or CrunCheese, this Agreement and any related agreements, if any, may be terminated by giving written notice of termination to the other party.

(3) Unless we agree otherwise, you must open your franchise for business no later than twelve (12) months from the Effective Date of this Agreement. If for any reason Franchisee has not opened the Restaurant within twelve (12) months following the Effective Date, at the option of either the Franchisee or CrunCheese, this Agreement and any related agreements, if any, may be terminated by giving written notice of termination to the other party. If this Agreement is terminated pursuant to this Section 3.1(a), there is no refund on the Initial Franchise Fee specified in Section 6.1.

(4) Franchisee agrees to deliver copies of the fully executed lease, sublease or purchase agreement and related documents, and any subsequent amendments pertaining to the Location to CrunCheese within five (5) days of execution. Franchisee agrees not to sign any lease, sublease, or related documents (or any renewal of it) that does not provide that:

(i) the lessor of the Location shall provide CrunCheese with all revenue and other information lessor receives from Franchisee pertaining to the operation of the Restaurant as CrunCheese may request;

(ii) the lessor to contemporaneously provide CrunCheese with copies of any written notice of default under the lease sent to Franchisee and which grants to CrunCheese, at its option, the right (but not the obligation) to cure any default under the lease or sublease (should Franchisee fail to do so) within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) the premises be used solely for the operation of the Restaurant;

(iv) upon CrunCheese's request, Franchisee must de-identify the Location as a CrunCheese Restaurant and to promptly remove all Proprietary Marks, signs, decor and other items which CrunCheese reasonably requests be removed as being distinctive and indicative of a CrunCheese Restaurant and the System (or, if Franchisee fails to do the foregoing things, then the lease or sublease must permit CrunCheese to have sufficient access to the interior and exterior of the premises so that CrunCheese may de-identify the premises, as provided above, at Franchisee's cost);

(v) any default under the lease or sublease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(vi) the term of the lease or sublease extends for a period that is at least equal to the Term, either through an Initial term of that length or rights, at Franchisee's option, to renew the lease for the Term;

(vii) CrunCheese will be permitted unrestricted access to the Location to inspect the Restaurant;

(viii) the lease or sublease cannot be modified without CrunCheese's prior written approval; and

(ix) upon termination or expiration of the Franchise for any reason, CrunCheese shall have the right but not the obligation to assume Franchisee's interest in the lease or sublease as tenant without incurring any liability for obligations (including but not limited to unpaid rent, taxes and other charges) accrued prior to taking possession by CrunCheese.

(5) Once we have approved the proposed site of the Premises for your Franchise, you must obtain lawful possession of the Premises through lease or purchase within thirty (30) days of our approval of the Premises.

(6) Franchisee may operate the Restaurant only at the Location. The Franchisee may sell to anyone, at retail only, prepared food of the character and meeting the quality standards contemplated in this Agreement, provided that all sales are from the franchised premises. Franchisee may not open or operate from another location and may not engage in any other type of business at or from the Location.

(7) Franchisee may not change the Location without the written consent of CrunCheese, which may be granted or withheld by CrunCheese in its sole discretion. In the event the Franchisee desires to change the Location of the Restaurant, Franchisee shall submit such request in writing to CrunCheese, and if CrunCheese consents to such relocation, CrunCheese shall amend the Agreement to reflect such relocation. CrunCheese's consent shall be subject to Franchisee's payment to CrunCheese of a relocation fee of \$5,000.00 to reimburse CrunCheese's legal expenses related thereto.

(8) Franchisee acknowledges and agrees that:

(i) CrunCheese's recommendation or approval of any site does not imply, guaranty, assure, warrant, or predict profitability or success, express or implied, of a CrunCheese Location at such location, or a judgment as to the relative desirability of such location in comparison to other locations.

(ii) CrunCheese's recommendation or approval of any site indicates only that CrunCheese believes that the site falls within the acceptable demographic and other criteria for Locations that CrunCheese has established as of the time of such recommendation or approval by CrunCheese.

(iii) Application of criteria that have appeared effective with respect to other Locations may not accurately reflect the potential for all sites, and, after CrunCheese's approval of a site, demographic and/or other factors included in or excluded from CrunCheese's criteria could change to alter the potential of a site.

(iv) The uncertainty and instability of such criteria are beyond CrunCheese's control, and CrunCheese will not be responsible for the failure of an approved Location to meet expectations as to potential revenue or operational criteria.

(b) RESTAURANT DEVELOPMENT

(1) Upon obtaining possession of the site for the Restaurant, Franchisee shall, at its own cost and expense:

(i) Promptly obtain all required zoning changes, all required building, driveway, utility, health, sanitation, and sign permits and comply with all applicable government laws, ordinances, rules, regulations and orders (including, without limitation, the ADA) relating to the operation of the Restaurant; and

(ii) Otherwise complete development of and have the Restaurant ready to open and commence the conduct of its business within a reasonable time (but not more than six (6) months, unless extended by CrunCheese or for such shorter or longer time period as specified in the Lease, and further subject to CrunCheese's termination

rights set forth in Section 3.1(a) above), after Franchisee obtains possession of such site.

- (2) Franchisee agrees that it will not open the Restaurant for business without the prior written approval of CrunCheese, which may be in the form of a written certification as determined by CrunCheese. CrunCheese's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes or regulations, including, without limitation, the applicable provisions in the ADA regarding the construction, design and operation of the Restaurant, which shall be Franchisee's sole responsibility.

### 3.2 Prototype and Construction Plans and Specifications.

We will furnish to you prototype plans and specifications for your Location, reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for CrunCheese Locations, which may be in the form of actual plans for an existing or proposed Location with which we are involved. Using an architect we designate or approve, it will then be your responsibility to have the plans and specifications modified to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Franchise location in accordance with those approved plans and specifications.

### 3.3 Development of the Franchise.

You agree, at your own expense, to do the following by the Opening Deadline defined in Exhibit 1:

- (1) secure all financing required to fully develop the Franchise;
- (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses;
- (3) construct the Franchise location according to the approved construction plans and specifications;
- (4) decorate the Franchise location in compliance with the approved plans and specifications;
- (5) purchase and install all required equipment, furniture, furnishings and signs;
- (6) cause the training requirements of Section 4 to be completed;
- (7) purchase an opening inventory of products and other supplies and materials;
- (8) provide proof, in a form satisfactory to us, that your operation of the Franchise at the Franchise location does not violate any applicable state or local zoning or land use laws, ordinances, or regulations, or any restrictive covenants that apply to such location;
- (9) provide proof, in a form satisfactory to us, that you (and/or your General Manager, as defined in Section 4.1, if any) are legally authorized and have all licenses necessary to perform all of the services to be offered by your Franchise, and that your organizational structure is consistent with all legal requirements;

- (10) provide proof, in a format satisfactory to us, that you have obtained all required insurance policies, and have name us, as an additional insurance under all such policies;
- (11) submit to us a completed copy of the grand opening checklist we provide to you;
- (12) do any other acts necessary to open the Franchise for business;
- (13) obtain our approval to open the Franchise for business; and
- (14) open the Franchise for business.

### 3.4 Computer System.

(a) General Requirements. You agree to use in the development and operation of the Franchise the computer terminals/billing systems and operating software (“Computer System”) that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including without limitation a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or obtain by license new or modified computer hardware and/or software, and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto), and that the cost to you of obtaining the Computer System (or additions or modifications thereto), including software, may not be fully amortized over the remaining term of this Agreement. Nevertheless, you agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications thereto). Within sixty (60) days after you receive a written notice from us, you agree to obtain the components of the Computer System that we designate and require. You further acknowledge and agree that we and our affiliates have the right to charge a reasonable systems fee for software or systems installation services; modifications and enhancements specifically made for us or our affiliates that are licensed to you; and other maintenance and support Computer System-related services that we or our affiliates furnish to you. You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of any third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

(b) Software. We may, at any time and from time to time, contract with one or more software providers, business service providers, or other third parties (individually, a “Service Provider”) to develop, license, or otherwise provide to or for the use and benefit of you and other CrunCheese franchises certain software, software applications, and software maintenance and support services related to the Computer System that you must or may use in accordance with our instructions with respect to your Computer System.

### 3.5 Equipment, Furniture, Fixtures, Furnishings and Signs.

You agree to use in the development and operation of the Franchise only those brands, types, and/or models of equipment, furniture, fixtures, furnishings, and signs we have approved.

### 3.6 Franchise Opening.

You agree not to open the Franchise for business until:

- (1) all of your obligations under Paragraphs 3.1 through 3.4 of this Section have been fulfilled;
- (2) we determine that the Franchise has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have provided or approved;
- (3) you and any of your Franchise's employees whom we require complete our pre-opening Initial Training (as defined herein) to our satisfaction;
- (4) the Initial Franchise Fee (as defined herein) and all other amounts due to us have been paid;
- (5) you have furnished us with copies of all insurance policies required by Paragraph 10.8 of this Agreement, or have provided us with appropriate alternative evidence of insurance coverage and payment of premiums as we have requested; and
- (6) we have approved any marketing, advertising, and promotional materials you desire to use, as provided in Paragraph 11.2 of this Agreement.

The Company will provide, at our expense, an opening supervisor to be on site at your Location to assist you with your operational efficiency, staff training, Location setup and grand opening. The opening supervisor will be on site one (1) day before the opening of your first Location and for one (1) day after the opening of your first Location franchise.

## 4. TRAINING.

### 4.1 General Manager.

At your request, we may, but are not obligated to, agree for you to employ a general manager to operate the Franchise ("General Manager"). The term "General Manager" means an individual with primary day-to-day responsibility for the Franchise's operations, and may or may not be you (if you are an individual) or a Principal Owner, officer, director, or employee of yours (if you are other than an individual). Unless exempted by us in writing, we require the General Manager have at least 10% equity interest in the Franchise. The General Manager will be obligated to devote his or her full time, best efforts, and constant personal attention to the Franchise's operations, and must have full authority from you to implement the System at the Franchise. You must not hire any General Manager or successor General Manager without first receiving our written approval of such General Manager's qualifications. Each General Manager and successor General Manager must attend and complete our Initial Training (as defined herein). No General Manager may have any interest in or business relationship with any business competitor of your franchise. Each General Manager must sign a written agreement, in a form approved by us, to

maintain confidential our Confidential Information described in Paragraph 9.1, and to abide by the covenants not to compete described in Paragraph 9.3. You must forward to us a copy of each such signed agreement. If we determine, in our sole discretion, during or following completion of the Initial Training program, that your General Manager (if any) is not qualified to act as General Manager of the Franchise, then we have the right to require you to choose (and obtain our approval of) a new individual for that position.

#### 4.2 Training.

You acknowledge that it is very important to the operation of the Franchise that you and your employees receive appropriate training. To that end, you agree as follows:

(a) Prior to commencement of the initial training (the "Initial Training"), the following events must occur:

- (1) All applicants for training must be approved by CrunCheese, which approval shall not be withheld without good cause;
- (2) This Agreement and any related agreements, must be executed by Franchisee and CrunCheese;
- (3) Franchisee and the lessor of the Location must have executed the Lease for the Restaurant location and Franchisee shall have provided a copy of the Lease thereof to CrunCheese; and
- (4) All outstanding amounts of money due and owing to CrunCheese or others, in connection with the franchise must be paid.

(b) You must attend our Initial Training program for your Franchise (the "Initial Training") at the time and place we designate: one (1) time at Corporate location for 2-4 weeks prior to the anticipated Grand Opening of Franchisee location, and one (1) time on-site of Franchisee location upon Grand Opening. You (if you are an individual) or at least one of your Principal Owners (if you are a legal entity) must complete the Initial Training to our satisfaction. If you employ a General Manager other than yourself or one of your Principal Owners, that General Manager must also complete the Initial Training to our satisfaction. Other employees may complete the Initial Training at your sole discretion and expense, provided you first obtain our approval and subject to availability of facilities and materials. The Initial Training may include classroom instruction and Franchise operation training, and will be furnished at our training facility in Las Vegas, NV, at a CrunCheese franchise location we designate, your Franchise location, and/or at another location we designate. Our Initial Training programs may differ for each employee depending on their responsibilities at the Franchise. There will be no tuition charge for the persons whom we require to attend any Initial Training program or for any additional personnel of your choosing. However, Franchisee is responsible to pay each instructor/trainer for his/her/their services in pre-opening training, and on-board training, and for their respective travel, room and board, and meal expenses. Each instructor/trainer is currently charging at a rate of \$400.00 per day. All persons who attend our Initial Training must attend and complete the Initial Training to our satisfaction. If we, in our sole discretion, determine that any General Manager or employee, whom we require to attend any Initial Training program, is unable to satisfactorily complete such program, then you must not hire that person, and must hire a substitute General Manager or employee (as the case may be), who must enroll in the Initial Training program within fifteen (15) days thereafter, and complete the Initial Training to our satisfaction.

(c) You agree to have your General Manager (if any) and/or other employees who attend our Initial Training complete additional training programs at places and times as we may request from time to time during the term of this Agreement.

(d) In addition to providing the Initial Training described above, we reserve the right to offer and hold such additional ongoing training programs and franchise owners meetings regarding such topics and at such times and locations as we may deem necessary or appropriate. We also reserve the right to make any of these training programs mandatory for you and/or designated owners, employees, and/or representatives of yours. We reserve the right to charge you a daily attendance fee in an amount to be set by us for each attendee of yours who attends any mandatory or optional training program or owners meeting. If we offer any such mandatory training programs, then you or your designated personnel must attend a minimum of seventy-five percent (75%) of the programs offered on an annual basis. In addition to any other remedies we may have, if you fail to attend any required training, we reserve the right to charge you a non-attendance fee of up to \$400 per day for each day of mandatory training programs or meetings you miss or fail to attend.

(e) You agree to pay all wages and compensation owed to, and travel, lodging, meal, transportation, and personal expenses incurred by, all of your personnel who attend our Initial Training and/or any mandatory or optional training we provide.

(f) We may require your employees to take and pass an online computer training course. While there is no cost to take such training, we may require all employees and staff to pass such training to our satisfaction before they may begin working at your Franchise location.

(g) The Franchise's General Manager (if any) and other employees shall obtain all certifications and licenses required by law in order to perform their responsibilities and duties for the Franchise.

## 5. GUIDANCE; OPERATIONS MANUAL.

### 5.1 Guidance and Assistance.

(a) CrunCheese shall furnish to Franchisee operating assistance in connection with the operation of the Restaurant as CrunCheese determines from time to time to be necessary. Operating assistance will include, but is not limited to, advice and guidance with respect to:

- (i) Evaluating personnel performance;
- (ii) Food preparation and supplying menus, recipes and food required by Franchisee in its operations;
- (iii) Formulating advertising and promotional programs; and
- (iv) Evaluating and testing of new food developments and other improvements in the System and in the Restaurant.

(b) CrunCheese will furnish to Franchisee the Manuals described in Section 5.2 hereof and other instructional and training material needed to provide guidance in the methods,



procedures, recipes and techniques for operating the Restaurant. CrunCheese shall furnish from time to time such other manuals, business information, and literature as CrunCheese determines will be helpful in improving the operation of the Restaurant.

(c) CrunCheese shall advise Franchisee from time to time of any operating problems experienced at the Restaurant, which problems are disclosed in reports submitted to or during inspections made by CrunCheese. Franchisee shall be required to correct these problems within seven (7) days, unless the problems pertain to violations of a health ordinance or to some other urgent risk to the health and wellbeing of the general public or to the System, in which case those problems will be corrected within 72 hours after their occurrence.

This guidance and assistance may, in our discretion, be furnished in the form of bulletins, written reports and recommendations, operations manuals and other written materials (the "Operations Manual"), and/or telephone consultations and/or personal consultations at our offices or your Franchise. CrunCheese shall have the right to make reasonable charges for forms and other materials supplied to Franchisee and for special operating assistance made necessary, in the judgment of CrunCheese, as a result of Franchisee's failure to comply with any provision of this Agreement, Manuals or any specification, standard, or other operating procedure prescribed by CrunCheese. If you request - and if we agree to provide - any additional, special on-premises training of your personnel or other assistance in operating your Franchise, then you agree to pay a daily training fee in an amount to be set by us, and all expenses we incur in providing such training or assistance, including any wages or compensation owed to, and travel, lodging, transportation, and living expenses incurred by, our Company personnel.

## 5.2 Operations Manual.

The Operations Manual we lend to you will contain mandatory and suggested specifications, standards, and operating procedures that we prescribe from time to time for your Franchise, as well as information relative to other obligations you have in the operation of the Franchise. The Operations Manual may be composed of or include audio recordings, video recordings, computer disks, compact disks, and/or other written or intangible materials. We may make all or part of the Manual available to you through various means, including the Internet. A previously delivered Operations Manual may be superseded from time to time with replacement materials to reflect changes in the specifications, standards, operating procedures and other obligations in operating the Franchise. You must keep your copy of the Operations Manual current, and if you and we have a dispute over the contents of the Manual, then our master copy of the Manual will control. You agree that you will not at any time copy any part of the Operations Manual, permit it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Franchise, or remove it from the Franchise location without our permission. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, then you must obtain a replacement copy for us at our then-applicable charge.

## 5.3 Modifications to System.

We will continually be reviewing and analyzing developments in the restaurant industries, as well as developments in fields related to small-business management, and based upon our

evaluation of this information, may make changes in the System, including but not limited to, adding new components to services offered and equipment used by CrunCheese Location franchises. Moreover, changes in laws regulating the services offered by CrunCheese franchises may (a) require us to restructure our franchise program, (b) require your General Manager (if any) and employees to obtain additional licenses or certifications, (c) require you to retain or establish relationships with additional professionals and specialists in the restaurant and/or healthcare industries, and/or (d) require you to modify your ownership or organizational structure. You agree, at our request, to modify the operation of the Franchise to comply with all such changes, and to be solely responsible for all related costs.

## 6. FEES AND COSTS

### 6.1 Initial Franchise Fee.

You agree to pay us the initial franchise fee of **Forty Thousand Dollars (\$40,000)** (the “Initial Franchise Fee”) when you sign this Agreement. In recognition of the expenses we incur in furnishing assistance and services to you, you agree that we will have fully earned the Initial Franchise Fee, and that is due and non-refundable when you sign this Agreement.

### 6.2 Royalty Fee.

You agree to pay us a continuing franchise royalty fee (“Royalty Fee”) in the amount of **Five percent (5%)** of the gross revenues of the Franchise for all periods. This fee will be payable on the 15<sup>th</sup> day of each month based on the Franchise’s gross revenues. The terms “gross revenues” shall, for purposes of this Agreement, mean the total of all revenue and receipts derived from the operation of the Franchise, including all amounts received at or away from the site of the Franchise, or through the business the Franchise conducts (such as fees for restaurant care, fees for the sale of any service or product, gift certificate sales, and revenue derived from products sales, whether in cash or by check, credit card, debit card, barter or exchange, or other credit transactions); and excludes only sales taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits the Franchise actually makes, which may be documented on a monthly and/or quarterly basis and submitted to CrunCheese to determine reasons for refund to ensure quality of product or services. In executing Agreement, you specifically acknowledge that “gross revenues” includes the gross revenues of any Restaurant(s) that are managed by you, even if those revenues are not recognized on your books, and that you are responsible for determining those revenues and paying the Royalty Fee as if those revenues were recognized on your books. You and we acknowledge and agree that the Royalty Fee represents compensation paid by you to us for the guidance and assistance we provide and for the use of our Marks, Confidential Information (as defined herein), know-how, and other intellectual property we allow you to use under the terms of this Agreement. The Royalty Fee does not represent payment for the referral of customers to you, and you acknowledge and agree that the services we offer to you and our other CrunCheese franchises do not include the referral of customers.

### 6.3 Regional and National Advertising Fee.

Recognizing the value of advertising to the goodwill and public image of CrunCheese Location franchises, we may, in our sole discretion, establish, maintain and administer one or more regional and/or national advertising funds (the “Ad Fund(s)”) for such advertising as we may deem necessary or appropriate in our sole discretion. The source of the advertising may be our in-house advertising department or an outside advertising agency. We may, however, choose to use only one Ad Fund to meet the needs of regional, multi-regional, and national advertising and promotional programs. If we establish an Ad Fund, you agree to contribute to the Ad Fund a percentage of gross revenues of the Franchise in an amount we designate from time to time by notice to you, up to a maximum of two percent (2%) of the gross revenues of the Franchise. As of the date of this Agreement, the current required contribution to the Ad Fund is one percent (1%) of the gross revenues of the Franchise. In the event we choose to change the required contribution amount, which we may do at our sole and absolute discretion, up to a maximum of two percent (2%) of gross revenues, we will provide you with thirty (30) days’ advance written notice of the change. These advertising fees (“Advertising Fees”) will be payable with and at the same time as your Royalty Fees payable under Paragraph 6.2 above. A further description of the Ad Fund and your obligations with respect to advertising and promoting the Franchise is found in Section 11 of this Agreement.

#### 6.4 Local Advertising - By Franchisee.

In addition to the Advertising Fees set forth in Paragraph 6.3, which will be used by us to promote CrunCheese on a regional and national level, you agree to spend a certain amount on advertising in your local market area. This amount must equal the greater of (a) Six Hundred Dollars (\$600.00); or (b) One percent (1%) of the Franchise’s gross revenues for each month during the term of this Agreement (the “Local Advertising Requirement”). All proposed local advertising must be submitted to and approved by us before you enter into any advertising agreements. At our request, you must provide us with any documentation we request showing that you have met your monthly Local Advertising Requirement.

#### 6.5 Grand Opening Costs.

During a sixty (60) day period that begins thirty (30) days prior to the opening of your Franchise, and ending thirty (30) days after the opening of your Franchise (the “Grand Opening Period”), you will be required to expend between Five Thousand Dollars (\$5,000.00) to Ten Thousand Dollars (\$10,000.00) in verifiable marketing costs to publicize the grand opening of your Franchise. These costs may include, but are not limited to, signage, local advertising, flyer, promotions, and giveaways. Upon conclusion of the Grand Opening Period, you must send to us a report detailing the amounts spent to publicize the grand opening of your franchise during the Grand Opening Period. All proposed grand opening advertising must be submitted to and approved by us. At our request, you must provide us with any documentation we request showing that you have met the required spend requirement for your Grand Opening.

#### 6.6 Software and Programming Fees.

The initial purchase and installation fee for the Software is Two Thousand Five Hundred Dollars (\$2,500.00), which is payable directly to the designated software company. For each month

during the term of this Agreement, the on-going license fee for the point of sale Software is Four Hundred Dollars (\$400.00).

#### 6.7 Relocation Fee.

If you must relocate the Premises of your Location for any reason, you must pay to us a Franchise Relocation Fee (the “Relocation Fee”) of Five Thousand Dollars (\$5,000.00). The Relocation Fee will help the Company defray the costs of approving a new location, reviewing and approving plans for the new location, and updating Company records and marketing materials to reflect the new location.

#### 6.8 Late Payments.

All Royalty Fees, Advertising Fees, amounts due from you for purchases from us or our affiliates, and other amounts which you owe us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the lesser of (i) the highest commercial contract interest rate permitted by state law, and (ii) the rate of eighteen percent (18%) per annum. In addition to any accruing interest, all late payments will incur a late charge of Fifty and No/100 Dollars (\$50.00) per day until the payment is made. Payments due us or our affiliates will not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Franchise. We have the right to require that any payments due us or our affiliates be made by certified or cashier’s check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of One Hundred and No/100 Dollars (\$100.00) for any payment by check that is not honored by the bank upon which it is drawn.

#### 6.9 Electronic Funds Transfer.

We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees, Advertising Fees, and any other amounts payable to us or our affiliates are deducted or paid electronically from your bank account (the “Account”). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the payment due date. You will bear all costs to establish and maintain the required electronic payment system, and all bank services charge. The amount actually transferred from the Account to pay Royalty Fees and Advertising Fees will be based on the Franchise’s gross revenues as reported in the Franchise’s practice management software. If you have not properly input the Franchise’s gross revenues for any reporting period, then we will be authorized to debit the Account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee, Advertising Fee, and other amounts transferred from the Account for the last reporting period for which a report of the Franchise’s gross revenues was provided to us. If at any time we determine that you have under-reported the Franchise’s gross revenues or underpaid any Royalty Fee or Advertising Fee due us under this Agreement, then we will be authorized to immediately initiate a debit to the Account in the appropriate amount, plus

applicable interest, in accordance with the foregoing procedure. Any overpayment will be credited, without interest, against the Royalty Fee, Advertising Fee, and other amounts we otherwise would debit from your account during the following reporting period. Our use of electronic funds transfers as a method of collecting Royalty Fees and Advertising Fees due us does not constitute a waiver of any of your obligations to provide us with weekly reports as provided in Section 12, nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement. In the event any electronic funds transfer is not honored by Franchisee's bank for any reason, Franchisee is responsible for that payment, plus a service charge applied by Franchisor and the bank, if any. You will comply with our procedures for electronic payment, which we may modify from time to time.

#### 6.10 Application of Payments.

When we receive a payment from you, we have the right at our sole discretion to apply it as we see fit to any past due indebtedness due to us or our affiliates, whether it be for Royalty Fees, Advertising Fees, purchases, interest, or for any other reason, regardless of how you may designate a particular payment.

#### 6.11 Modification of Payments.

If, by operation of law or otherwise, any fees contemplated by this Agreement cannot be based upon gross revenues, then you and we agree to negotiate in good faith an alternative fee arrangement. If you and we are unable to reach an agreement on an alternative fee arrangement, then the Company reserves the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

#### 6.12 Non-Compliance Charge.

In addition to other rights and remedies, we may charge you a non-compliance charge in an amount up to five hundred dollars (\$500.00) per violation by you of any term or condition of this Agreement, including, without limitation, failure to pay (or to have adequate amounts available for electronic transfer of) amounts owed to Franchisor or Franchisor's affiliates or failure to timely provide required reports, or failure to obtain prior approval from Franchisor whenever Franchisor approval is required (i.e., advertising).

#### 6.13 [OPTIONAL] Negotiation Service Charge

You agree to pay us a service fee in the amount of between \$\_\_\_\_\_ to negotiate on your behalf on your lease agreement with the landlord, or the contract related to the construction or remodeling of your Location. This fee will be payable on the 15<sup>th</sup> day of each month based on the Franchise's gross revenues.

### 7. MARKS

#### 7.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement, and is limited to your operation of the Franchise pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. You understand and acknowledge that our right to regulate the use of the Marks includes, without limitation, any use of the Marks in any form of electronic media, such as Websites (as defined herein) or web pages, or as a domain name or electronic media identifier. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure exclusively to our benefit and the benefit of our affiliates, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate the Franchise in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, or logos we may authorize and/or license you to use during the term of this Agreement.

#### 7.2 Limitations on Franchise Owner's Use of Marks.

You agree to use the Marks as the sole trade identification of the Franchise, except that you will display at the Franchise location a notice, in the form we prescribe, stating that you are the independent owner of the Franchise pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form. You also shall not use any Mark or any commercial symbol similar to the Marks in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Franchise and in connection with advertising and marketing materials, and to use, along with the Marks, any notices of trade and service mark registrations we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

#### 7.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which you become aware. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge, or claim. We have the right to exclusively control any litigation or other proceeding arising out of any actual or alleged infringement, challenge, or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks, or to otherwise protect and maintain our interests in the Marks.

#### 7.4 Discontinuance of Use of Marks.

If it becomes advisable at any time, in our sole judgment and discretion, for the Franchise to modify or discontinue the use of any Mark, or use one or more additional or substitute trade or

service marks, including the Marks used as the name of the Franchise, then you agree, at your sole expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

7.5 Indemnification of Franchise Owner.

We do **not** have to indemnify you against, and reimburse you for, all damages for which you are held liable in any trademark infringement proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim you are named as a party.

7.6 Mark.

Marks means all right, title and interest in and to any trademarks, service marks and trade names now held or hereafter acquired by any Franchisor, including any registration or application for registration of any trademarks and service marks now held or hereafter acquired by any Franchisor, which are registered or filed in the United States Patent and Trademark Office or the equivalent thereof in any state of the United States or any equivalent foreign office or agency, as well as any unregistered trademarks and service marks used by an Franchisor and any trade dress including logos, designs, fictitious business names and other business identifiers used by any Franchisor.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

8.1 Independent Contractor; No Fiduciary Relationship.

This Agreement does not create a fiduciary relationship between you and us. You and we are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Franchise personnel, and others as the owner of the Franchise pursuant to a Franchise Agreement with us, and to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 No Liability, No Warranties.

We have not authorized or empowered you to use the Marks except as provided by this Agreement, and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor we will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other, or represent that your and our relationship is other than that of franchisor and franchisee.

### 8.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to you or any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets, or on us, in connection with the business you conduct, or any payments you make to us pursuant to this Agreement (except for our own income taxes). We will not assume any liability or be deemed liable for any agreements you enter with any third-parties, whether or not they are an approved or required vendor. You agree to indemnify, defend, and hold us, our affiliates and our and their respective owners, directors, officers, employees, agents, successors, and assigns (individually, an “Indemnified Party,” and collectively, the “Indemnified Parties”), harmless against, and to reimburse such Indemnified Parties for, all such obligations, damages, and taxes for which any Indemnified Party may be held liable, and for all costs the Indemnified Party reasonably may incur in the defense of any such claim brought against the Indemnified Party, or in any such action in which the Indemnified Party may be named as a party, including without limitation actual and consequential damages; reasonable attorneys’, accountants’, and/or expert witness fees; cost of investigation and proof of facts; court costs; other litigation expenses; and travel and living expenses. Each Indemnified Party has the right to defend any such claim against the Indemnified Party. You further agree to hold us harmless and indemnify and defend us for all costs, expenses, and/or losses we incur in enforcing the provisions of this Agreement, defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including without limitation reasonable arbitrator’s and attorneys’ fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

## 9. CONFIDENTIAL INFORMATION; NON-COMPETITION

### 9.1 Types of Confidential Information.

We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us, including but not limited to: (1) services and products offered and sold at CrunCheese franchises; (2) knowledge of sales and profit performance of any one or more CrunCheese franchises; (3) knowledge of sources of products sold at CrunCheese franchises, advertising and promotional programs, and image and decor; (4) the CrunCheese Software; (5) methods, techniques, formats, specifications, procedures, information, systems, and knowledge of, and experience in, the development, operation, and franchising of CrunCheese franchises; and (6) the selection and methods of training employees. We will disclose much of the above-described information to you in advising you about site selection, provided at our Initial Training, the Operations Manual, the CrunCheese Software, and providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Franchise, you or your



employees may develop ideas, concepts, methods, or techniques of improvement relating to the Franchise that you disclose to us, and that we may then authorize you to use in the operation of your Franchise, and may use or authorize others to use in other CrunCheese franchises owned or franchised by us or our affiliates. Any such information disclosed to or developed by you will be referred to in this Agreement as “Confidential Information”.

## 9.2 Non-Disclosure Agreement.

You agree that your relationship with us does not vest in you any interest in the Confidential Information, other than the right to use it in the development and operation of the Franchise, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form or another form that may be copied or duplicated; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation restrictions on disclosure to your employees, and the use of non-disclosure and non-competition agreements we may prescribe or approve for your shareholders, partners, members, officers, directors, employees, independent contractors, or agents who may have access to the Confidential Information.

## 9.3 Non-Competition Agreement.

(a) Franchisee agrees that during the Term, except as CrunCheese has otherwise approved in writing, Franchisee shall devote full time, energy, and best efforts to the management and operation of the Franchised Business.

(b) Franchisee and the Franchise Principals acknowledge and agree that: (i) pursuant to this Agreement, Franchisee and the Franchise Principals will have access to valuable trade secrets, specialized training and Confidential Information from CrunCheese and CrunCheese's Affiliates regarding the development, operation, management, purchasing, sales, and marketing methods and techniques of the System; (ii) the System and the opportunities, associations and experience CrunCheese has established and that Franchisee will have access to under this Agreement are of substantial and material value; (iii) in developing the System, CrunCheese and CrunCheese's Affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (iv) CrunCheese would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in the System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (v) restrictions on Franchisee's and the Franchise Principals' rights to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder Franchisee's and the Franchise Principals' activities. As used in this Agreement, the term “Competitive Business” is agreed to mean a retail business that sells or offers

hot dog, corn dog, and/or Korean style hot dog and food that separately or in the aggregate would constitute 30% or more of that businesses monthly Gross Revenue at any one or more retail location(s).

(c) **Covenant Not to Compete or Engage in Injurious Conduct.** Accordingly, Franchisee and the Franchise Principals covenant and agree that, during the Term and for a continuous period of two (2) years after the expiration or termination of this Agreement and/or a permitted transfer hereof, Franchisee and the Franchise Principals shall not directly, indirectly, for Franchisee, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following, including, but not limited to :

(i) Divert or attempt to divert any actual or potential business or customer of any CrunCheese restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

(ii) Employ or seek to employ any person who is then employed by CrunCheese or any other CrunCheese restaurant franchisee or developer, or otherwise directly or indirectly induce such person to leave his or her employment. In addition to any other rights and remedies available to CrunCheese under this Agreement, in the event of a violation of this Section, CrunCheese will have the right to require Franchisee and/or the Franchise Principals to pay to CrunCheese (or such other CrunCheese restaurant franchisee or developer, as the case may be) an amount equal to three (3) times the annual salary of the person(s) involved in such violation, plus an amount equal to CrunCheese's costs and reasonable attorney's fees incurred in connection with such violation.

(iii) Engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.

(d) During the Term, there is no geographical limitation on the restrictions set forth in this Section. During the 2-year period following the expiration or earlier termination of this Agreement and/ or a permitted transfer hereof, these restrictions shall apply within a twenty-five (25) mile radius of the Location and any then-existing CrunCheese restaurant, except as CrunCheese may otherwise approve in writing. These restrictions shall not apply to restaurants that Franchisee operates that CrunCheese (or CrunCheese's Affiliates) have franchised to Franchisee pursuant to a valid franchise agreement.

(e) Franchisee further covenants and agrees that, for a continuous period of two (2) years after the expiration or termination of this Agreement, Franchisee will not, either directly or indirectly, for Franchisee, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, or transfer the Location, nor cause the Location to be sold, assigned, leased or transferred, to any person, firm, partnership, corporation, or other entity that Franchisee knows, or has reason to know, intends to operate a Competitive Business at the Location. Franchisee, by the terms of any conveyance selling, assigning, leasing, or transferring Franchisee's interest in the Location, shall include these restrictive covenants as is necessary to ensure that a Competitive Business that would violate this Section is not operated at the Location for this two (2) year period, and Franchisee shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

(f) **Periods of Non-Compliance.** If, at any time during the two (2) year period following expiration or termination of this Agreement, Franchisee or any Franchise Principal fails to comply with Franchisee's or the Franchise Principals' obligations under this Section, then that period of noncompliance will not be credited toward Franchisee's or any Franchise Principal's satisfaction of the two (2) year obligation specified above.

10. CRUNCHEESE FRANCHISE OPERATING STANDARDS

10.1 Condition and Appearance of the Franchise.

You agree that:

(a) neither the Franchise nor the Premises will be used for any purpose other than the operation of the Franchise in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Franchise; its equipment, furniture, furnishings, and signs; and the Premises in accordance with our standards and consistent with the image of a CrunCheese Location franchise as an efficiently operated business offering high quality services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance, and will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises or the appearance of the Franchise, as originally developed, without our advance written approval. If you do so, we have the right, at our option and at your expense, to rectify alterations we have not previously approved;

(d) you will promptly replace or add new equipment when we reasonably specify in order to meet changing standards or new methods of service;

(e) Restaurant Maintenance, Repair and Refurbishing. Not more frequently than once every five (5) years during the Term unless sooner required by the Lease, Franchisee agrees to effect such remodeling, updating and/or refurbishing of the Restaurant, in addition to regular maintenance and repair from time to time, as is required by CrunCheese to maintain or improve the appearance and efficient operation of the Restaurant and/or increase its business potential. Therefore, you will expend at least Ten Thousand Dollars (\$10,000.00) every five (5) years in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise, if deemed necessary by us (any changes to the decoration or furnishing of the Premises must be approved by us);

(f) Upon notice from us, you will engage in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Franchise to reflect changes in the operations of CrunCheese franchises that we prescribe and require of new franchisees, provided that

(1) no material changes will be required unless there are at least five (5) years remaining on the Initial Term of the Franchise (any changes to the decoration or furnishing of the Premises must be approved by us); and

(2) we have required the proposed change in at least fifty percent (50%) of all similarly situated Company and affiliate-owned CrunCheese Locations, and have undertaken a plan to make the proposed change in the balance of such Company and affiliate-owned Locations (any expenditures incurred pursuant to this Paragraph 10.1(f) shall apply to the requirement in Paragraph 10.1(e));

(g) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we, from time to time, approve; and

(h) if at any time in our reasonable judgment, the general state of repair, appearance, or cleanliness of the premises of the Franchise or its fixtures, equipment, furniture, or signs do not meet our standards, then we shall have the right to notify you specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within (ten) 10 days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, then we shall have the right, in addition to all other remedies available to us at law or under this Agreement, to enter the Premises or the Franchise and perform any required maintenance or refurbishing on your behalf, and you agree to reimburse us on demand.

## 10.2 Franchise Services and Products.

### (a) Specifications

Franchisee shall conform to CrunCheese's specifications for the inventory, supplies, equipment, and signage (both exterior and interior signs) required for the Restaurant. Specifications may include minimum standards for delivery, performance, designs and appearance and local zoning, signage and other restrictions. Franchisee may purchase or lease original and replacement inventory, supplies, equipment and signs meeting such specifications from any source, but only if Franchisee notifies CrunCheese prior to dealing with any such sources which have not been previously approved by CrunCheese. CrunCheese may then require submission of sufficient specifications, photographs, drawings and/or information and samples.

### (b) Products and Supplies

Franchisee shall purchase all food items, raw food items and beverages including, but not limited to, ingredients, mixes, condiments and prepared food items, from suppliers, contractors and purveyors that have been approved in writing by CrunCheese. If Franchisee desires to purchase any such items from a supplier, contractor, or purveyor that has not been approved by CrunCheese, Franchisee shall submit to CrunCheese a written request for approval and shall direct the unapproved supplier, contractor, or purveyor to proceed accordingly. Once we receive the written request, it will take up to two (2) weeks to approve a new supplier. However, these requests will

contain a covenant to conform at all times to CrunCheese's standards and specifications in effect from time to time.

CrunCheese shall have the right to require, as a condition of approval, that CrunCheese's representative be permitted to inspect any unapproved supplier, contractor, or purveyor's facilities and that samples be delivered, at CrunCheese's discretion, to CrunCheese for testing, and that all such inspections and tests, will be satisfied to current standards and specifications for CrunCheese franchises. Franchisee will pay a charge not to exceed the cost of inspection or approval. Moreover, CrunCheese shall not be liable for damage to any sample that may result from the testing process. Unapproved suppliers, contractors or purveyors must also demonstrate to CrunCheese the existence of quality and food-safety controls, and the financial and managerial capacity to supply Franchisee's needs promptly and reliably.

Upon granting its approval of an unapproved supplier, contractor or purveyor, CrunCheese reserves the right, at its option, to reinspect the facilities and to retest the products of such supplier, contractor, or purveyor at any time, without prior notice and without liability, regardless of any contracted arrangement between Franchisee and the supplier, contractor, or purveyor.

CrunCheese further reserves the right to revoke its approval if, in the opinion of CrunCheese, the supplier, contractor, or purveyor fails to demonstrate during any reinspection or retest that it continues to satisfy CrunCheese's standards and specifications. As a condition to CrunCheese's approval of an unapproved supplier, contractor or purveyor, such supplier, contractor or purveyor shall expressly agree in writing to the reservation of CrunCheese's rights that are set forth in the immediately preceding sentence.

CrunCheese reserves for itself the absolute right to be either the sole source of supplies or the sole designator of suppliers, contractors, or purveyors who will provide products, ingredients or mixes involving trade secrets, confidential formulae, or confidential recipes and shall have no obligation to release any trade secret, confidential formulae, or confidential recipe to the Franchisee or any supplier, contractor or purveyor. This will include proprietary information, Marks, royalty fees, costs to operate the Franchise, and any other costs associated under this Agreement.

If CrunCheese discloses trade secrets or other confidential and proprietary information to the supplier, contractor or purveyor (including, without limitation, CrunCheese's Manuals), the supplier, contractor or purveyor shall be required to execute CrunCheese's standard form of Confidentiality Agreement as a condition to CrunCheese's disclosure or delivery of such information.

CrunCheese further retains and reserves the right in its sole discretion to manufacture and distribute products authorized for sale in CrunCheese restaurants under CrunCheese's Proprietary Marks through retail food stores and other outlets and channels of distribution, without limitation.

**(c) Unauthorized Products or Services**

In the event that you use, sell or distribute unauthorized products or services, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you, we reserve the right to terminate this agreement and/or charge you a fee of Five Hundred and No/100 Dollars (\$500.00) or 50% of your gross Revenues of the prohibited products or services, whichever is greater for each day that you fail to comply with our demand to cease the use, sale or distribution of any unauthorized product or service, which is a reasonable estimate of the damages we would incur from your continued use, sale or distribution of any unauthorized products or services, and should not be considered a penalty. The calculation is a reasonable determination for CrunCheese's damages should Franchisee default on these provisions.

Moreover, any amounts payable for the above provision will be paid within five (5) business days of any prescribed Notice. Franchisee agrees to maintain an inventory of approved products sufficient in quantity and variety to realize the full potential of the Franchise. We may, from time to time, conduct market research and testing to determine consumer trends and scalability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and products in the Franchise, and providing us with timely reports and other relevant information regarding such market research. You agree to offer a reasonable quantity of testing for products or services, and to effectively promote or make a reasonable effort to sell CrunCheese products.

**10.3 Approved Products, Distributors and Suppliers.**

We have developed or may develop various unique products or services that may be prepared according to our own formulations that abide by CrunCheese's specifications. We have approved, and will continue to periodically approve, specifications for suppliers and distributors (which may include us and/or our affiliates) for products or services required to be purchased by, or offered and sold at, CrunCheese Location franchises, that meet our standards and requirements, including without limitation standards and requirements relating to product quality, prices, consistency, reliability, and customer relations. You understand and acknowledge we will not be liable to you or anyone else for any damages or claims arising out of or resulting from the acts or omissions of any supplier and distributor of products or services, whether or not such supplier or distributor is an approved or required supplier or distributor of products or services.

Moreover, you agree that the Franchise will: (1) purchase any required products or services in such quantities as we designate; (2) utilize such formats, formulae, and packaging for products or services as we prescribe; and (3) purchase all designated products and services only from distributors and other suppliers we have approved. In the event, we designate a required supplier or distributor during the term of this Agreement, or any subsequent franchise agreement, you must begin to use such required supplier or distributor within thirty (30) days of the date we notify you that you must use such supplier or distributor, unless we designate a longer period for you to switch or convert over to such supplier or distributor. Your failure or refusal to do so shall constitute a breach of this Agreement.

We may approve a single distributor or other supplier (collectively known as a “supplier”) for any product, and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of CrunCheese Locations franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria, and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, then you must submit to us a written request for approval of the proposed supplier. Once we receive the written request, it will take up to two (2) weeks to approve a new supplier. We have the right to inspect the proposed supplier’s facilities, and require that said product samples from the proposed supplier be delivered, at our option, either directly to us, or to any independent, certified laboratory that we may designate, for testing. We may charge you a supplier evaluation fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier, and revoke our approval if the supplier does not continue to meet any of our criteria.

We and/or our affiliates may be an approved supplier of certain products or services to be purchased by you for use and/or sale by the Franchise. We and our affiliates reserve the right to charge any licensed manufacturer engaged by us or our affiliates a royalty to manufacture products for us or our affiliates, or to receive commissions or rebates from vendors that supply goods or services to you. We or our affiliates may also derive income from our sale of products or services to you, and may sell these items at prices exceeding our or their costs in order to make a profit on the sale.

#### 10.4 Hours of Operation.

You agree to keep the Franchise open for business at such times and during such hours as we may prescribe from time to time.

#### 10.5 Specifications, Standards and Procedures.

You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of the Franchise. Any mandatory specifications, standards, and operating procedures that we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing, will constitute provisions of this Agreement, as if fully set forth in this Agreement. All references to “this Agreement” include all such mandatory specifications, standards, and operating procedures.

#### 10.6 Compliance with Laws and Good Business Practices.

You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchise. You also agree to operate the Franchise in full compliance with all applicable laws, ordinances, and regulations, including without limitation all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales taxes.

All advertising you employ must be completely factual, in good taste (in our judgment), and conform to the highest standards of ethical advertising and all legal requirements. You agree that in all dealings with us and any of our affiliates, other franchisees, your customers, your suppliers, and public officials, that you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice that may be harmful to the business of the Company, the Franchise, and/or the goodwill associated with the Marks and other CrunCheese franchises.

You must notify us in writing within five (5) days of:

- (a) the commencement of any action, suit, or proceeding, and/or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, that may adversely affect your and/or the Franchise's operation, financial condition, or reputation; and/or
- (b) your receipt or knowledge any notice of violation of any law, ordinance, or regulation relating to health or safety.

#### 10.7 Management and Personnel of the Franchise.

(a) If Franchisee is, or at anytime becomes, a business corporation, partnership, limited liability company or other legal entity ("Business Entity"), Franchisee agrees and represents that:

(i) Franchisee has the authority to execute, deliver and perform Franchisee's obligations under this Agreement and are duly organized or formed and that any valid voting rights at the time and existing in good standing, under the laws of the state of its incorporation or formation will be provided/executed accordingly.

(ii) Franchisee's organizational or governing documents will recite that the issuance or transfer of any ownership interests in Franchisee is restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to the restrictions of this Agreement.

(iii) Franchisee represents that it has completed the "**Ownership Interest in Franchise Owner**", that completely and accurately describes all shares or units for holders of Franchisee, and all persons and entities that have voting or management rights and obligations (together with all individuals named as a Franchisee in this Agreement, the "**Franchise Principals**"). A copy of Ownership Interest in Franchise Owner is attached as Exhibit 3.

(iv) Franchisee and the Franchise Principals agree to revise the Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about Franchisee's organization or formation as we may request (no ownership changes may be made without CrunCheese's approval).



(v) The Franchise Principals must sign and deliver to CrunCheese the Confidentiality, Non-Solicitation and Non-Competition Agreement. A copy of CrunCheese's current Confidentiality and Non-Competition Agreement is attached as Exhibit 4.

(vi) The Franchise Principals whom CrunCheese designates and who collectively own, will not constitute less than 51% of the equity and voting control of Franchisee. Franchisee shall sign and deliver at CrunCheese's discretion, a standard form of owner's guaranty undertaking Franchisee to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisee and CrunCheese (the "**Owners Guaranty**"). A copy of CrunCheese's current form of Owners Guaranty is attached as Exhibit 2.

(viii) At CrunCheese's request, Franchisee will promptly furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of the Franchise Principals and any other pertinent agents of Franchisee (e.g., articles of incorporation or organization and partnership, operating or shareholder agreements, etc.).

(b) Franchisee acknowledges and agrees that Franchisee's personal participation and day-to-day involvement in the management and operation of the Restaurant (the "Franchised Business") is critical to its success and that CrunCheese is granting this franchise to Franchisee on the condition that Franchisee agrees, and Franchisee therefore does agree, as follows:

- (i) If Franchisee is, or at any time becomes, a Business Entity, Franchisee must designate as the "**Operating Principal**" an individual approved by CrunCheese who must: (1) unless exempted by CrunCheese, own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to CrunCheese), not less than a 10% equity interest in Franchisee; (2) have the authority to bind any Business Entity which forms a part of the Franchisee regarding all operational decisions with respect to the Franchised Business; (3) be actively employed on a full-time basis to manage the Franchised Business's operations; and (4) have satisfactorily completed CrunCheese's initial training program and any other training programs CrunCheese requires from time to time.
- (ii) Franchisee (or Franchisee's Operating Principal) must: (1) exert Franchisee's best efforts to the development, management and operation of the Franchised Business; and (2) not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility, time commitments or otherwise may conflict with Franchisee's obligations under this Agreement.
- (iii) At all times, Franchisee (or Franchisee's Operating Principal) must meet CrunCheese's initial/ongoing training and qualifications for restaurant managers and participate personally and on a daily basis in the direct operation of the Franchised Business. Additionally, the Restaurant must have at least one management level employee who has satisfactorily completed CrunCheese's Initial Training, present and on duty at all times.

If, at any time, Franchisee's Operating Principal cannot fulfill his responsibilities under this Agreement, Franchisee must appoint a replacement from among its

Franchise Principals or any individually named Franchisee, subject to CrunCheese's approval, to serve as the replacement Operating Principal.

(c) In order to maintain the high quality and uniform standards associated with CrunCheese's System and to promote and protect Proprietary Marks, goodwill, and reputation. To this end, Franchisee agrees:

- (i) To operate the Restaurant exclusively as a CrunCheese restaurant in strict conformity with the Manuals referred to in Section 5.2 hereof, and will not engage in any other type of business at the Location;
- (ii) To sell all and only the food, menu items and other products required by CrunCheese and not to sell any other food, menu items or products at the Location; and to obtain CrunCheese's written consent prior to providing any food delivery services from said Location;
- (iii) To equip, maintain, staff, and operate the Restaurant in strict accordance with the methods, procedures, and techniques that are, from time to time, established by CrunCheese in its Manuals (as defined in Section 5.2 hereof) or otherwise;
- (iv) To vigorously and aggressively promote the business by making use of all advertising, sales promotion and merchandising materials and programs developed and prescribed, from time to time, by CrunCheese;
- (v) To keep the Restaurant open for a minimum number of days per week and hours per day prescribed by CrunCheese, that may be updated from time to time, or as required by or subject to the lessor's sublease if different from those prescribed by CrunCheese;
- (vi) To keep and maintain the Restaurant and its appearance in a clean and orderly manner consistent with the minimum operation standards or quality of a CrunCheese restaurant and in accordance with the directives of CrunCheese as it deems necessary to protect the standards of quality and uniformity established by CrunCheese for the System;
- (vii) To comply at all times with federal, state, city, municipalities and other local laws, regulations, codes and ordinances (including, without limitation, the applicable provisions of the American Disability Act for construction, design and operation of the Restaurant);
- (viii) To maintain at all times sufficient food, supplies and personnel to operate the Restaurant at maximum capacity and efficiency;
- (ix) To make any locally required name registration filings under the CrunCheese trade name that is utilized in connection with the operation of the Restaurant and ensure that these required filings will clearly indicate, and shall not be construed as granting Franchisee any right, title or interest in said trade name; to operate the Restaurant under one or more of the Proprietary Marks as determined and instructed by CrunCheese, and under no other mark or name. Moreover, such usage will not be construed as granting Franchisee any right, title or interest in any Proprietary Marks, that is not prescribed pursuant to the terms and conditions contained in the license granted in this Agreement. Franchisee will also execute and deliver requested user applications pursuant to the requirements of the United States Patent and Trademark Office, related to

the Proprietary Marks in a form and substance satisfactory to CrunCheese prior to the use of any such Proprietary Marks, as well as use and display the Proprietary Marks prominently and in such manner as may, from time to time, be directed in writing by CrunCheese, and not to use or display any other trade name, trademark, service mark, logo or designation;

- (x) To deal fairly and honestly with the public and with CrunCheese;
- (xi) To conform to all standards of quality and service prescribed by CrunCheese to sustain the good will and prestige that the Proprietary Marks enjoy with the public;
- (xii) To accept customer payment by cash, credit card, debit card, gift card or other method of payment required by CrunCheese;
- (xiii) To obtain CrunCheese's written approval prior to establishing a Website in connection with Franchisee's operation of the Restaurant. To this end, Franchisee shall submit to CrunCheese a sample of the Website information and shall operate the Website only in the form and manner prescribed by CrunCheese, from time to time; and
- (xiv) To participate in CrunCheese's promotional programs for all restaurants and concessions operating under the System, as prescribed by CrunCheese, in the Manuals or otherwise in writing, that may be updated from time to time, including, but not limited to, selling and offering gift cards which may be used at any CrunCheese restaurant or concession for menu items or products, and permitting customers that purchased gift cards from another CrunCheese restaurant or concession or from CrunCheese to use such gift cards for menu items or products at the Restaurant.

(d) Franchisee shall serve all the specified menu items described in CrunCheese's Manuals (as defined in Section 5.2 hereof) (the only exception will be that CrunCheese may, in writing, consent to the elimination of one or more menu items). All menu items shall be prepared, decorated and served in accordance with the recipes and specifications contained in the Manuals or as otherwise directed by CrunCheese that may be updated from time to time. No foods or beverages, other than such specified menu items will be served at the Restaurant, without the written approval of CrunCheese,

(e) If Franchisee fails, in any way, to maintain the standards of quality or service established by CrunCheese, CrunCheese retains the right to assign to the Restaurant any person or persons as it deems necessary for the training of Franchisee's employees and for the purpose of ensuring that the standards of quality and service are maintained. Franchisee shall pay to CrunCheese any actual costs for each designated person assigned to the Restaurant, plus travel and living expenses.

(f) Franchisee shall, at Franchisee's expense, purchase, install and use such computer hardware and software, point-of-sale, and cash register equipment, as required by CrunCheese in the Manuals or otherwise placed in any writing from time to time, and Franchisee shall execute any and all related maintenance, support, license, and/or other agreements as required by CrunCheese.

- (i) CrunCheese shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “**Computer System**”).
- (ii) CrunCheese shall have the right, but not the obligation, to develop or have developed, or to designate: (a) any computer software programs that Franchisee must use in connection with the Computer System (the “**Required Software**”), that Franchisee will install at Franchisee's expense; (b) institute updates, supplements, modifications, or enhancements to the Required Software, at Franchisee’s expense; (c) Franchisee will provide, at its own expense, any tangible media necessary to record data; and (d) Franchisee will provide the database file structure of the Computer System at its own expense.
- (iii) At CrunCheese's direction, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. CrunCheese shall have the right at any time to remotely retrieve and use any data and information from Franchisee’s Computer System or Required Software that CrunCheese deems necessary or desirable. Franchisee expressly agrees to strictly comply with CrunCheese's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with CrunCheese's standards and specifications. Moreover, Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install any necessary additions, changes, modifications, substitutions, and/or replacements to Franchisee’s Computer System or Required Software, as deemed necessary by CrunCheese, that will be updated from time to time in writing. Franchisee agrees that its compliance with this section shall be at Franchisee's expense.
- (iv) Franchisee will install and maintain all equipment, and follow the procedures that CrunCheese requires in the Operations Manuals (including the establishment and maintenance of Internet, intranet, or extranet access or any other means of electronic communication, as specified by CrunCheese, that may be updated from time to time) to permit CrunCheese to access, download, and retrieve electronically, by telecommunication or other designated method, any information stored in Franchisee's Computer System, including information concerning the Gross Revenues of the Restaurant, and to permit CrunCheese to upload, receive and download, any information from CrunCheese (including advertising materials, the Operations Manuals, and training tools). CrunCheese will retain the right to access all information at any time and in the manner that CrunCheese specifies.

CrunCheese reserves the right to establish monthly POS system maintenance fees and website hosting fees to support the System’s POS system and website development and maintenance. Any associated fees will be implemented and

subject to adjustment upon thirty (30) days of notification to Franchisee. Franchisee agrees to pay all attributed fees when due and in the manner specified by CrunCheese.

#### 10.8 Insurance.

Before you open the Franchise and during any Term of this Agreement, you must maintain in force, under policies of insurance written on an occurrence basis issued by a carrier with an A.M. Best rating of A-VIII or better approved and designated by us, and in such amounts as we may determine from time to time, and will include: (1) comprehensive public, professional, product, medical malpractice and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchise or otherwise in conjunction with your conduct of the Franchise Business, pursuant to this Agreement, under one or more policies of insurance containing minimum liability coverage amounts as set forth in the Operations Manual; (2) general casualty insurance, including theft, cash theft, fire and extended coverage, vandalism and malicious mischief insurance, for the replacement value of the Franchise and its contents, and any other assets of the Franchise; (3) worker's compensation and employer's liability insurance as required by law, with limits equal to or in excess of those required by statute; (4) business interruption insurance for a period adequate to reestablish normal business operations, but in any event not less than six (6) months; (5) any other insurance required by applicable law, rule, regulation, ordinance or licensing requirements; and (6) umbrella liability coverage with limits of not less than \$1,000,000/\$3,000,000 (i.e., a maximum of \$1 million per occurrence and \$3 million per year for claims) or such other amounts that we may establish in the Operations Manual. You must purchase such insurance coverage(s) only from our approved or designated supplier(s). We may periodically increase or decrease the amounts of coverage required under these insurance policies, and/or require different or additional kinds of insurance, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Each insurance policy must name us (and, if requested, our members, directors, employees, agents, and affiliates) as additional insureds, and must provide us with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy. Deductibles must be in reasonable amounts, and are subject to review and written approval by us. You must provide us with copies of policies that evidence the existence of insurance concurrently with the execution of this Agreement and prior to each subsequent renewal date of each insurance policy, along with certificates that evidence its existence. You are responsible for any and all claims, losses or damages, including to third persons, originating from, in connection with, or caused by your failure to name us as an additional insured on each insurance policy. You agree to defend, indemnify and hold us harmless of, from, and with respect to any such claims, loss or damage arising out of your failure to name us as additional insured, any such indemnity shall survive the termination or expiration and non-renewal of this Agreement.

Prior to the expiration of the term of each insurance policy, you must furnish us with a copy of a renewal or replacement insurance policy and appropriate certificates of insurance. If Franchisee fails, at any time, or refuses to maintain any insurance coverage required by us or to

furnish satisfactory evidence we may require, among our other rights and remedies under this Agreement, may, require additional insurance coverage to be executed by you, and you shall reimburse us on demand for any costs or premiums paid or incurred by us, including any administrative fees or surcharges incurred. If you fail to pay such costs within ten (10) days of a written demand for reimbursement, we reserve the right to debit your account any amounts owed for any premiums paid on your behalf for such insurance coverage, along with any other costs, surcharges expenses and fees incurred to obtain relevant coverage on behalf of the franchise. We reserve the right to require you to provide us with an application for insurance.

Notwithstanding the existence of an insurance policy, you are and will be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the Franchise, and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom; and you agree to defend, indemnify and hold us harmless, from, and with respect to any such claims, loss or damage. This indemnity will survive the termination or expiration and non-renewal of this Agreement. In addition to the requirements of the foregoing paragraphs of this Paragraph 10.8, you must maintain any and all insurance coverage within the appropriate amounts and under the terms and conditions, required by us, in connection with your lease or purchase of the Premises.

Your obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by any separate insurance policy we may maintain on your behalf, nor will any maintenance of said insurance relieve Franchisee of any obligations under Section 6 of this Agreement.

#### 10.9 Credit Cards and Other Methods of Payment.

You must at all times have arrangements in existence with major credit cards and any other credit or debit card issuers, check verification services, and electronic fund transfer systems that we designate, in order for the Franchise to accept customers' various methods of payment. We may require you to obtain such services through us or our affiliates, and may update the required providers from time to time.

#### 10.10 Pricing.

To the extent permitted by any applicable law, we may periodically establish maximum and/or minimum prices for services and products that the Franchise location will offer, including without limitation, prices for promotions in which all or certain CrunCheese Franchise locations participate. If we establish such prices for any services or products, you agree not to exceed or reduce any established price. You hereby agree to apply any pricing matrix or schedule established by us. If you wish to offer an alternate pricing matrix, you must obtain prior written approval. In states that require a different arrangement, this provision shall be modified, to the extent legally permissible, and/or legally construed to conform to the laws of the state where your Franchise location will be located.

### 11. ADVERTISING.

### 11.1 By Company.

As stated in Paragraph 6.3, due to the value of advertising and the importance of promoting the public image of CrunCheese Location franchises, we will establish, maintain, and administer one or more Ad Funds to support and pay for national, regional, and/or local marketing programs that we deem necessary, desirable, or appropriate to promote the goodwill and image of all CrunCheese Location franchises. The source of the advertising may be our in-house advertising department or an outside advertising agency. If we or our affiliates provide in-house advertising department services, we or our affiliates may be compensated from the Advertising Fund provided that such compensation is reasonable. You will contribute to the Ad Fund as set forth in Section 6.3. All Franchise Locations owned by us or our affiliates will contribute to the Ad Fund on at least the same basis as you do.

We are entitled to direct all advertising programs financed by the Ad Fund, at its sole discretion, including but not limited to:

(a) Any creative concepts, materials, and endorsements used, which includes the geographic, market, and media placement and allocation of the programs.

(b) Discretion of the Ad Fund to pay the costs of preparing and producing video, audio, and written advertising materials; administering regional, multi-regional and/or national advertising programs; including purchasing direct mail, e.g. the SMS advertising, and other media advertising; employing advertising agencies and supporting public relations, market research, and other advertising and marketing firms; and paying for advertising and marketing activities are deemed appropriate;

(c) Direct the costs of participating in any national or regional trade shows, and provide advertising and marketing materials to all CrunCheese Location franchises.

(d) Discretionary use of the Ad Fund to engage in advertising and promotional programs that benefit only one or several regions;

(e) To direct Ad Funds to furnish you with approved advertising materials at its direct cost of producing those advertising materials.

The Ad Fund will be accounted for separately from other funds of the Company, and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs, and overhead we may incur in activities reasonably related to the administration of the Ad Fund and its advertising programs (including without limitation conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Ad Fund). We may spend, in any given fiscal year, an amount greater or less than the total contributions to the Ad Fund in said year. We may cause the Ad Fund to borrow from us or other lenders to cover deficits of the Ad Fund, or to invest any surplus for future use by the Ad Fund. You authorize us to collect for remission to the Ad Fund any advertising monies or credits offered by any supplier to you based upon purchases you make. We will prepare an annual statement of monies collected and costs incurred by the Ad Fund and will make it available to you on written request. The said annual reports are not audited.

You understand and acknowledge that the Ad Fund will be intended to maximize recognition of the Marks and patronage of CrunCheese Location franchises. Although we will endeavor to use the Ad Fund to develop advertising and marketing materials, and to place

advertising in a manner that will benefit all CrunCheese Location franchises, we undertake no obligation to ensure that expenditures by the Ad Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Ad Fund by CrunCheese Location franchises operating in any geographic area, or that any CrunCheese Location franchise will benefit directly or in proportion any contribution to the Ad Fund from the development of advertising, marketing materials, or the placement of advertising. Except as expressly provided in this Paragraph, we assume no direct or indirect liability or any obligation to you with respect to the maintenance, direction, or administration of the Ad Fund.

We will have the right to terminate the Ad Fund by giving you thirty (30) days' advance written notice. All unspent monies on the date of termination will be divided between the Company and the contributing CrunCheese Location franchisees in proportion of any respective contributions. At any time thereafter, we will have the right to reinstate the Ad Fund under the same terms and conditions as described in this Section (including the rights to terminate and reinstate the Ad Fund) by giving you thirty (30) days' advance written notice of reinstatement.

#### 11.2 By Franchise Owner.

You must spend, in addition to any contributions to the Ad Fund, a minimum of \$600.00 per month or one percent (1%) of the Franchise's gross revenues for each month during the term of this Agreement, whichever is the greater amount, as outlined in Paragraph 6.4, for local advertising, promotion and marketing, such as online advertisement, and print advertisement in local paper, and/or periodical magazine. You must provide us (in a form we approve or designate) evidence of your required local advertising, marketing and promotional expenditures by the thirtieth (30th) day of each month, for the preceding calendar month, along with a year-to-date report of the total amount spent on local advertising.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within fifteen (15) days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. You will be solely responsible and liable to ensure that all advertising, marketing, and promotional materials and activities you and the conditions of any agreements or orders prepared comply with applicable federal, state, and local law.

You agree to participate in all promotion campaigns, advertising, loyalty programs, and other programs we periodically establish or approve, whether on a national, regional or local basis. You agree to timely execute and deliver such agreements and other documents as we may reasonably require to facilitate such programs. You will not initiate any such program yourself without our prior written approval, which we may withhold in our discretion. We will manage any customer loyalty mobile app or program with the provider we select for the system in your area or nationally. You agree to pay the provider's fee for such service.



### 11.3 Websites and Other Forms of Advertising Media.

You acknowledge and agree that any Website or Other Forms of Advertising Media (as defined below) will be deemed “advertising” under this Agreement, and will be subject to, among other things, the need to obtain our prior written approval in accordance with Paragraphs 7.2 and 11.2. As used in this Agreement, the term or reference to “Website or Other Forms of Advertising Media” means any interactive system, including but not limited to all types of online communications, virtual applications, all social media platforms that you operate or use, or authorize others to operate or use, and that refer to the Franchise, the Marks, us, and/or the System. The term or reference Website or Other Forms of Advertising Media platforms includes, but is not limited to, anything produced on the Internet and World Wide Web home pages.

In connection with any Website or Other Forms of Advertising Media, you agree to the following:

(a) Before establishing any Website or Other Form of Advertising Media, you will submit to us a sample of such Website or Other Form of Advertising Media format and information.

(b) You will not establish or use any Website or Other Forms of Advertising Media without prior written approval.

(c) In addition to any other applicable requirements, you must comply with our standards and specifications for Website or Other Forms of Advertising Media as prescribed in the Operations Manual or memorialized in writing, including any specifications relating to the use of organic and paid search engine optimization, keywords and landing page management. If we require, you will establish a website as part of our corporate website and/or establish electronic links to our corporate website.

(d) If you propose any material revision to Website or Other Forms of Advertising Media or any of the information contained therein, you will submit each such revision to us for our prior written approval.

## 12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.

You agree to maintain, at your own expense, the CrunCheese Software and accounting software, to act as a bookkeeping, accounting, and record keeping system for the Franchise. The CrunCheese Software includes the capability of being polled by our central computer system, which you agree to permit. With respect to the operation and financial condition of the Franchise, we will pull from the CrunCheese Software (if available), or require you to provide from your accounting software in a form we designate, or in accordance with General Acceptable Accounting Principles (“GAAP”), including, but not limited to the following: (1) every Tuesday of each week, an electronic report of the Franchise’s gross revenues for the preceding week ending on, and including, Sunday, any data, information, and supporting records that we may require; (2) by the thirtieth (30<sup>th</sup>) day of each month, a profit and loss statement for the preceding calendar month, and a year-to-date profit and loss statement and balance sheet; (3) within ninety (90) days after the end of the fiscal year, a fiscal year-end balance sheet, and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; and (4) such other reports as we require from

time to time (collectively referred to as the “Reports”). You agree to input all Franchise transactions into the CrunCheese Software and your accounting software in a timely manner to ensure that all Reports are accurate. CrunCheese may charge a non-refundable accounting fee of One Hundred and zero cents/100 Dollars (\$100.00), if it is determined that any information was omitted from the CrunCheese Software or your accounting software was input inaccurately, or you have failed to provide us any required Reports. The non-refundable accounting fee will be payable in a lump sum by the fifteenth (15th) day of the month following the month in which the inaccurate report was submitted or for any late Reports. Franchisee agrees to maintain and furnish upon request complete copies of federal and state income tax returns filed with the Internal Revenue Service and state tax departments, reflecting revenues and income of the Franchise or the corporation, partnership, or limited liability company that holds said Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis. You agree to retain hard copies of all records for a minimum of four (4) years.

### 13. INSPECTIONS AND AUDITS.

#### 13.1 Company’s Right to Inspect the Franchise.

To determine whether you and the Franchise are complying with this Agreement and the specifications, standards, and operating procedures we prescribe for the operation of the Franchise, CrunCheese, through its employees, accountants, attorneys, and any other agent named by CrunCheese, shall have the right, at any time during business hours and without prior notice to Franchisee, to enter the Restaurant and inspect. Such rights of inspection shall include, but not be limited to, the right to: (1) visually inspect and observe the Restaurant; (2) observe and video tape the operation of the Restaurant for consecutive or intermittent periods as CrunCheese deems appropriate; (3) remove samples of any food and beverage products, supplies, consumables or other products for testing or analysis; interview personnel and guests of the Restaurant; (4) interview personnel of the Franchise; (5) interview customers of the Franchise; and (6) inspect and copy any books, records and documents relating to the operation of the Franchise.

You agree to fully cooperate with us in connection with any inspections, observations or interviews. You agree to present to your customers any evaluation forms we periodically prescribe, and agree to participate in, and/or request that your customers participate in, any surveys performed by or on our behalf. Based on the results of any such inspections and audits and other reports, we may provide guidance and assistance in operating a Franchise as deemed appropriate.

#### 13.2 Company’s Right to Audit.

We have the right at any time during business hours, and without advance notice, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Franchise, and the books and records of any corporation, limited liability company, or partnership that holds the Franchise. You agree to fully cooperate with our representatives and any independent accountants caused to be hired to conduct any inspection or audit. If the inspection or audit is necessary because of a failure to furnish any reports, supporting records, other information or financial statements as

required by this Agreement, or to furnish such reports, records, information, or financial statements on a timely basis, or if an understatement of gross revenues for any period is determined by an audit or inspection to be greater than five percent (5%), then you agree to pay us all monies owed, plus interest of one and one-half percent (1.5%) per month, and reimburse us for the cost of any inspection or audit, including without limitation any attorneys' fees and/or accountants' fees we may incur, and the travel expenses, room and board, and applicable per diem charges for our employees or contractors. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

#### 14. TRANSFER REQUIREMENTS.

##### 14.1 Organization.

If you are a corporation, partnership or limited liability company (or if this Agreement is assigned to a corporation, partnership or limited liability company with our approval), you represent and warrant to us that you are and will continue to be throughout the term of this Agreement, duly organized and validly existing in good standing under the laws of the state of your incorporation, registration or organization, that you are qualified to do business and will continue to be qualified to do business throughout the term of this Agreement in all states in which you are required to qualify, that you have the authority to execute, deliver and carry out all of the terms of this Agreement, and that during the term of this Agreement the only business you (i.e., the corporate, partnership or limited liability entity) will conduct will be the development, ownership and operation of the Franchise.

##### 14.2 Interests in Franchise Owner; Reference to Exhibit 3.

(a) You and each Principal Owner represent, warrant and agree that all "Interests" in Franchise Owner are owned in the amount and manner described in Exhibit 3. No Interests in Franchise Owner will, during the term of this Agreement, be "public" securities (i.e., securities that require, for their issuance, registration with any state or federal authority). (An "Interest" is defined to mean any shares, membership interests, or partnership interests of Franchise Owner and any other equitable or legal right in any of Franchise Owner's stock, revenues, profits, rights or assets. When referring to Franchise Owner's rights or assets, an "Interest" means this Agreement, Franchise Owner's rights under and interest in this Agreement, any CrunCheese franchise, or the revenues, profits or assets of any CrunCheese franchise.) You and each Principal Owner also represent, warrant, and agree that no Principal Owner's Interest has been given as security for any obligation (i.e., no one has a lien on or security interest in a Principal Owner's Interest), and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with such evidence as we may request from time to time to assure ourselves that the Interests of Franchise Owner and each of your Principal Owners remain as permitted by this Agreement, including a list of all persons or entities owning any Interest, as defined above. If you have transferred your Interests in violation of this Agreement you shall be considered in breach of this Agreement.

##### 14.3 Transfer by Company.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

#### 14.4 No Transfer Without Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, neither this Agreement, nor any part of your interest in it, nor any Interest (as defined in Paragraph 14.2) of Franchise Owner or a Principal Owner, may be transferred (see definition below) without our advance written approval if such transfer will result in the Principal Owner(s) set forth in Exhibit 3 holding less than a seventy-five percent (75%) Interest as a Franchise Owner. Any Transfer that is made without our approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, you, the Franchise, or any other CrunCheese franchise.

As used in this Agreement the term “Transfer” means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, partnership interest or other ownership interest (including the granting of options (such as stock options or any option which give anyone ownership rights now or in the future); (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchise Owner; (3) sale of common stock of Franchise Owner sold pursuant to a private placement or registered public offering; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) Transfer of an Interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his or her immediate family or to your key employees, so long as all Principal Owners together retain a “controlling Interest” (i.e., the minimum ownership percentage listed in Exhibit 3), although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests owned by persons other than the Principal Owners (“minority owners”) may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective twenty-five percent (25%) Interest in Franchise Owner, in which case our advance written approval for the Transfer must be obtained. Your formal partnership, corporation or other formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Paragraph 14.4.

#### 14.5 Conditions for Approval of Transfer.

If you and your Principal Owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of

Section 14. The person or entity to whom you wish to make the Transfer, or its principal owners (“Proposed New Owner”), must be individuals of good moral character and otherwise meet our then-applicable standards for CrunCheese Location franchisees. If you propose to Transfer this Agreement, the Franchise or its assets, or any Interest, or if any of your Principal Owners proposes to Transfer a controlling Interest in you or make a Transfer that is one of a series of Transfers, which taken together, would constitute the Transfer of a controlling Interest in you, then all of the following conditions must be met before or at the time of the Transfer:

(a) the Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Franchise;

(b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;

(c) the Proposed New Owner’s directors and such other personnel as we may designate must have successfully completed our Initial Training program, and shall be legally authorized and have all licenses necessary to perform the services offered by the Franchise. The Proposed New Owner shall be responsible for any wages and compensation owed to, and the travel and living expenses (including all transportation costs, room, board and meals) incurred by, the attendees who attend the Initial Training program;

(d) If required by the Lease, the lessor must have consented to the assignment of the lease of the Premises to the Proposed New Owner;

(e) you (or the Proposed New Owner) must pay us a Transfer fee equal to Five Thousand Dollars (\$5,000.00), and must reimburse us for any reasonable expenses incurred by us in investigating and processing any Proposed New Owner where the Transfer is not consummated for any reason;

(f) you and your Principal Owners and your and their spouses must execute a general release (in a form satisfactory to us) of any and all claims you and/or they may have against us, our affiliates, and our and our affiliates’ respective officers, directors, employees, and agents;

(g) we must approve the material terms and conditions of the proposed Transfer, including without limitation that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchise;

(h) the Franchise and the Premises shall have been placed in an attractive, neat and sanitary condition;

(i) you and your Principal Owners must enter into an agreement with us providing that all obligations of the Proposed New Owner to make installment payments of the purchase price (and any interest on it) to you or your Principal Owners will be subordinate to the obligations of the Proposed New Owner to pay any amounts payable under this Agreement or any new Franchise Agreement that we may require the Proposed New Owner to sign in connection with the Transfer;

(j) you and your Principal Owners must enter into a non-competition agreement wherein you agree not to engage in a competitive business for a period of two (2) years after the Transfer and within twenty-five (25) miles of your Franchise Premises or any other CrunCheese Location franchise location;

(k) the Franchise shall have been determined by us to contain all equipment and fixtures to ensure good working condition, as were required at the initial opening of the Franchise. The Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for a CrunCheese Location franchise, and shall have agreed to pay our expenses for plan preparation or review, and site inspection;

(l) upon receiving our consent for the Transfer or sale of the Franchise, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, or, at our option, shall agree to execute a new Franchise Agreement with us in the designated form. we may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner; and

(m) you must have properly offered us the opportunity to exercise our right of first refusal as described below, and we must have then declined to exercise it.

#### 14.6 Right of First Refusal.

If you or any of your Principal Owners wishes to Transfer any Interest, we will have a right of first refusal to purchase that Interest as follows. The party proposing the Transfer (the “transferor”) must obtain a bona fide, executed written offer (accompanied by a “good faith” earnest money deposit of at least five percent (5%) of the proposed purchase price) from a responsible and fully disclosed purchaser, and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within five (5) days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within fifteen (15) days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer, and will not be obligated to pay any “finder’s” or broker’s fees that are a part of the proposed Transfer. We also will not be required to pay any amount for any claimed value of intangible benefits, for example, possible tax benefits that may result by structuring and/or closing the proposed Transfer in a particular manner or for any consideration payable other than the bona fide purchase price for the Interest proposed to be transferred. CrunCheese may, at our sole and absolute discretion withhold consent to any proposed Transfer if the offer directly or indirectly requires payment of any consideration other than the bona fide purchase price for the Interest proposed to be transferred. CrunCheese’s credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least sixty (60) days to prepare for closing. We will be entitled to all customary representations and warranties given purchasers in connection with such sales. If the proposed Transfer includes assets not related to the operation of the Franchise, we may purchase only the assets related to the operation of the Franchise or may also purchase the other assets. (An equitable purchase price will be allocated to each asset included in the Transfer.)

If we do not exercise our right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, as long as we have approved the Transfer as provided in this Section 14. You must immediately notify us of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after we have approved the Transfer, our approval of the proposed Transfer will expire. Any later proposal to complete that proposed Transfer will be deemed a new offer, giving us a new right of approval and right of first refusal effective as of the day we receive formal notice of the new (or continuing) proposal. We will not exercise a right of first refusal with respect to a proposed Transfer of less than a controlling interest to a member of a Principal Owner's immediate family or to your key employees.

#### 14.7 Death and Disability.

Upon the death or permanent disability of you or a Principal Owner, the executor, administrator, conservator or other personal representative of the deceased or disabled person must Transfer the deceased or disabled person's Interest within a reasonable time, not to exceed forty-five (45) days from the date of death or permanent disability, to a person we have approved. Such Transfers, including without limitation transfers by a will or inheritance, will be subject to all the terms and conditions for assignments and Transfers contained in this Agreement. Failure to dispose of an Interest within the forty-five (45) day period of time will constitute grounds for termination of this Agreement.

#### 14.8 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to this Section 14 will not constitute a waiver of any claims we may have against you or any Principal Owner, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

#### 14.9 Consent Not Unreasonably Delayed.

If all the conditions are met to transfer the Franchise or any interest therein, we will not unreasonably delay granting our consent to the transfer.

### 15. TERMINATION OF THE FRANCHISE

We have the right to terminate this Agreement effective upon delivery of written notice to you, if:

- (a) you do not develop or open the Franchise as provided in this Agreement;
- (b) you abandon, surrender, transfer control of, lose the right to occupy the Premises of, or do not actively operate, the Franchise, or your lease for or purchase of the location of the Franchise is terminated for any reason;

- (c) you or your Principal Owners assign or Transfer this Agreement, any Interest, the Franchise, or assets of the Franchise without complying with the provisions of Section 14;
- (d) you are adjudged a bankrupt, become insolvent or make a general assignment for the benefit of creditors;
- (e) you use, sell, distribute or give away any unauthorized services or products, and do not cease the use, sale, or distribution of unauthorized services or products within ten (10) days after written notice is given to you;
- (f) you no longer have a competent, conscientious, trained staff in numbers sufficient to promptly service customers in accordance with the System Standards;
- (g) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks;
- (h) you are involved in any action that is likely to adversely affect the reputation of the Company, the Franchise, and/or the goodwill associated with the Marks;
- (i) you or any of your employees violate any health or safety law, ordinance or regulation, or operate the Franchise in a manner that presents a health or safety hazard to your customers or the public and fails to cure any such violation within 72 hours after receiving notice thereof;
- (j) you do not pay, when due, any monies owed to us or our affiliates, and do not make such payment within ten (10) days after written notice is given to you;
- (k) you fail to meet the minimum local advertising expenditures required in Section 11.2, and to provide the required proof of your expenditures;
- (l) you or any of your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, standard, or operating procedure or you fail to make changes required to comply with applicable state or federal laws within twenty (20) days after written notice of such failure to comply is given to you;
- (m) you fail to procure or maintain any and all insurance coverage that we require, or otherwise fail to name us as an additional insured on any insurance policies or fail to correct this issue within ten (10) days after written notice is given to you;
- (n) you or any of your Principal Owners fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due any financial statements, reports or other data, information, or supporting records; pay when due any amounts due under this Agreement; or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you or your Principal Owners;
- (p) you fail to remove any objectionable content posted on a social media website within 12 hours after we request you to remove it pursuant to 11.2;
- (q) you fail to comply with the reporting or record keeping requirements of this Agreement, and/or the under-reporting of Gross Revenue by two percent (2%) or more;
- (r) you fail to use any of the Marks correctly and fails to correct the misuse within ten (10) days after notification from us, or such earlier period as we reasonably directs;
- (s) you, any of your Principal Owner, or any other person under you or Principal Owner's control intentionally or negligently discloses to any unauthorized person, or copies or reproduces, the contents of or any part of our Operations Manual, any customer lists and data or any other trade secrets or confidential information of Company;
- (t) you fail to pay any federal, state, and local taxes in accordance with the provision of section 10.6;



- (u) you or any of your Principal Owner have made any material misrepresentation or omission in connection with your application for and purchase of the franchise; or
- (v) any other Franchise Agreement or other agreements now or hereafter in effect between us and you or any of your affiliates is terminated due to a breach by you or your affiliate.

Moreover, if, in the opinion of our legal counsel, any provision of this Agreement is contrary to law, then you and we agree to negotiate in good faith an amendment that would make this Agreement conform to the applicable legal requirements. If all parties are unable to come to an agreement, or if any changes are fundamental changes to this Agreement, we will be allowed and required to make changes that conform to the legal requirements. we reserve the right to terminate this Agreement upon notice to you, in which case all of the post-termination obligations set forth in Section 16 shall apply.

In the event of termination of this Agreement, under this Section or other applicable provisions of this Agreement, we will be entitled, in those states in which such termination fees are enforceable, to compel Franchisee to pay CrunCheese:

(a) Within seven (7) days such Royalty Fees and other charges due hereunder and are unpaid or to pay immediately upon demand those that become due as a result of any audit that may be conducted by CrunCheese.

(b) In the event this Agreement is terminated prior to the end of its Term due to Franchisee's default hereunder, in addition to the amounts set forth above, Franchisee shall promptly pay to CrunCheese a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to:

- (i) the average monthly Royalty Fees, Marketing Fund contributions and advertising contributions payable by Franchisee under this Agreement hereof over the 12 month period immediately preceding the date of termination, or, if Franchisee failed to report Gross Revenues for any month during such 12 month period, the most recent 12 months for which Franchisee has reported Gross Revenues, (or such shorter time period if the Restaurant has been open less than 12 months);
- (ii) multiplied by the lesser of 36 or the number of months then remaining in the then-current Term of this Agreement.

Franchisee acknowledges that a precise calculation of the full extent of the damages CrunCheese will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages for premature termination which CrunCheese will incur. This lump sum payment will be in lieu of any damages CrunCheese may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided in this section above and any attorneys' fees and other costs and expenses to which CrunCheese is entitled under the terms of this Agreement. Franchisee's payment of this lump sum shall not affect CrunCheese's right to obtain appropriate injunctive relief and remedies to enforce this section and the restrictive covenants set forth in Sections 9 hereof.

**16. RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE**

#### 16.1. Payment of Amounts Owed to Company

You agree to pay us within five (5) days after the effective date of termination or expiration of the Franchise, or any later date that amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

#### 16.2. Marks

You agree that after the termination or expiration of the Franchise you will:

- (a) not directly or indirectly at any time identify any business with which you are associated as a current or former CrunCheese franchise or franchisee;
- (b) not use any Mark or any colorable imitation of any Mark, in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;
- (c) return to us or destroy (whichever we specify) all customer lists, forms and materials containing any Mark or otherwise relating to a CrunCheese franchise;
- (d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms; and
- (e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

#### 16.3. De-Identification

If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a CrunCheese franchise, including any signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

#### 16.4. Confidential Information

You agree that on termination or expiration of the Franchise, you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any written Confidential Information or other confidential materials that we have loaned or provided to you.

#### 16.5. CrunCheese Software

You agree that on termination or expiration of the Franchise, you will immediately cease to use any and all CrunCheese Software and will uninstall it from all computer systems owned by the Franchise.

#### 16.6. Company's Option to Purchase the Franchise

Upon the termination or expiration of the Franchise, we will have the option, but not the obligation, to be exercised for up to thirty (30) days upon written notice to you, to purchase at fair market value all of the assets of the Franchise, including all approved equipment, fixtures, furniture and signs and all supplies, materials, and other items imprinted with any Mark, and to take an assignment of the lease for the Premises and any other lease or concession agreement necessary for the operation of the Franchise. If all parties cannot agree on the fair market value of the assets of the Franchise within a reasonable time, such value shall be determined by an average of the appraisals of two (2) independent appraisers, one of whom will be selected by you and one of whom will be selected by us. If the appraisals differ by more than ten percent (10%), then all parties will mutually agree on a value, or if all parties cannot agree, our appraisers will select a third appraiser whose determination of market value will be final. We shall not assume any liabilities, debts or obligations of the Franchise in connection with any such transfer, and you will indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Franchise. All parties will comply with all applicable laws in connection with any such transfer, and you agree to cooperate and comply with all said requirements.

The closing shall occur within thirty (30) days after we exercise the option to purchase the assets or such later date as may be necessary to comply with applicable bulk sales or similar laws. At the closing, all parties agree to execute and deliver all documents necessary to vest title in the purchased assets and/or real property in us free and clear of all liens and encumbrances, except those assumed by us and/or to effectuate the lease of the Franchise Premises. You also agree to provide us with all necessary information to close said transaction. We reserve the right to assign this option to purchase the Franchise or designate a substitute purchaser for the Franchise. By signing this Agreement, you irrevocably appoint us as your lawful attorney-in-fact with respect to the matters contemplated by this Paragraph 16.6, with full power and authority to execute and deliver in your name all documents required to be provided by you under this Paragraph, in the event you do not provide them in a timely and proper manner. You also agree to ratify and confirm all of our acts as your lawful attorney-in-fact, and indemnify and hold us harmless from all claims, liabilities, losses or damages suffered by us in so doing.

Once we give notice that we will purchase the Franchise assets, we will have the right to immediately take over the operations of the Franchise. From the date we take over the Franchise to the date of closing of the purchase of the Franchise assets, we will be entitled to use any gross revenues of the Franchise to operate the Franchise, and to retain a management fee up to ten percent (10%) of the balance of such gross revenues after operating expenses are paid, plus any additional costs and expenses incurred.

#### 16.7. Continuing Obligations

All obligations of this Agreement (whether yours or ours) that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect thereafter, notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

## 16.8. Management of the Franchise

In the event that we are entitled to terminate this Agreement in accordance with Section 15 above or any other provision of this Agreement, and in addition to any other rights or remedies available to us in the event of such termination, we may, but need not, assume the Franchise's management. All gross revenues from the Franchise's operation while we assume its management will be kept in a separate account, and all of the Franchise's expenses will be charged to this account. We may charge you (in addition to the Royalty Fee and Advertising Fee contributions due under this Agreement) a reasonable management fee in an amount that we may specify, equal to up to ten percent (10%) of the Franchise's gross revenues, plus our direct out-of-pocket costs and expenses, if we assume management of the Franchise under this Paragraph. We have a duty to utilize only our reasonable efforts in managing the Franchise, and will not be liable to you for any debts, losses, or obligations the Franchise incurs, or to any of your creditors for any products or services the Franchise purchases, while we manage it pursuant to this Paragraph.

## 17. ENFORCEMENT

### 17.1. Invalid Provisions; Substitution of Valid Provisions

To the extent that the non-competition provisions of Sections 9.3 and 14.5 are deemed unenforceable because of their scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provisions will be deemed modified or limited to the extent or manner necessary to allow those particular provisions to be valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that such provisions under the applicable laws of the forum in that we are seeking to enforce such provisions.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard, or operating procedure prescribed invalid or unenforceable, then the advance notice and/or other action required or revision of the specification, standard, or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provisions enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

### 17.2 Unilateral Waiver of Obligations

Either party may by written instrument unilaterally waive or reduce any obligation or restriction of the other under this Agreement. Any such waiver granted shall be without prejudice to any other rights the waiving party may have, will be subject to continuing review by such party and may be revoked, in such party's sole discretion, at any time and for any reason, effective upon delivery to the other party of ten (10) days' prior written notice. Either party shall not be deemed to have waived any right reserved by this Agreement or be deemed to have modified this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by you or us to exercise any right under this Agreement or to insist upon exact

compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to our affiliates; or the acceptance by us of any payments due from you after any breach of this Agreement.

#### 17.3 Written Consents from Company.

Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request. Our approval or consent will not be valid unless it is in writing.

#### 17.4 Lien.

To secure your performance under this Agreement and indebtedness for all sums due us or our affiliates, we shall have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Franchise, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of the Franchise now existing or subsequently arising, together with all interest in the Franchise, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Franchise, now existing or subsequently arising; and (d) all general intangibles of you and/or the Franchise, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary to establish and maintain a valid security interest in these assets.

#### 17.5 No Guarantees

If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of the above, then we will not be deemed to have made any warranties or guarantees upon which you may rely, and will not assume any liability or obligation to you.

#### 17.6 No Waiver

If at any time we do not exercise a right or power available under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice that is at variance with the terms of this Agreement, then we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement, or of any similar term in any other agreement between us and any other CrunCheese franchisee will not affect our rights with respect to any later breach. It will not be deemed to be a waiver of any breach of this Agreement for us to accept payments that are due to us under this Agreement.

#### 17.7 Cumulative Remedies

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either you or us from exercising any other rights or remedies provided under this Agreement, or permitted by law or equity.

#### 17.8 Specific Performance; Injunctive Relief.

Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance to (1) enforce the provisions of this Agreement relating to your use of the Marks and non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance, or regulation; constitutes a danger to the public; or may impair the goodwill associated with the Marks or CrunCheese franchises; or (3) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, then you shall pay us an amount equal to the total of our costs to obtain it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages incurred as a result of the breach of any such provision. You further agree to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly.

#### 17.9 Arbitration.

Except insofar as we elect to enforce this Agreement or to seek temporary or permanent injunctive relief as provided above, all controversies, disputes or claims arising between us, our affiliates, and our and their respective owners, officers, directors, agents, and employees (in their representative capacity) and you (and your Principal Owners and guarantors) arising out of or related to: (1) this Agreement, any provision thereof, or any related agreement (except for any lease or sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchise, shall be submitted for arbitration to be administered by the office of the American Arbitration Association. Such arbitration proceedings shall be conducted in Clark County, Nevada, and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award, or include in any award, all relief that is deemed proper given the circumstances, including without limitation, money damages (with interest for any unpaid amounts provided in a judgment), specific performance, injunctive relief, attorneys' fees, and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this agreement, and judgment on the award may be entered in any court of competent jurisdiction, and each such party waives any right to contest the validity or enforceability of the award. The provisions of this Paragraph are intended to benefit and limit third-party non-signatories, and will continue in full force and effect subsequent to, and notwithstanding expiration or termination of, this Agreement. All parties agree that any such arbitration shall be conducted on an individual, not a class-wide basis, and shall not be consolidated with any other arbitration proceeding.

#### 17.10 Waiver of Punitive Damages and Jury Trial; Limitations of Actions

Except with respect to your obligations to indemnify us and claims that we may bring under Sections 7, 9, 15, or 16 of this Agreement, and except for claims arising from any non-payment or underpayment of any amounts owed to us or our affiliates. Moreover, Franchisee agrees:

(1) that any and all claims arising out of or related to this Agreement or the relationship between you and us shall be barred, by express agreement of the parties, unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues; and

(2) parties hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other, and agree that, except to the extent provided to the contrary in this Agreement, in the event of a dispute between you and us, each party will be limited to the recovery of any actual damages sustained. You and we irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either you or us.

#### 17.11 Governing Law/Consent To Jurisdiction

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) and except that all issues relating to arbitration or the enforcement or interpretation of the agreement to arbitrate as set forth in Section 17.9, which will be governed by the United States Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law relating to arbitration, this Agreement and the Franchise will be governed by the internal laws of the State of Nevada (without reference to its choice of law and conflict of law rules), except that the provisions of any Nevada law relating to the offer and sale of business opportunities or franchises or governing the relationship of a franchisor and its franchisees will not apply unless their jurisdictional requirements are met independently without reference to this Paragraph. You agree that we may institute any action against you arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or as to which arbitration is waived) in any state or federal court of general jurisdiction in Clark County, Nevada, and you irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

#### 17.12 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and, subject to the Transfers provisions contained in this Agreement, will be binding on your successors and assigns, and if you are an individual, on and to your heirs, executors, and administrators.

#### 17.13 No Liability to Others; No Other Beneficiaries

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity that is not a party to this Agreement, and no other party shall have any rights arise from the existence of this Agreement.

#### 17.4 Construction

All headings in the various Sections and Paragraphs contained in this Agreement are for convenience only, and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by you or your Principal Owners, or any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

#### 17.15 Joint and Several Liability

If two (2) or more persons are the Franchise Owner under this Agreement, their obligation and liability to us shall be joint and several.

#### 17.16 Multiple Originals.

This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties hereto. This Agreement, once executed by a party, may be delivered to the other parties hereto by facsimile transmission or other electronic means of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

#### 17.17 Timing Is of The Essence.

Time is of the essence of this Agreement. “Time is of the essence” is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

#### 17.18 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

#### 17.19 Force Majeure.

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by or caused by circumstances beyond its reasonable control, including without limiting the generality of the foregoing, act or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections, pandemic (as defined by the Centers of disease Control and Prevention), or acts of God. Such non-performance or delay in performance will not be deemed a breach of this Agreement, provided such party uses its reasonable best efforts



to perform such obligations within 30 days, or as soon as is reasonably possible under the circumstances, subject to the discretion and approval of Franchisor; provided, however, that if the breaching party believes that performance is still not possible after the thirty (30)-day period has expired, such party bears the burden of demonstrating why performance should continue to be excused. Notwithstanding the foregoing, the provisions of this Section shall not result in any delay in the payment of any amounts due in any provision of this agreement.

#### 18. NOTICES AND PAYMENTS

All written notices, reports and payments permitted or required under this Agreement or by the Operations Manual will be deemed delivered:

- (a) at the time delivered by hand;
- (b) one (1) business day after transmission by telecopy, facsimile or other electronic system;
- (c) one (1) business day after being placed in the hands of a reputable commercial courier service for next business day delivery; or
- (d) three (3) business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party.

Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before it is due) will be deemed delinquent.

#### 19. INDEPENDENT PROFESSIONAL JUDGMENT OF YOU AND YOUR GENERAL MANAGER

All parties acknowledge and agree that the specifications, standards and operating procedures related to the services offered by the Franchise are not intended to limit or replace your or your General Manager's (if any) professional judgment in supervising and performing the services offered by your Franchise. The specifications, standards, and operating procedures represent only the minimum standards, and you and your General Manager (if any) are solely responsible for ensuring that the Franchise performs services in accordance with all applicable requirements and standards of care. Nothing in this Agreement shall obligate you or your General Manager (if any) to perform any act that is contrary to your or your General Manager's (if any) professional judgment; provided, however, that you must notify us immediately upon your determination that any specification, standard or operating procedure is contrary to your or your General Manager's (if any) professional judgment.

#### 20. ENTIRE AGREEMENT

This Agreement, together with the introduction and exhibits attached hereto, constitutes the entire agreement between all parties, and there are no other oral or written understandings or agreements between all parties concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us, except that we may modify the Operations Manual at any time as provided herein. However, nothing in this Agreement or any

addendum shall have the effect of disclaiming any of the representations made in the Franchise Disclosure Document or any of its exhibits.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the Agreement Date.

**COMPANY:** MHDGA, LLC, a Nevada Limited Liability Company

By: \_\_\_\_\_  
Name: Leon Wu  
Title: Director

**FRANCHISE OWNER:** \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT 1  
TO CRUNCHEESE FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT EXPIRATION DATE &  
PROJECTED FRANCHISING OPENING SCHEDULE**

1-1 **Expiration Date.** Unless sooner terminated in accordance with the provisions of this Agreement, this Agreement will expire on \_\_\_\_\_ .

1-2 **Franchising Opening Schedule.** In signing the foregoing Agreement to which this Exhibit 1 is attached, you acknowledge that:

1. You have purchased the Franchise to which the Agreement corresponds as a CrunCheese Location Franchise. You will establish this Franchise as a Start-up Location.

2. You must open the Franchise mentioned above within a certain time period specified by us, the length of which depends upon the number of Franchises you have purchased and the number of these Franchises that you have developed and opened for business before developing and opening the Franchise to which the Agreement corresponds.

3. You must open the Franchise to which this Agreement corresponds within the following time period (the “Opening Deadline”), subject to the requirements of Paragraphs 3.3 and 3.6, and any other applicable provision of the Agreement:

**1-3 MAP OR DESCRIPTION OF DESIGNATED AREA**

**Description of Designated Area**

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**EXHIBIT 2**  
**TO CRUNCHEESE FRANCHISE AGREEMENT**

**OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Franchise Agreement, dated as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Agreement"), by and between MHDGA, LLC ("us") and \_\_\_\_\_ (the "Franchise Owner"), each of the undersigned owners of the Franchise Owner and their respective spouses ("you," for purposes of this Guaranty only), hereby personally and unconditionally agree to perform and keep during the terms of the Agreement, each and every covenant, obligation, payment, agreement, and undertaking on the part of Franchise Owner contained and set forth in the Agreement. Each of you agree that all provisions of the Agreement relating to the obligations of Franchise Owners, including, without limitation, the covenants of confidentiality and non-competition and other covenants set forth in the Agreement, shall be binding on you.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchise Owner or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchise Owner which you may have arising out of your guaranty of the Franchise Owner's obligations; and (4) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchise Owner has any obligations under the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you agree to reimburse us for any of the above-listed costs and expenses incurred by us. To the extent not prohibited by law, each of you consents that venue of any legal proceedings or arbitration proceedings related to the collection of the Guaranty shall be in Clark County, Nevada.

Each of you acknowledges and agrees that CrunCheese has not made any representations or warranties with respect to, does not assume any responsibility to any of the undersigned for, and has no duty to provide information to any of the undersigned regarding the collectability or enforceability of any of the Obligations or the financial condition of Franchise Owner or you. Each of you has independently determined the credit worthiness of Franchise Owner and the collectability and enforceability of the Obligations, and until the Obligations are paid in full, each of you will independently and without reliance on the Franchisor continue to make such determinations.

This Guaranty shall remain in full force and effect so long as the Agreement is in effect, and thereafter so long as any Obligations remain in effect and not satisfied.

The validity, construction and enforcement of this Owner’s Guaranty and Assumption of Obligations are governed by the Law of Nevada. All terms not otherwise defined have the meanings assigned to them by Nevada’s Uniform Commercial Code. The invalidity of any provision of this Guaranty shall not affect the validity of any other provision.

The Owner’s Guaranty and Assumption of Obligation may not be modified or amended except in writing signed by us and the Franchise Owner to be bound by such modification of amendment.

IN WITNESS WHEREOF, the Franchise Owner has signed this Owner’s Guaranty and Assumption of Obligation as of the date of the Franchise Agreement.

Franchise Owner:

\_\_\_\_\_

State of )  
 ) SS  
County of )

On the \_\_\_\_\_ day of \_\_\_\_\_, before me personally came \_\_\_\_\_, to me known to be the individual described in and who executed the foregoing guaranty, and he/she acknowledged that he/she executed the same.

(Notary Stamp)

\_\_\_\_\_  
Notary Public

**EXHIBIT 3  
TO CRUNCHEESE FRANCHISE AGREEMENT**

**OWNERSHIP INTERESTS IN FRANCHISE OWNER**

4-1. Full name and address of the owners of, and a description of the type of, all currently held Interests and/or voting power in Franchise Owner:

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4-2. Minimum individual and aggregate Principal Owner ownership percentage required at all times during the term of this Agreement:

4-2.1 During the term of this Agreement, the Principal Owners together must have a “controlling interest” of no less than seventy-five percent (75%) of the equity, voting control and profits in the Franchise Owner.

4-2.2 Unless otherwise permitted, the required minimum “ownership interest” of each Principal Owner during the term of this Agreement is:

<b><u>Name</u></b>	<b><u>Ownership Percentage</u></b>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

**EXHIBIT 4  
TO CRUNCHEESE FRANCHISE AGREEMENT**

**CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT**

As an inducement to MHDGA, LLC (“CrunCheese”, “us”, or “our ” or “we ”) to execute and deliver the Franchise Agreement between us and [FRANCHISEE] (the “Franchisee”) and [EFFECTIVE DATE]\_\_\_\_\_, 20\_\_\_ (the “Franchise Agreement”), the undersigned (“you” or “your”), each having an ownership interest in the Franchise Agreement or the Franchisee, agree as follows:

1. **Definitions.** Capitalized terms used but not defined in this Agreement shall have the same meaning ascribed to them in the Franchise Agreement. The terms set forth below shall have the following meanings:

(a) **Affiliate.** The term “Affiliate” means, with respect to any Person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such Person, and includes any subsidiaries or other business entities that are beneficially owned by such Person or its affiliates.

(b) **Agreement.** The term “Agreement” means this Confidentiality, Nonsolicitation and Noncompetition Agreement.

(c) **Competitive Business.** The term “Competitive Business” means a quick service restaurant that sells or offers hot dog, corn dog, and/or Korean style hot dog and food that separately or in the aggregate would constitute 30% or more of that businesses monthly gross revenue (less beverage sales) at one or more retail location(s).

(d) **Confidential Information.** The term “Confidential Information” includes the System, including but not limited to, a program of accounting, identification schemes, specifications, standards, management systems, recipes, menus, techniques, financial information and business operations as well as the contents of the Manuals provided by us to the Franchisee and/or any Franchise Principal for operation of the Restaurant as well as any other information described in Section 16 of the Franchise Agreement as constituting “Confidential Information”.

(e) **Person.** The term “Person” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other business entity or enterprise or any natural person.

**OPERATIVE TERMS:**

You and we agree as follows:

1. **Confidentiality.** You will: (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of your ownership in, or employment by us; (c) not make

unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **In-Term Competitive Restrictions.** During the time that you are one of our Franchisees and/ or Franchise Principals, unless we otherwise permit in writing, you agree that you will not, directly or indirectly (e.g., through a spouse or child):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any Competitive Business, wherever located;

(b) act as a landlord, guarantor or lender to a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(c) recruit or hire any of our employees or employees of our Affiliates, or any of our franchisees, without obtaining the prior written permission of that person's employer; or

(d) divert or attempt to divert any business or customer from CrunCheese restaurants to any Competitive Business, or otherwise take any action injurious or prejudicial to the goodwill associated with the System.

In the event of a violation of Section 2(c), we will have the right to require you to pay to us, our Affiliate or the affected franchisee, and you agree to pay an amount equal to three (3) times the annual salary of the person involved in such violation, plus an amount equal to our cost and mutual attorneys' fees incurred in connection with such a violation. Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

3. **Post-Term Competitive Restrictions.** For a period of two (2) years following the date that you cease to be one of our Franchisees and/or Franchise Principals, you agree that you will not, directly or indirectly (e.g., through a spouse or child):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in a Competitive Business located or operating: (i) within twenty-five (25) miles of the Restaurant; or (ii) within twenty-five (25) miles of any CrunCheese restaurant, whether owned by us, our Affiliates, or any of our franchisees in operation or under construction on the date you cease to be one of our Franchisees and/or Franchise Principals;

(b) act as a landlord, guarantor, lender or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business located or operating: (i) within twenty-five (25) miles of the Restaurant; or (ii) within twenty-five (25) miles of any CrunCheese restaurant, whether owned by us, our Affiliates, or any of our franchisees in operation or under construction on the date you cease to be one of our owners or employees;

(c) recruit or hire any employee of ours, or our Affiliates, or any of our franchisees, without obtaining the prior written permission of that person's employer; or



(d) divert or attempt to divert any business or customer from CrunCheese restaurants to any Competitive Business, or otherwise take any action injurious or prejudicial to the goodwill associated with the System.

In the event of a violation of Section 3(c), we will have the right to require you to pay to us, our Affiliate or the affected franchisee, and you agree to pay an amount equal to three (3) times the annual salary of the person involved in such violation, plus an amount equal to our cost and mutual attorneys' fees incurred in connection with such a violation. Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

4. **Acknowledgment.** You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants contained in this Agreement will not deprive you of your personal goodwill or ability to earn a living.

5. **Severability and Substitution.** To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, length of time or remedy, but may be made enforceable by reduction, adjustment, or modification of any or all thereof, you and we agree that this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such reduced or modified provision will be enforced to the fullest extent.

6. **Acquisition.** You agree that the confidentiality and competitive undertakings and restrictions survive any change in our ownership, any merger or consolidation, any sale of our assets, and any assignment or transfer of this Agreement.

7. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your Affiliates, successors, or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

8. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

9. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

10. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us, and that no monetary award can fully compensate us if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction

restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us at equity or law.

11. **Miscellaneous.**

(a) **Complete Agreement.** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment.** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative.** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Governing Law and Forum.** This Agreement is governed by Nevada law without regard to conflict of laws principles. The parties agree that any state court of general jurisdiction sitting in the county and state where we then maintain our principal place of business at the time an action is commenced or United States District Court for the county and state where we then maintain our principal place of business at the time the action is commenced shall be the exclusive venue and the forum in which to adjudicate any case or controversy pertaining to this Agreement. The exclusive choice of jurisdiction does not preclude the bringing of any action by any party for the enforcement of any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction. The provisions of the Franchise Agreement, to the extent they are not inconsistent with the express provisions of this Agreement, are affirmed, ratified and incorporated herein by reference.

(e) **Third-Party Beneficiary.** The parties understand and acknowledge that the Franchisor's Affiliates and the Franchisee and Franchise Principals are third-party beneficiaries of the terms of this Agreement and, at their option, may enforce the provisions of this Agreement with you. Your obligations under this Agreement will continue for the benefit of our successors and assigns.

(f) **Background Information.** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

**MHDGA, LLC,**  
a Nevada Limited Liability Company

By: \_\_\_\_\_  
Name: Leon Wu  
Its: Director

[FRANCHISE ENTITY]:

\_\_\_\_\_,  
A \_\_\_\_\_ (Business Entity)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

[INDIVIDUAL FRANCHISE NAME]

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

**EXHIBIT 5  
TO CRUNCHEESE FRANCHISE AGREEMENT**

**INTERNET ADVERTISING, SOCIAL MEDIA AND**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by and between MHDGA, LLC, a Nevada Limited Liability Company (the “Franchisor”), and \_\_\_\_\_, a (state) \_\_\_\_\_ Limited Liability Company/ Corporation (the “Franchisee”).

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a CrunCheese Korean Hot Dog business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the CrunCheese Korean Hot Dog brand.

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

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

1. **Definitions**

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

2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Websites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain

telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

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

2.4.1 Direct the Internet companies to transfer all Franchisee's interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

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

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

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

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

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

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

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

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

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

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California, without regard to the application of Nevada conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

**FRANCHISOR: MHDGA, LLC**

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

\_\_\_\_\_  
(Print Name, Title)

**FRANCHISEE: (Name)** \_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

**PRINCIPLE: (Name)** \_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

**EXHIBIT 6  
TO CRUNCHEESE FRANCHISE AGREEMENT**

**AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS**

The depositor authorizes and requests \_\_\_\_\_ (the “financial institution”) below to debit such account pursuant to MHDGA, LLC’s instruction.

The depositor authorizes MHDGA, LLC to initiate electronic debit and/or credit correction entries to undersigned checking or savings account indicated below, within seven business days, or as soon as administratively possible.

The depositor will be responsible for defaults, which result from incomplete or erroneous account information when written verification is not submitted and certified by bank personnel.

Financial Institution’s name: \_\_\_\_\_

Financial Institution’s address: \_\_\_\_\_

Account Number at Financial Institution: \_\_\_\_\_

Financial Institution Routing Number (ABA #): \_\_\_\_\_

This authority is to remain in full force and effect until MHDGA, LLC has received written authorization from the undersigned depositor of its termination in such time and manner as to afford MHDGA, LLC and Depository a reasonable opportunity to act on it.

For CrunCheese Location: \_\_\_\_\_

**DEPOSITOR:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

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

**PLEASE ATTACH ONE VOIDED BLANK CHECK FOR PURPOSES OF  
SETTING UP BANK AND TRANSIT NUMBERS.**



**Exhibit C to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**OPERATIONS MANUAL**

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#### **7. Knife Safety**

#### **8. Infestations**

- 8.1. Rodent Infestation
  - 8.1.1. Rodent Droppings
  - 8.1.2. Signs of Rodent "Feeding Stations"
  - 8.1.3. Evidence of Gnawing
  - 8.1.4. Odd, Stale Smell
  - 8.1.5. Seeing a Rodent in the Restaurant
- 8.2. Abatement
  - 8.2.1. The Three Rs of Pest Control

- 8.2.2. Removing Sources of Food and Water
- 8.3. Insect Infestation
  - 8.3.1. Common Signs of Infestation
  - 8.3.2. Insect Abatement

## **Chapter 6: Restaurant Administration**

### **1. Key Performance Indicators and Profitability**

- 1.1. Sales
  - 1.1.1. Guest Count
  - 1.1.2. Average Check
- 1.2. Food and Beverage Sales
- 1.3. Beer and Wine Sales (If Applicable)
- 1.4. Costs
  - 1.4.1. Labor Costs
    - 1.4.1.1. Strategies for Managing Labor
    - 1.4.1.2. Scheduling Within Your Budget
- 1.5. Food Costs
  - 1.5.1. Actual Food Cost
  - 1.5.2. Potential Food Costs
  - 1.5.3. Standard Food Costs
  - 1.5.4. How They Relate
  - 1.5.5. Other Food Cost Considerations
- 1.6. Six Steps to Controlling Food and Liquor Costs
  - 1.6.1 Cause and Ways to Prevent Loss

### **2. Managing the Numbers**

- 2.1. POS Reports
  - 2.1.1. Daily
  - 2.1.2. Weekly
  - 2.1.3. Monthly

### **3. Inventory Management**

- 3.1. FIFO
- 3.2. The Importance of Inventory Control
- 3.3. Merchandise/Beverage Inventory
- 3.4. Ordering
- 3.5. Inventory Control

### **4. Risk Management**

- 4.1. Crime
  - 4.1.1 Handling of Burglary, Theft and Assaults
- 4.2. Internal Theft
- 4.3. Cash on Hand
  - 4.3.1. Cash Drawers
  - 4.3.2. Safe
- 4.4. Locked Doors
- 4.5. Cameras and Digital Video Recorders (DVR)
- 4.6. General Safety

- 4.6.1. Spills and Water
- 4.6.2. Working with Equipment
- 4.6.3. Lifting
- 4.7. Emergencies – Restaurant Closings
  - 4.7.1. Fire, Flood and Earthquake Safety
  - 4.7.2. Severe Weather
  - 4.7.3. Evacuation
  - 4.7.4. Armed Robbery
  - 4.7.5. Workplace Violence
- 4.8. Emergencies – Remain Open
  - 4.8.1. Power Outage
  - 4.8.2. Water Loss
- 4.9. Emergency Care
- 4.10. Crisis Management
  - 4.10.1. Defining a Crisis
  - 4.10.2. Crisis Communication
  - 4.10.3. First Responders
- 4.11. Spokesperson
- 4.12. Member Liaison
- 4.13. Documentation Specialist
- 4.14. Dealing with the Press
  - 4.14.1. Who May Talk to the Public
  - 4.14.2. What Not to Say

**Exhibit D to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**CONFIDENTIALITY AGREEMENT FOR DISCLOSURE OF MANUALS**



**MHDGA, LLC**  
**CONFIDENTIALITY AGREEMENT FOR DISCLOSURE OF MANUALS**

In consideration of the willingness of MHDGA, LLC and its affiliates (hereinafter collectively referred to as "CrunCheese") to permit me to review CrunCheese Confidential Manuals ("Manuals") before entering into a Franchise Agreement, the person(s) signing below ("Prospective Franchisee") agree, individually and as owner(s), officer(s), director(s), manager(s) or partner(s) of any corporation, limited liability company or partnership that may enter into an agreement with CrunCheese, as follows:

1. **Definition.** As used in this Agreement, the term "Confidential Information" means all information contained in the Manuals and all other information whether or not in written form or designated as confidential relating to CrunCheese disclosed Prospective Franchisee except: information which is now or hereafter becomes generally known (other than by unauthorized disclosure, whether deliberate or inadvertent by Prospective Franchisee or by any other person, firm or corporation with which Prospective Franchisee is affiliated); information which was in Prospective Franchisee's possession prior to Prospective Franchisee's receipt of the Manuals; and information which comes into Prospective Franchisee's possession after the date of this Agreement from a source not under an obligation of secrecy to CrunCheese.

2. **Non-Use and Non-Disclosure.** Prospective Franchisee may use the Confidential Information solely for purposes of evaluating whether or not to pursue a franchise relationship with CrunCheese. Except as expressly authorized by CrunCheese in writing, Prospective Franchisee agrees to maintain all Confidential Information in strict confidence and not to use, or permit others to use, Confidential Information for any purpose other than evaluation of a possible franchise relationship. Prospective Franchisee shall not disclose any Confidential Information to anyone other than Prospective Franchisee's employees, and/or third parties authorized by CrunCheese to receive Confidential information, each of whom: (a) has a reasonable need to know such Confidential Information; (b) has been advised of the confidential nature of the Confidential Information; and (c) if requested by CrunCheese, has signed an agreement, in a form satisfactory to CrunCheese, obligating the employee or third party to comply with all the provisions of this Agreement.

3. **Restrictions on Copying.** Prospective Franchisee shall not make any copies of any Confidential Information. Prospective Franchisee agrees not to remove, overprint, or deface any notice of copyright, trademark, logo, or other notices of ownership from any of the Confidential Information.

4. **Obligations Upon Termination.** If Prospective Franchisee does not enter into a franchise relationship with CrunCheese, Prospective Franchisee shall: (a) immediately cease to use the Confidential Information; (b) immediately return to CrunCheese the Confidential Information and all copies thereof (whether or not such copies were authorized) and cause any third party to whom disclosure was made to do the same; and (c) at the request of CrunCheese, immediately certify in writing that Prospective Franchisee has complied with subsections (a) and (b) above.

5. **Ownership of Materials.** Prospective Franchisee acknowledges that all Confidential Information, and all copies thereof (whether or not such copies were authorized), shall remain the exclusive property CrunCheese and/or its affiliates. Prospective Franchisee shall not acquire any rights in or to such materials pursuant to this Agreement.

6. **Term of Obligation.** If Prospective Franchisee does not enter into a franchise relationship with CrunCheese, Prospective Franchisee's obligations of non-use and non-disclosure with respect to particular items of Confidential Information will remain in effect for so long as Prospective Franchisee possesses, in any manner or form, Confidential Information.

7. **Notice of Loss of Confidentiality.** Prospective Franchisee shall immediately notify CrunCheese of any information that comes to its attention which indicates that there has been or may be a loss of confidentiality of any of the Confidential Information or breach of this Agreement.

8. **Governing Law and Jurisdiction.** This Agreement and any claim or controversy arising out of or relating to this Agreement or rights and obligations of the parties under this Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to conflicts of laws principles. If any provision of this Agreement is deemed invalid, unreasonable or unenforceable by a court of competent jurisdiction, then the remaining provisions will not be affected, and the invalid provision may be enforced to the extent deemed reasonable by the court. Any claim that either party may have against the other which is not related to this Agreement will be a separate matter and will not be a defense against enforcement of this Agreement or justify any violation of this Agreement. The parties agree that, to the extent any disputes cannot be resolved directly between them, Prospective Franchisee shall file suit against CrunCheese only in the federal or state court having jurisdiction where CrunCheese principal offices are located at the time suit is filed. CrunCheese may file suit in the federal or state court located in the jurisdiction where its principal offices are located at the time suit is filed or in the jurisdiction where Prospective Franchisee resides or does business or where the claim arose. Prospective Franchisee consents to the personal jurisdiction of those courts over Prospective Franchisee and to venue in those courts.

9. **Injunctive Relief.** Prospective Franchisee acknowledges and agrees that: (a) a breach of this Agreement by Prospective Franchisee, its employees or third parties to whom Prospective Franchisee has disclosed the Confidential Information would result in irreparable harm to CrunCheese, the extent of which would be difficult to ascertain; (b) monetary damages would be an inadequate remedy for such a breach; and (c) CrunCheese shall be entitled to specific performance and injunctive or other equitable relief as a court may deem appropriate in the event of such a breach without posting a bond or other security.

10. **Indemnification and Attorneys' Fees.** Prospective Franchisee agrees to indemnify, defend and hold harmless CrunCheese and its subsidiaries, affiliates, successors and assigns and their past and present directors, officers, employees, agents and representatives from any and all claims, demands and damages (including reasonable attorneys' fees) incurred in connection with or resulting from any breach of any obligation under this Agreement by Prospective Franchisee or Prospective Franchisee's employees or agents. If CrunCheese institutes any proceedings to enforce its rights, or the obligations of Prospective Franchisee, under this Agreement, the prevailing party in such proceeding shall be entitled to recover its reasonable costs and expenses (including, reasonable attorneys' fees and expenses) incurred in connection with any such proceeding.

*[Remainder Continues Onto Next Page]*

11. **Benefit of Agreement.** Prospective Franchisee agrees and acknowledges that CrunCheese and its affiliates shall be the beneficiary of Prospective Franchisee's obligations under this Agreement and CrunCheese and its affiliates shall be entitled to all rights and remedies conferred upon CrunCheese hereunder.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title

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

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

**Exhibit E to MHDGA, LLC  
CrunCheese Franchise Disclosure Document  
CONFIDENTIALITY AGREEMENT - EMPLOYEE**

## CONFIDENTIALITY AGREEMENT - EMPLOYEE

**WHEREAS**, the undersigned (the "**Undersigned** ") is a current or prospective Manager or other employee of one or more franchisees (each a "**Related Party**") of MHDGA, LLC, a Nevada limited liability company and its affiliates (hereinafter collectively referred to as "CrunCheese");

**WHEREAS**, the Undersigned has been or may be given access to certain training, and confidential and proprietary information of the Company and/or its Related Parties previously not available to the Undersigned;

**WHEREAS**, the Related Party is only willing to commence or continue its relationship with Undersigned in the event Undersigned enters into this Agreement; and

**WHEREAS**, the Related Party signatory hereto has entered into this Agreement with the Undersigned in order to ensure the confidentiality of Proprietary Information (defined below) in accordance with the terms of this Agreement, to ensure that the Undersigned does not utilize such information to compete with the Company or unfairly disadvantage the Company, and/or to protect the investment made by the Related Party signatory hereto in the training and instruction of its employees.

**NOW THEREFORE**, the Undersigned hereby agrees as follows:

1. **Recitals.** The recitals set forth above are incorporated herein by this reference and shall be part of this Agreement.
2. **Proprietary Information.** As used in this Agreement, the term "**Proprietary Information**" shall mean the business concepts, information about types and suppliers of equipment, operating techniques, menu and ingredient information, marketing methods, financial information, demographic and trade area information, prospective site locations, market penetration techniques, plans, schedules, customer profiles, preferences, statistics, franchisee composition, territories, and development plans, and all related trade secrets or confidential or proprietary information treated as such by the Company and/or the Related Party signatory hereto, as the case may be, whether by course of conduct, by letter or report, by the inclusion of such information in the Company's operations manuals or similar documents, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made prior to or at the time any such Proprietary Information is disclosed to the Undersigned, or otherwise.
3. **Use and Disclosure of Proprietary Information.** The Undersigned shall hold all Proprietary Information in strict confidence and shall use such Proprietary Information only for the benefit of the Company and/or the Related Party. The Undersigned shall not disclose Proprietary Information to any other person or entity. The obligations hereunder to maintain the confidentiality of Proprietary Information shall not expire. However, these obligations shall not apply to any Proprietary Information received from the Company and/or the Related Party signatory hereto, as the case may be, which (a) is disclosed in a printed publication available to the public, or is otherwise in the public domain through no act of the Undersigned or any other person or entity which has received such Proprietary Information from or through the Undersigned, (b) is approved for release by written authorization of an officer of the Company,

or (c) is required to be disclosed by property order of a court of applicable jurisdiction after adequate notice to the Company and/or the Related Party signatory hereto, as the case may be, sufficient to permit them to seek a protective order therefor, the imposition of which protective order the Undersigned agrees to approve and support.

4. **Return of Documents.** The Undersigned shall, upon the request of the Company and/or the Related Party signatory hereto, as the case may be, immediately return all documents and other tangible manifestations of Proprietary Information received from the Company and/or the Related Party signatory hereto, as the case may be, including all copies and reproductions thereof.

5. **No Waiver.** No delays or omission by the Company or the Related Party signatory hereto in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company and/or the Related Party signatory hereto, as the case may be, on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

6. **Equitable Relief.** The undersigned acknowledges that the Company and/or the Related Party signatory hereto, as the case may be, will be irreparably harmed by any breach hereof, that monetary damages would be inadequate and that the Company and/or the Related Party signatory hereto shall have the right to have an injunction or other equitable remedies imposed in relief of, or to prevent or restrain, such breach. The Undersigned agrees that the Company and/or the Related Party signatory hereto shall also be entitled to any and all other relief available under law or equity for such breach.

7. **Miscellaneous.**

(a) This Agreement shall not be construed to grant to the Undersigned any patents, licenses, or similar rights to Proprietary Information disclosed to the Undersigned hereunder, all of which rights and interests shall be deemed to reside or be vested in the Company.

(b) This Agreement does not supersede, but rather is in addition to and cumulative with, all prior agreements, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an Agreement in writing signed by the parties.

(c) This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(e) This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada, without regard to its conflicts of laws rules.

***[Signature Pages Continue Onto Next Page]***

**EXECUTED** as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_

**MHDGA, LLC,**  
a Nevada limited liability company

\_\_\_\_\_  
*(Signature)*

By: \_\_\_\_\_  
*(Print Name)*

Title: \_\_\_\_\_

**Related Party**

\_\_\_\_\_  
*(Signature)*

By: \_\_\_\_\_  
*(Print Name)*

Title: \_\_\_\_\_

**Undersigned**

\_\_\_\_\_  
*(Signature)*

By: \_\_\_\_\_  
*(Print Name)*

Title: \_\_\_\_\_

**Exhibit F to MHDGA, LLC  
CrunCheese Franchise Disclosure Document  
AREA DEVELOPMENT AGREEMENT**





**MHDGA, LLC**

**AREA DEVELOPMENT AGREEMENT**

## MHDGA, LLC AREA DEVELOPMENT AGREEMENT

This **AREA DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 202\_\_ by and between **MHDGA, LLC**, a Nevada limited liability company with its principal place of business at 10175 W. Twain Ave., Suite 130, Las Vegas, NV, 89147 (hereinafter referred to as "MHDGA" or "CrunCheese"), and \_\_\_\_\_ a \_\_\_\_\_ corporation (hereinafter may be referred to as "Area Developer" or "Developer") with its principal place of business at \_\_\_\_\_.

### WITNESSETH:

**WHEREAS**, CrunCheese, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique worldwide system ("System") of a franchise and company owned Korean style Hot Dog restaurants that offers a varied and quality menu featuring hot dog products, under the "CrunCheese Korean Hot Dog" marks, as described in Exhibit A hereto ("Marks"), which System includes, without limitation, a distinctive interior layout and decor; interior and exterior signage; special techniques for food preparation and management; promotion and operation; and advertising methods and programs; all of which may be changed, improved and further developed by CrunCheese from time to time;

**WHEREAS**, CrunCheese is the owner of the entire right, title and interest in and to the Marks and such other trade names, service marks, trademarks and trade dress now or hereafter designated as part of the System for the benefit and exclusive use of CrunCheese and its Developers; and

**WHEREAS**, CrunCheese continues to develop, use and control the Marks for the benefit and exclusive use of itself and Developers in order for the public to identify their System, and to represent the System's high standards of quality, appearance and service; and

**WHEREAS**, Developer wishes to obtain certain area development rights to open and operate restaurants utilizing the Marks and System in an assigned area described in Exhibit B attached hereto ("Assigned Area");

**NOW, THEREFORE**, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. GRANT

(a) CrunCheese hereby grants to Developer the right to enter into Franchise Agreements with CrunCheese pursuant to which Developer will establish and operate Restaurants (as defined below) during the Term, as hereinafter defined, at specific locations approved by CrunCheese within an Assigned Area. For purposes hereof, "Franchise Agreement" means a franchise agreement in the form of CrunCheese's then current standard franchise agreement conformed for use by CrunCheese in the Assigned Area. The current form of Franchise Agreement is appended hereto as Exhibit C. The schedule set forth in Exhibit D to this Agreement ("Area Development Schedule") sets forth the minimum number of "Restaurant," as hereinafter defined, to be opened (and in operation) by Developer at various stages during the Term. Each

Restaurant developed hereunder shall be located within the Assigned Area.

(i) Exceptions to Assigned Areas

- a. U.S. Military Establishments. Specifically excluded from the Assigned Areas are any existing or hereafter established possible U.S. military establishments, including their adjacent housing areas and support areas. Developer acknowledges that CrunCheese has no control over or ability to stop development of new Restaurants on such U.S. military establishments and hereby releases CrunCheese and its directors, officers, parent, subsidiaries, affiliates, employees, successors, and assigns from all claims or liability relating to the existence or opening of a Restaurant on such a U.S. military establishment, including without limitation any claim of encroachment or breach of existing or future franchise agreements, from the date of this Agreement forward.
- b. Hotel Chains. CrunCheese, directly or through a third party as franchisee, shall be free to develop Restaurants within hotels operating under a uniform brand or within a chain without first offering Developer an opportunity to negotiate a concession or other arrangement with the hotel to develop and open a Restaurant. Where CrunCheese negotiates or wishes to negotiate with the brand or chain owners or members, CrunCheese shall merely inform the Developer that such negotiations are in progress and/or such deal has been entered into.
- c. Airports. CrunCheese, directly or through a third party as franchisee, shall be free to develop Restaurants within airports (including their adjacent operating and support areas), without first offering Developer an opportunity to negotiate a concession or other arrangement with the airport authorities and/ or government agency to develop and open a Restaurant. Where CrunCheese negotiates or wishes to negotiate with the airport authorities and/or government agency, CrunCheese shall merely inform the Developer that such negotiations are in progress and/or such deal has been entered into with said agencies.
- d. Sports Stadiums. CrunCheese, directly or through a third party as franchisee, shall be free to develop Restaurants within Sports Stadiums (including their adjacent operating and support areas), without first offering Developer an opportunity to negotiate a concession or other arrangement with the Stadium representatives to develop and open a Restaurant. Where CrunCheese negotiates or wishes to negotiate with the Stadium representatives, CrunCheese shall merely inform the Developer that such negotiations are in progress and/or such deal has been entered into with said agencies.
- e. Amusement Parks. CrunCheese, directly or through a third party as franchisee, shall be free to develop Restaurants within Amusement Parks (including their adjacent operating and support areas), without first offering Developer an opportunity to negotiate a concession or other arrangement with the amusement park representatives to develop and open a Restaurant. Where CrunCheese

negotiates or wishes to negotiate with amusement park representatives, CrunCheese shall merely inform the Developer that such negotiations are in progress and/or such deal has been entered into with said agencies.

- f. University and College campuses. CrunCheese, directly or through a third party as franchisee, shall be free to develop Restaurants within University and College campuses (including their adjacent operating and support areas), without first offering Developer an opportunity to negotiate a concession or other arrangement with the amusement park representatives to develop and open a Restaurant. Where CrunCheese negotiates or wishes to negotiate with universities' and/or colleges' representatives, CrunCheese shall merely inform the Developer that such negotiations are in progress and/or such deal has been entered into with said agencies.

(b) Subject to Developer's payment in full of the Area Development Fee, as set forth herein and compliance with the terms thereof, CrunCheese will not grant any other party the right to operate Restaurants in the Assigned Area, nor will it do so itself, except as otherwise set forth in Section (1)(a)(i)(a)-(1)(a)(i)(f). In this Agreement, "Restaurant" shall mean a food service business operated under the Marks and System but shall specifically exclude any food service business operated under the Marks and System and which it is located, on, or as part of, a U.S. military establishment, hotel chain, airport, stadium, amusement park, or university and college campuses, as referenced in Section 1(a), located in the Assigned Area. Restaurants located in the excluded facilities are referred to as "Excluded Restaurants." Developer expressly acknowledges and agrees that CrunCheese reserves the right, and may, operate a franchise or license, others to operate, Excluded Restaurants both within and outside the Assigned Area. Except as expressly set forth in this Section, CrunCheese (on behalf of CrunCheese and its affiliates) retains the right, in its sole discretion and without granting any rights to Developer, to (i) operate, or grant other persons the right to operate, restaurants not operating under the Marks and System at any location and on the terms and conditions as CrunCheese deems appropriate; and (ii) sell, or grant other persons the right to sell, the products and services authorized for sale at Restaurants through other channels of distribution, including mail order, internet sales or other direct marketing channels, under the Marks or otherwise, on the terms and conditions as CrunCheese deems appropriate.

(c) Developer expressly acknowledges that, as between CrunCheese and Developer, CrunCheese is the owner of all rights, titles and interest in and to the Marks licensed to Developer by this Agreement, registered or unregistered. Developer acknowledges and agrees that CrunCheese may be unable to choose not to obtain registration of some or all of the Marks and that CrunCheese shall incur no liability to Developer nor shall CrunCheese be deemed in breach of this agreement, nor shall Developer have a right of offset or defense for any failure by CrunCheese to obtain, maintain or defend such registration.

(d) This Agreement is not a license or franchise agreement and does not grant a Developer any right to use the Marks or System. Such rights will be granted pursuant to the Franchise Agreement for each approved location, if any are executed.

(e) Developer shall have no right under this Agreement to franchise or license any other individual, corporate or otherwise, to use the Marks or System.

(f) Developer shall establish and operate, from time to time, the minimum number of Restaurants in the Assigned Area required in accordance with the Schedule set forth in Exhibit D (the "**Area Development Schedule**") in order to maintain Developer's exclusive rights under this Agreement. There shall be no limit on the maximum number of Restaurants that Developer shall be permitted to establish and operate in the Assigned Area during the Term of this Agreement and Developer shall be free at its sole discretion to establish Restaurants in the Assigned Area in excess of the Minimum Franchise Requirement, subject to the right of CrunCheese approval of each such Restaurant and grant subject to a Franchise Agreement.

## 2. AREA DEVELOPMENT FEE; FRANCHISE FEES

(a) Area Development Fee. In consideration of the Development rights granted herein, Developer shall pay to CrunCheese an Area Development Fee equal to the Initial Franchise Fee of the first three (3) Locations in an amount of \$100,000.00 (\$40,000.00 for the first unit and \$30,000.00 each for the second and third units) plus, if applicable, an amount equal to half of the reduced Initial Franchise Fee (\$30,000.00 times 50%) multiplied by the number of Location to be developed after the third Location, as set forth in the Development Schedule. The Area Development Fee shall be payable by electronic fund transfer, unless another method is required by CrunCheese. Upon execution of this Agreement, the Area Development Fee shall be fully earned by CrunCheese and shall be non-refundable. The parties recognize that the Area Development Fee is intended, among other things, to reimburse CrunCheese for administrative or other expenses, and for the Area Development opportunities lost or deferred as a result of the rights granted to Developer herein.

(b) Initial Franchise Fee. For the first Franchise Agreement entered into pursuant to this Area Development Agreement, the Initial Franchise Fee shall be \$40,000.00. For any subsequent Franchise Agreement entered into pursuant to this Area Development Agreement, the Initial Franchise Fee shall be \$30,000.00. So long as Developer is in compliance with the Development Schedule, and each Franchise Agreement is executed by the deadline as set forth in the Development Schedule, CrunCheese shall credit \$40,000.00 Area Development fee toward the Initial Franchise Fee for the first Location and \$30,000.00 Area Development Fee toward each of the second and third Location under each such Franchise agreement, which credit shall be made upon Developer's execution of each Franchise Agreement. For Area Development Agreement covers more than 3 Locations, upon execution of each Franchise Agreement in relation to the additional location to be developed after the third Location, we will credit the corresponding Initial Franchise Fee from the collected Area Development fee to that Location, and the remaining balance shall be paid by the Developer.

(c) Developer shall pay the "Initial Franchise Fee", as defined in the applicable Franchise Agreement, and a continuing "Royalty Fee", to CrunCheese, prior to each Restaurant being opened in an Assigned Area, as defined in said Franchise Agreement, computed in Exhibit E.

(d) Developer shall have no right to withhold any payments due CrunCheese because of CrunCheese's Breach or alleged breach of this Area Development Agreement, and no right to offset any amount due CrunCheese against any obligation that CrunCheese may owe to Developer.

### **3. SITE AND PLAN APPROVALS**

(a) Developer shall not begin any work or adapt any proposed site as a Restaurant until CrunCheese's approval of its site and the plans and specifications for the construction work in said location, including the design (interior and exterior), layout and signage of the proposed Restaurant.

(b) Upon identifying a potential site for a Restaurant, Developer shall submit to CrunCheese a site selection package for CrunCheese's approval. CrunCheese, within thirty (30) days after receipt of the site selection package, shall (i) approve the proposed site, (ii) disapprove the proposed site, or (iii) request additional information. If additional information is requested, CrunCheese shall approve or disapprove the site within fifteen (15) days after receipt of additional information.

(c) Throughout the course of site approval process, CrunCheese shall make an on-site evaluation as CrunCheese deems necessary. CrunCheese will not provide any on-site evaluation for a proposed site prior to receipt of a completed site selection package and letter of intent or other evidence satisfactory to CrunCheese in order to confirm Developer's favorable prospects for obtaining the proposed site. CrunCheese shall perform one (1) site inspection for each proposed site without charging Developer any fee. For each subsequent site inspection of a proposed site thereafter, Developer shall pay to CrunCheese any inspection fee as CrunCheese may reasonably proscribe and Developer shall reimburse CrunCheese for its reasonable expenses, including, without limitation, the costs of travel, lodging and food, incurred in connection with such on-site evaluation.

(d) Within twenty-one (21) days after receipt by CrunCheese of a Franchise Agreement for an approved site executed by Developer, as required by Section 4 hereof, CrunCheese shall provide Developer with design specifications and requirements for the site including, as applicable, interior layout drawings and design specifications. Such specifications and drawings will not be construction plans and specifications. Upon receipt of a design package, Developer will prepare construction plans and specifications in compliance with applicable law and specifications in the Assigned Area and for the proposed site and, upon completion, will submit the construction plans and specifications to CrunCheese for approval. CrunCheese shall approve or disapprove any plans and specifications within ten (10) days after receipt. Upon any denial of plans or specifications, CrunCheese will indicate the reasons and indicate suggestions for changes, which, if made, will make the plans and specifications acceptable.

### **4. MANNER OF EXERCISE OF AREA DEVELOPMENT RIGHT**

If Approved, a notice will be sent to Developer and CrunCheese shall submit to Developer a Franchise Agreement for the approved site, appropriately completed and setting forth, among other things, Royalty Fees and Initial Franchise Fees to be paid upon execution of Franchise Agreement. Developer shall forward to CrunCheese three (3) executed originals of the Franchise Agreement for the approved site, together with the payment due thereunder, promptly after receipt. Submission of an executed Franchise Agreement and payment shall be a condition precedent to CrunCheese's obligations to provide the additional services, with respect to an approved site. Upon receipt of the executed Franchise Agreement, CrunCheese shall execute the same and return a fully executed copy to Developer. Notwithstanding any items contrary to the above provisions, if Developer breaches the Agreement or any terms in the Franchise Agreement, CrunCheese shall not be required to perform any obligation hereunder, nor shall Developer be entitled to exercise its Area Development rights, or open a new Restaurant, if at

such time Developer is in breach or default of this Agreement, any Franchise Agreement or any other agreement between Developer (or any parent, subsidiary or affiliate of Developer) and CrunCheese (or any parent, subsidiary or affiliate of CrunCheese) or if there exists any event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default hereunder or thereunder.

## **5. TERM**

(a) The term of this Agreement and all rights granted hereunder shall commence upon execution by CrunCheese and shall expire ten (10) years thereafter, unless sooner terminated as provided herein ("Term").

- (b) Developer shall have the option to renew this Agreement subject to Section 1, provided:
- (i.) Developer gives CrunCheese written notice of its intent to renew at least one- hundred and eighty (180) days prior to the expiration of this Agreement;
  - (ii.) At least one-hundred and eighty (180) days prior to the expiration of this Agreement, Developer has negotiated with CrunCheese an Area Development schedule and a renewal Area Development fee as condition precedent to exercising a renewal term;
  - (iii.) Developer shall pay to CrunCheese at least ninety (90) days prior to the expiration of this Agreement, the renewal Area Development fee determined by CrunCheese and Developer; and
  - (iv.) Upon renewal, Developer has executed CrunCheese's most current standard form of Area Development agreement, created by CrunCheese for use in accordance with the laws and customs in an Assigned Area (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal and only for such renewal terms as are provided by this Agreement). The most current standard form of Area Development agreement will supersede any prior Agreement, and such terms may differ from the terms of this Agreement.

## **6. DEVELOPER'S COVENANTS**

(a) During the Term, CrunCheese will disclose to Developer a certain amount of CrunCheese's proprietary, secret and confidential information, relating to, among other things, site selection; layout and design plans and specifications; technical knowledge; food product data, plans and specifications; supplier and vendor information; knowledge and other aspects of the System (collectively to be known as "Confidential Information"). Developer agrees during the Term and at all times thereafter:

- (i.) It shall hold in confidence all Confidential Information, using the highest degree of care in connection therewith;
- (ii.) It shall use the Confidential Information only in connection with this Agreement and the Area Development and operation of Restaurants and for no other purpose, and shall not permit to disclose said information to any other person, firm, corporation, or entity ("Person");
- (iii.) It shall not reproduce, copy or photograph, in any manner or form, any tangible embodiment of the Confidential Information;
- (iv.) The Confidential Information is, and at all times shall remain, the sole and exclusive property of CrunCheese; and

(v.) It shall limit dissemination of any Confidential Information to those of its employees, independent contractors and agents that have a need to know such information and who have agreed in writing to be bound by the terms of this paragraph. Said writing will be provided to CrunCheese for approval, and will include a grant of authority for CrunCheese to enforce such agreement and a duplicate original copy thereof shall have been provided to CrunCheese.

(b) During the Term and for two (2) year thereafter (or such longer period as may be provided in any other agreement between CrunCheese and Developer), Developer will not, directly or indirectly, as principal, licensee, consultant, investor or in any other capacity, engage in, or have an economic interest in, any business located or operating in the Assigned Area which sells Korean style hot dog entree items.

(c) Developer covenants that during the Term, except as otherwise approved in writing by CrunCheese, Developer shall not, either directly or indirectly, for itself through, on behalf of or in conjunction with any Person conduct the following actions:

- (i.) Divert or attempt to divert any business or customer of CrunCheese to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or
- (ii.) Knowingly employ, or seek to employ, any person who is at the time employed, or during the six (6) month period prior to such time was employed, by CrunCheese or by any licensee or developer of CrunCheese, or otherwise directly or indirectly induce, or seek to induce, such person to leave their employment thereat.

(d) Developer expressly acknowledges that the covenants contained in this Section are a material part of this Agreement and any failure by Developer to strictly adhere to the provisions of this Section will result in irreparable injury to CrunCheese. As a result, Developer agrees that, upon any breach or violation of this Section, or any threatened breach or violation of this Section, CrunCheese, in addition to all other rights and remedies, all of which are reserved by CrunCheese, shall be entitled to any and all equitable relief, including an injunction (without bond), and without the need to prove irreparable harm or the inadequacy of legal remedies. If any of the covenants contained in this Section are deemed, by a court of competent jurisdiction, to be unenforceable by reason of the scope or duration, such provision shall be deemed to be modified to the maximum scope or duration that such court would deem valid and enforceable, and said modification shall be enforced by such court accordingly.

## **7. FAILURE TO MEET AREA DEVELOPMENT SCHEDULE; EVENTS OF DEFAULT**

Developer acknowledges in undertaking Area Development to open Restaurants in accordance with the Area Development Schedule is a material inducement for CrunCheese entering into this Agreement and time is of the essence for Developer to adhere to and meet the Area Development Schedule. Therefore, each of the following events shall constitute a material event for default under this Agreement (individually, to known as an "Event of Default," and collectively, as the "Events of Default"):

- (a) Developer fails to obtain site approval or any other approval required from



CrunCheese prior to the commencement of construction of a Restaurant.

(b) Developer fails to adhere to the agreed Area Development Schedule(s) in accordance with this Agreement or fails at any time to have open and operate a number of Restaurants in order to meet the Minimum Franchise Requirement.

(c) Developer fails at any time to meet and fully satisfy the operational, financial and legal requirements set forth herein, whether for the purpose of seeking franchise approval or in the day to day operation of a Restaurant, and does not cure such failure within thirty (30) days of receipt of written notice from CrunCheese.

(d) Developer fails to pay any amount when due under this Agreement and does not cure such failure within ten (10) days of written notice from CrunCheese.

(e) Dissolution, termination of existence, insolvency, or business failure of either Developer or any Developer's owners (as set forth in Exhibit "F" attached hereto, "Owners"). Any breach of this provision will need to be released, dismissed, discharged, bonded or otherwise adequately cured within thirty (30) days and will also include the following items: (i) the appointment of a custodian or receiver of any part of the property of Developer or any Owner, or a trust, mortgage or an assignment for the benefit of creditors is entered into by either Developer or any Owner; (ii) the recording or existence of any lien against either Developer or any Owner for past due taxes; (iii) the commencement by or against either Developer or any Owner of any proceeding under any bankruptcy or insolvency laws; or (iv) service on CrunCheese of any writ, summons or process designed to effect any account or property of either Developer or any Owner.

(f) Developer fails to obtain or renew any licenses or permits necessary for the performance of Developer's obligations under this Agreement or any Franchise Agreement, and does not cure such failure within thirty days of written notice from CrunCheese.

(g) Developer opens a Restaurant without CrunCheese's approval, site approval, payment of all Initial Franchise Fees and other fees, and/or execution of a Franchise Agreement and all other agreements and documents required by CrunCheese.

(h) Developer or any Owner challenges the validity of any of the Marks, other trademarks or trade names, copyrights or other intellectual property of CrunCheese.

(i) Developer or any of its affiliates defaults under any Franchise Agreement or any other agreement with CrunCheese or its affiliates and fails to cure such default within any applicable cure period.

(j) The occurrence of any event or governmental regulation or practice or any law which prohibits or restricts the payment to CrunCheese of any amounts due to CrunCheese hereunder or under the proposed or existing Franchise Agreements, or in CrunCheese's reasonable opinion believes a restriction is about to be imposed or likely to be imposed within twelve (12) months.

(k) The occurrence of any event which is contrary to the provisions of Section 9 hereof.

Upon the occurrence of an Event of Default, Developer or any Owner must regain compliance with any of the other terms, provisions or conditions of this Agreement, and it must cure the default within thirty (30) days of receipt of a written notice CrunCheese detailing its failure. If Developer or any Owner fails to cure a default, CrunCheese may take any or all of the following actions, without affecting Developer's liabilities or obligations:

- (i.) Reduce (to zero or otherwise) or limit the number of additional Restaurants which Developer may establish hereunder;
- (ii.) Terminate the territorial protection granted to Developer hereunder;
- (iii.) Reduce the Assigned Area;
- (iv.) Accelerate the Area Development Schedule;
- (v.) Require Developer to pay to CrunCheese the unpaid Initial Franchise Fees for each Restaurant required to be opened pursuant to the Area Development Schedule as of the date of such Event of Default and for all periods thereafter;
- (vi.) Require Developer to increase the Royalty Fee payable for each existing Restaurant by 200 basis points;
- (vii.) Require Developer to pay to CrunCheese an amount equal to CrunCheese's estimate of twelve (12) months of Royalty Fees for each Restaurant required to be opened pursuant to the Area Development Schedule as of the date of such Event of Default and during all periods thereafter but not so opened;
- (viii.) Require Developer to pay directly to CrunCheese all monies required under the Franchise Agreements to be expended locally on advertising.

## **8. ADDITIONAL REMEDIES UPON AN EVENT OF DEFAULT**

- (a) CrunCheese may terminate this Agreement, and all rights of Developer hereunder; and/or
- (b) CrunCheese may terminate all existing Franchise Agreements; and/or
- (c) CrunCheese shall be entitled to all remedies provided by law for a breach, or termination after breach, of an agreement; and/or
- (d) Developer shall immediately cease, and shall not at any time thereafter, directly or indirectly, to represent to the public or hold itself out as a present or former Franchisee or Developer of CrunCheese; and/or
- (e) Developer shall indemnify and hold CrunCheese and CrunCheese's affiliates, and their respective officers, directors, shareholders, agents, and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's activities hereunder (including but not limited to the establishment and operation of Restaurants) as well as the costs, including attorneys' fees, arising from the necessity to defend such claims.

## **9. TRANSFER**

(a) Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and are granted in reliance on the business skill and financial capacity of Developer and the Persons that presently own the controlling interests in Developer. Accordingly, neither Developer, any immediate or remote successor to any part of Developer's interest in

this Agreement nor any Person who directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement; or transfer any interest in Developer to any Person that directly or indirectly controls Developer, in a transfer or series of transfers which results in a change in control of Developer, in any such case without prior written consent of CrunCheese. Any such purported assignment or transfer, by operation of law or otherwise without CrunCheese's prior written consent shall be null and void and shall constitute a material breach of this Agreement.

(b) CrunCheese shall not unreasonably withhold its consent to any transfer requiring its consent; provided, the following conditions are met at or prior to the transfer:

- (i.) Developer is not in default under this Agreement or any Franchise Agreement and all of Developer's monetary obligations to CrunCheese and its subsidiaries and affiliates shall have been fully satisfied under this Agreement and the Franchise Agreements;
- (ii.) The transferor shall have executed a general release in a form satisfactory to CrunCheese of any and all claims against CrunCheese and its officers, directors, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal and local laws, rules and ordinances;
- (iii.) The transferee is a Person with, in CrunCheese's opinion, sufficient business experience, financial resources and aptitude to develop and operate Restaurants in the Assigned Area;
- (iv.) The transferee or its personnel have completed CrunCheese's training program to CrunCheese's satisfaction and have paid CrunCheese's then current training fee;
- (v.) The transferee must have assumed, and agreed to be bound by the terms and conditions of, this Agreement and each Franchise Agreement then in effect, for the remainder of their respective terms;
- (vi.) Developer or the transferee shall have paid CrunCheese a transfer fee of Ten Thousand (\$10,000) dollars;
- (vii.) CrunCheese shall have approved the material terms and conditions of such transfer, including without limitation, that the price and payment terms are not so burdensome as to adversely affect transferee's performance hereunder and under any Franchise Agreement that is in effect;
- (viii.) All third parties (such as landlords or governmental authorities) whose consent is required in connection with the proposed transfer shall have granted such consent;
- (ix.) CrunCheese shall not have exercised its right of first refusal pursuant to Section 9(d) hereof; and
- (x.) The transferee acknowledges CrunCheese's approval of the proposed transfer is based solely upon CrunCheese's assessment that the proposed transferee falls within an acceptable criteria as a developer in the Assigned Area and does not institute any approval of the terms of the transfer.

(c) Securities in the Developer may be offered to the public only with the prior written consent of CrunCheese, said consent shall not be unreasonably withheld. All registration materials required for this offering will be subject to applicable law and shall be submitted to CrunCheese for review prior to a

filing with any government agency and any materials to be used in any exempt offering will be submitted to CrunCheese for review and approval prior to their use. No public offering by the Developer shall imply (by way of use of the Marks or otherwise) that CrunCheese is participating in an underwriting, issuance or public offering of the Developer's securities. CrunCheese's review of any offering shall be limited solely to the subject of the relationship between the Developer and CrunCheese. The Developer and the other participants in the registration shall fully indemnify CrunCheese in connection with the registration. For each proposed public offering, the Developer shall reimburse CrunCheese for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. The Developer shall give CrunCheese at least sixty (60) days prior written notice prior to the effective date of any offering.

(d) CrunCheese shall have the right of first refusal, exercisable within thirty (30) days after receipt of written notification of such proposed transfer, to send written notice to the transferor that CrunCheese intends to purchase transferor's interest on the same terms and conditions offered by the third party if: (A) any transfer of an interest in Developer which will constitute a change in control of Developer, or (B) any transfer of this Agreement or any interest herein, is proposed by Developer, that causes any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by CrunCheese as in the case of an initial offer. Failure of CrunCheese to exercise the option afforded by this Subparagraph shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of this Section with respect to a proposed transfer.

(e) If the consideration, terms and/or conditions offered by a third party are such that CrunCheese or its nominee cannot reasonably perform, then CrunCheese may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by a third party, an independent appraiser shall be designated by the parties, and its determination shall be binding. CrunCheese may elect, at its sole discretion, to choose an independent appraiser or to contest an appraisal by conducting its own appraisal and applying the median value of both appraisals as a reasonable equivalent in cash.

(f) If a proposed transfer is between any two Persons holding any interest in Developer as of the date of this Agreement, or if the proposed transferee is the spouse, son, daughter, or heir of any individual who seeks to transfer an interest in Developer, CrunCheese shall not have any right of first refusal; provided, however, that all such transfers shall nevertheless be subject to CrunCheese's prior approval.

(g) CrunCheese's consent to a transfer of any interest in Developer or in this Agreement shall not constitute a waiver of any claims CrunCheese may have against the transferring party, nor shall it be deemed a waiver of CrunCheese's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(h) CrunCheese shall have the right to transfer, assign, or delegate all or any part of its rights or obligations herein to any Person, and Developer agrees to consent to any such assignment and delegation by CrunCheese. Developer agrees to execute any agreements requested by CrunCheese in connection therewith. Any such assignment shall be binding upon and inure to the benefit of CrunCheese's successors and assigns.

## 10. CORPORATE RESTRICTIONS

(a) Developer shall maintain stop transfer instructions against the transfer of its records in any equity securities; and each certificate representing equity ownership in Developer will be conspicuously endorsed on the face of the document. Moreover, the above must be done in a form satisfactory to CrunCheese, that it is held subject to, and that further transfer or assignment thereof is subject to, all restrictions on assignments imposed by this Agreement.

(b) Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock or other voting or equity interest in Developer and shall furnish the list to CrunCheese upon request. Exhibit F hereto will memorialize a true and current list of the owners of record and beneficial owner of any class of voting stock or other voting or equity interest in Developer.

## 11. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid, to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to CrunCheese:

**MHDGA, LLC**  
**10175 W. Twain Ave., Suite 130**  
**Las Vegas, NV, 89147**

with copies to  
Notice to Developer:

\_\_\_\_\_  
\_\_\_\_\_

Either party hereto may from time to time provide additional addresses or substitute addresses, as the case may be, by notice pursuant to this Section. All notices permitted or required to be delivered by the provisions of this Agreement or of the Operations Manuals shall be deemed effective upon receipt or refusal.

## 12. INDEPENDENT CONTRACTORS

(a) This Agreement does not create a fiduciary relationship between the parties, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or agent of the other for any purposes whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

(b) Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

(c) Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on CrunCheese's behalf, or to incur any debt or other obligation in CrunCheese's name, and that CrunCheese assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Developer or any claim or judgment arising therefrom. Developer shall indemnify, defend and hold CrunCheese and CrunCheese's officers, directors, employees and agents harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with, Developer's activities hereunder, as well as the cost, including reasonable attorney's fees, of defending against them. The exception of this provision is that it will not apply to infringement actions regarding Marks that are caused solely by actions of CrunCheese or actions caused by the negligent acts of CrunCheese or its agents.

### **13. NO WAIVER**

No failure of CrunCheese to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of CrunCheese's rights to demand exact compliance with the terms of this Agreement. Waiver by CrunCheese of any particular default shall not effect or impair CrunCheese's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of CrunCheese to exercise any power or right arising out of any breach of default by Developer of any of the terms, provisions or covenants of this Agreement effect or impair CrunCheese's rights; nor shall such constitute a waiver by CrunCheese of any right hereunder or rights to declare any subsequent breach or default.

### **14. APPLICABLE LAW; DISPUTE RESOLUTION**

(a) This Agreement shall be interpreted and construed exclusively under the laws of Nevada, which laws shall prevail in the event of any conflict of law.

(b) Except as described in Section 14(c) hereof, any claim or controversy arising out of or related to this Agreement or the making, performance, or interpretation of this Agreement shall be finally settled under the Arbitration Rules of the American Arbitration Association then in force, by one arbitrator appointed by the American Arbitration Association in accordance with said rules. The place of arbitration shall be in Clark County, Nevada. All cost of arbitration, including the arbitrator's fee, shall be borne by the losing party. The parties agree that the award of the arbitrator shall be the sole and exclusive remedy between them regarding any claims, counterclaims, issues, or accountings presented or pled to the arbitrator; that it shall be made and shall promptly be payable in U.S. dollars free of any tax, deduction or offset; and that any costs, fees, or taxes incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the party resisting such enforcement. The award shall include interest from the date of any damages incurred for breach or other violation, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than one and one-half percent (1.5%) per month, or part of a month, until paid.

(c) Nothing herein contained (including, without limitation, Section 14(b) hereof, regarding arbitration) shall bar CrunCheese's right to obtain injunctive relief from any court having valid jurisdiction against threatened conduct that will cause it loss or damage, under equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

(d) Developer shall pay to CrunCheese all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorney's fees, incurred by CrunCheese in successfully enforcing any provision of this Agreement, including, but not limited to obtaining injunctive relief. Developer shall reimburse CrunCheese for all of CrunCheese's legal costs and expenses should Developer challenge CrunCheese's interpretation of this Agreement outside of arbitration or litigation.

(e) Neither the foregoing remedies nor any other remedy exercised by either party shall be deemed exclusive but both parties shall be entitled cumulatively to exercise any and all remedies available in law or equity, and its exercise of any one right or remedy shall not preclude it from exercising any other right or remedy.

## **15. FORCE MAJEURE**

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by or caused by circumstances beyond its reasonable control, including without limiting the generality of the foregoing, act or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, insurrections, pandemic (as defined by the Centers of disease Control and Prevention), or acts of God. Such non-performance or delay in performance will not be deemed a breach of this Agreement, provided such party uses its reasonable best efforts to perform such obligations within 30 days, or as soon as is reasonably possible under the circumstances, subject to the discretion and approval of Franchisor; provided, however, that if the breaching party believes that performance is still not possible after the thirty (30)-day period has expired, such party bears the burden of demonstrating why performance should continue to be excused. Notwithstanding the foregoing, the provisions of this Section shall not result in any delay in the payment of any amounts due in any provision of this agreement.

## **16. MISCELLANEOUS**

(a) Nothing in this Agreement shall confer upon any Person, other than CrunCheese or Developer, and their respective successors and assigns as may be contemplated hereby, any rights or remedies under or by reason of this Agreement.

(b) All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by those executing this Agreement on behalf of Developer.

(c) This Agreement may be executed in multiple copies or counterparts and each copy executed shall be deemed an original and one and the same agreement.

(d) **Entire Agreement.** This Agreement and all ancillary agreements executed simultaneously with this Agreement, constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this

or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Except for changes permitted under this Agreement to be made unilaterally by us, no amendment to this Agreement will be binding unless such amendment is in writing and executed by the parties.

## **17. DEVELOPER ACKNOWLEDGMENTS**

(a) Developer acknowledges that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon the ability of Developer as an independent entity. CrunCheese expressly disclaims the making of, and Developer acknowledges not having received any, warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) Developer acknowledges having received, read and understood this Agreement, the exhibits attached hereto and agreements relating hereto, if any, delivered simultaneously in execution of all documents and Exhibits; and that CrunCheese has afforded Developer ample time and opportunity to consult with advisors, of Developer's own choosing, about the potential risks of entering into this Agreement.

(c) Developer acknowledges that it received a complete copy of this Agreement, all exhibits and agreements relating hereto, if any, at least five (5) business days prior to the date on which this Agreement was executed.

## **18. GUARANTY**

As an inducement to CrunCheese to enter into this Agreement with Developer, the principals of Developer are concurrently entering into a guaranty agreement in form and substance appended hereto as Exhibit G (the "**Guaranty**").

## **19. ANTI-TERRORISM LAW**

- (a) Developer, to the best of its knowledge, represents and warrants to CrunCheese as follows:
- (i.) Neither Developer, its principals, investors, affiliates, licensees, consultants, nor any of their respective agents (collectively, the "Developer Parties") is in violation of any law relating to terrorism or money laundering, including, but not limited to, Executive Order No. 13224 on Terrorist Financing, the U.S Bank Secrecy Act, as amended by the Patriot Act, the Trading with the Enemy Act, the International Emergency Economic Powers Act and all regulations promulgated thereunder, all as amended from time to time (collectively, "Anti-Terrorism Law").
  - (ii.) No action, proceeding, investigation, charge, claim, report, or notice has been filed, commenced, or threatened against any of the Developer Parties alleging any violation of any Anti-Terrorism Law.



- (iii.) None of the Developer Parties has, after due inquiry, knowledge of any fact, event, circumstance, situations, or conditions which could reasonably be expected to result in any action, proceeding, investigation, charge, claim, report, notice or penalty being filed, commenced, threatened or imposed against any of them relating to any violation of or failure to comply with any Anti-Terrorism Law.
- (iv.) None of the Developer Parties is a "Prohibited Person". A Prohibited Person means any of the following:
  - (1) A person or entity that is "specially designated" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control or which is owned, controlled by or acting for or on behalf of any such person or entity;
  - (2) A person or entity with whom CrunCheese is prohibited from conducting business pursuant to any Anti-Terrorism Law;
  - (3) A person or entity that commits, threatens, or conspires to commit or supports "terrorism", as defined in any Anti-Terrorism Law.
- (v.) None of the Developer Parties:
  - (1) Conducts any business or transactions or makes or receives any contribution of funds, goods, or services in violation of any Anti- Terrorism Law;
  - (2) Engages in or conspires to engage in any transaction that evades or avoids, has the purpose of evading or avoiding or attempts to violate any of the prohibitions of any Anti-Terrorism Law.

(b) Developer covenants that it shall not knowingly:

- (i.) Conduct any business or transaction or make or receive any contribution of funds, goods, or services in violation of any Anti-Terrorism Law;
- (ii.) Engage in or conspire to engage in any transaction that evades or avoids, has the purpose of evading or avoiding or attempts to violate any of the prohibitions of any Anti-Terrorism Law.

(c) Developer agrees promptly to deliver to CrunCheese (but in any event within ten (10) days of CrunCheese's written request) any certification or other evidence requested from time to time by CrunCheese, in its reasonable discretion, confirming Developer's compliance with the foregoing.

**THIS AGREEMENT SHALL NOT BE BINDING ON CRUNCHEESE UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF CRUNCHEESE.**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement. Upon signature and delivery of this Agreement by both parties, the effective date shall be the date first above written.

**MHDGA, LLC**

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

**Title:** \_\_\_\_\_

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

\_\_\_\_\_  
**(“Developer”)**

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

**Title:** \_\_\_\_\_

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

**AREA DEVELOPMENT AGREEMENT**

**ACKNOWLEDGMENT STATEMENT**

I HEREBY ACKNOWLEDGE THAT I HAVE RECEIVED AND HAVE READ CRUNCHEESE'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) BUSINESS DAYS PRIOR TO THE DATE THAT I HAVE EXECUTED THIS AGREEMENT, THAT I HAVE NOT PAID ANY CONSIDERATION THEREFOR TO CRUNCHEESE, AND THAT I HAVE RECEIVED COPIES OF THIS AREA DEVELOPMENT AGREEMENT (AND RELATED AGREEMENTS, IF ANY) TO BE EXECUTED WITH CRUNCHEESE, IF ANY, AT LEAST SEVEN (7) BUSINESS DAYS BEFORE SIGNING THE SAME.

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
(Developer)

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
(Developer)

**DISCLAIMER STATEMENT**

The undersigned having voluntarily applied for the right to develop certain franchises for the operation of RESTAURANTS does hereby acknowledge the following:

- 1) Neither any CrunCheese sales personnel nor any officer or employee of CrunCheese is authorized (and indeed they are specifically directed not) to make any claims or statements as to the prospects or chances of success that your franchise can expect or that past Developers have had. No assurance or guaranty of success is either directly or indirectly given, intended, or implied by CrunCheese.
- 2) Neither CrunCheese nor any of its employees has made any representation or guaranty orally or in writing as to any gross sales, net profits, gross profits, revenues or other earnings that DEVELOPER can expect.
- 3) CrunCheese representatives, officers, and other employees are not authorized to represent or estimate dollar volumes and they are directed to provide the names of store owners in the contemplated area so that the prospective Developer can make its own investigation and analysis.
- 4) CrunCheese is not bound by any unauthorized representations as to the success or dollar volume.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_

WITNESSETH:

\_\_\_\_\_  
("Developer")

By: \_\_\_\_\_  
(Signature of Developer)

By: \_\_\_\_\_  
(Signature of Developer)

**AREA DEVELOPMENT AGREEMENT  
EXHIBIT A**

**List of Proprietary Marks**

**AREA DEVELOPMENT AGREEMENT  
EXHIBIT B**

**Assigned Area**

Within the established and internationally recognized borders of \_\_\_\_\_ as it currently exists, subject to the Exceptions set forth in Section (1)(a)(i)(a)-(1)(a)(i)(f).

**AREA DEVELOPMENT AGREEMENT EXHIBIT C**  
**Franchise Agreement**

**AREA DEVELOPMENT AGREEMENT  
EXHIBIT D**

**Area Development Schedule**

You agree to open and operate CrunCheese Restaurant in the Assigned Area in accordance with the following Area Development Schedule:

<b>Time periods following the date of this agreement</b>	<b>Minimum number of Restaurants to be opened in the Assigned Area during each period</b>	<b>Cumulative Minimum Number of Restaurants to be Opened and in Operation in the Assigned area in good standing at the end of each period</b>
First Month Period		
Second Month period		
Third Month period		
<b>Total:</b>		

Any CrunCheese Restaurants opened in excess of minimum in any period will be counted toward the minimum commitment for the next period.



**AREA DEVELOPMENT AGREEMENT  
EXHIBIT E**

**Fees and Royalties**

INITIAL FRANCHISE FEE FOR THE FIRST LOCATION

U.S.\$ \_\_\_\_\_

INITIAL FRANCHISE FEE PER UNIT FOR ANY SUBSEQUENT LOCATION

U.S.\$ \_\_\_\_\_

AREA DEVELOPMENT FEE

U.S.\$ \_\_\_\_\_

ROYALTY FEE

\_\_\_ PERCENT ( \_ %) OF GROSS SALES (AS DEFINED IN THE APPLICABLE FRANCHISE AGREEMENT), LESS ANY DOCUMENTED TAXES OR OTHER FEES PAID BY DEVELOPER

INITIAL FRANCHISE FEE BALANCE DUE (so long as no default occur)

Location # : _____	\$ _____
Location # : _____	\$ _____
Location # : _____	\$ _____
Location # : _____	\$ _____
Location # : _____	\$ _____

**AREA DEVELOPMENT AGREEMENT  
EXHIBIT F**

**List of Owners**

The owners of , and their respective ownership interests as of the date of the Area Development Agreement are:

_____	_____	%
_____	_____	%
_____	_____	%

**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT G**  
(USE ONLY FOR MULTIPLE GUARANTORS)

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGEMENT**

As an inducement to **MHDGA, LLC** (hereinafter referred to as "CrunCheese") to execute the Area Development Agreement between CrunCheese and \_\_\_\_\_ [Developer's name], (hereinafter referred to as " Developer") dated \_\_\_\_\_, 202\_\_ (hereinafter referred to as the "Agreement"), the undersigned, jointly and severally, hereby unconditionally guaranty to CrunCheese and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by CrunCheese, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waives any right to require CrunCheese to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guaranty, CrunCheese may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned agrees that at all times they will expend, at undersigned's own cost, to defend and to indemnify and hold harmless to the fullest extent permitted by law, CrunCheese, and CrunCheese's officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with, Developer' s activities under the Agreement, as well as the cost, including reasonable attorney's fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of CrunCheese or actions caused by the negligent acts of CrunCheese or its agents.

The undersigned hereby acknowledges and agrees to be individually bound by all of the covenants contained in Sections 6 and 9 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned that arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement, a copy of which the undersigned acknowledge as having read and understood. This Guaranty

shall be interpreted and construed under the laws of the State of Nevada whose laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to CrunCheese:

**MHDGA, LLC  
10175 W. Twain Ave., Suite 130  
Las Vegas, NV, 89147**

With exact copies to:

Attention: Controller  
Attention: General Counsel

Notice to Undersigned:

Attention:

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTORS:

\_\_\_\_\_  
[name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

\_\_\_\_\_  
[name of Guarantor]

**AREA DEVELOPMENT AGREEMENT**  
**EXHIBIT G**  
(USE ONLY IF SINGLE GUARANTOR)

**GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT**

As an inducement to **MHDGA**, LLC ("CrunCheese") to execute the Area Development Agreement between CrunCheese and [Developer's name], ("Developer") dated \_\_\_\_\_, 202\_\_ (the "Agreement"), the undersigned hereby unconditionally guarantees to CrunCheese and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by CrunCheese, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waives any right to require CrunCheese to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guaranty, CrunCheese may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waives notice of amendment of the Agreement and notice of demand for payment by Developer, and agrees to be bound by any and all such amendments and changes to the Agreement.

The undersigned agrees at all times to defend at the undersigned's own cost, and to indemnify and hold harmless to the fullest extent permitted by law, CrunCheese, and CrunCheese's officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's activities under the Agreement, as well as the cost, including reasonable attorney's fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks that are caused solely by actions of CrunCheese or actions caused by the negligent acts of CrunCheese or its agents.

The undersigned hereby acknowledges and agrees to be individually bound by all of the covenants contained in Sections 6 and 9 of the Agreement, as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned that arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of the guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement, a copy of which the undersigned acknowledges having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of Nevada whose laws shall prevail in the

event of any conflict of laws. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to CrunCheese:

**MHDGA, LLC**  
**10175 W. Twain Ave., Suite 130**  
**Las Vegas, NV, 89147**

With exact copies to:

Attention: Controller  
Attention: General Counsel

Notice to Undersigned:

Attention:

All notices shall be effective upon receipt or refusal.

IN WITNESS WHEREOF, the undersigned has signed this Guaranty as of the date of the Agreement.

GUARANTORS:

\_\_\_\_\_  
[name of Guarantor], Individually

**Exhibit G to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**GENERAL RELEASE AGREEMENT**

## GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (“Release”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_, by and between MHDGA, LLC, a Nevada Limited Liability Company, (“Franchisor”, “MHDGA”, or “CrunCheese”), and \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company/partnership (circle one) (“Franchisee”), and each owner of Franchisee and his or her spouse (individually, an “Owner,” and collectively, the “Owners”) (collectively, Franchisor, Franchisee, and Owners are referred to hereinafter as the “Parties”).

### WITNESSETH

WHEREAS, the Parties previously entered into that certain Franchise Agreement dated \_\_\_\_\_, 202\_\_ (the “Agreement”), granting Franchisee the right to operate a Franchise Business of Franchisor (“CrunCheese Restaurant”) for a specific Term (as defined in the Agreement); and

WHEREAS, Franchisee desires to renew the Agreement for an additional Term (as defined in the Agreement); and

WHEREAS, Section 2.6(d) of the Agreement requires Franchisee and each of its Owners and their respective spouses to execute, in favor of Franchisor and its officers, directors, agents, and employees, and Franchisor’s affiliates and their officers, directors, agents, and employees, as a condition to renew the Agreement, a general release from liability of all claims that Franchisee, its Owners, and their respective spouses may have against Franchisor, its affiliates, and their respective owners, officers, directors, employees, and agents; and

WHEREAS, the Parties desire to enter into this Release to comply with the requirements of the Agreement and preserve Franchisee’s eligibility to renew the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein and other valuable consideration, the Parties hereby agree as follows:

1. Recitals. The foregoing Recitals are incorporated into and made part of this Release.
2. Release. Franchisee, each Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the “Releasing Entities”), hereby fully release Franchisor and its present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, and Franchisor’s affiliates and their respective present or former officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through Franchisor (the “Released Entities”) from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or



kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Release is executed.

3. Miscellaneous.

A. This Release contains the entire agreement and representations between the Parties hereto with respect to the subject matter hereof. This Release supersedes and cancels any prior understanding or agreement between the parties hereto whether written or oral, express or implied. No modifications or amendments to this Release shall be effective unless in writing, signed by all Parties.

B. In the event any provision hereof, or any portion of any provision hereof shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality, or unenforceability shall not affect the remaining portion of any provision, or of any other provision hereof, and each provision of this Release shall be deemed severable from all other provisions hereof.

C. This Release shall be governed by the laws of the State of Nevada. Any litigation or court action arising under or related to this Release shall be filed in state or federal court in Clark County, State of Nevada.

D. In the event a court action is brought to enforce or interpret this Release, the prevailing Party in that proceeding or action shall be entitled to reimbursement of all of its legal expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred. The prevailing Party shall be entitled to reimbursement of all such expenses both in the initial proceeding or action and on any appeal therefrom.

E. This Release is binding on the Parties hereto and their respective successors, heirs, beneficiaries, agents, legal representatives, and assigns, and on any other persons claiming a right or interest through the Parties.

F. This Release may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original.

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Release as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

**MHDGA, LLC**  
**A Nevada Limited Liability Company**

By: \_\_\_\_\_ By: \_\_\_\_\_  
Its: \_\_\_\_\_ Its: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

OWNERS:

_____	Owner's Residential Address:	Owner's % Ownership:
Signature of Owner	_____	
_____	_____	_____ %
Printed/Typed Name of Owner	Date	
	Owner's Title/Position with Franchisee:	
_____	_____	
Signature of Owner's Spouse		
_____	_____	
Printed/Typed Name of Spouse	Date	

**Exhibit H to MHDGA, LLC  
CrunCheese Franchise Disclosure Document  
TRANSFER AGREEMENT**

**TRANSFER AGREEMENT**  
**(For Location Franchises)**

THIS TRANSFER AGREEMENT (the "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between MHDGA, LLC, a Nevada Limited Liability Company (the "Company," "CrunCheese", or "Franchisor"), and \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company/partnership (circle one) ("Franchisee"), and each undersigned owner of Franchisee and his or her spouse (individually, an "Owner," and collectively, the "Owners"), and \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company/partnership (circle one) ("Assignee") (collectively, Franchisor, Franchisee, Owners, and Assignee are referred to hereinafter as the "Parties").

WITNESSETH:

WHEREAS, Franchisor and Franchisee previously entered into that certain Franchisee Agreement dated \_\_\_\_\_, 20\_\_\_ (the "FA"), granting to Franchisee that certain CrunCheese franchise ("Location") located at \_\_\_\_\_ (the "Franchise");

WHEREAS, the FA provides as follows with respect to the Transfer (as defined below) of the FA, the Franchise, or any interest therein:

1. Section 14.4 of the FA states that any Transfer (as defined below) of the Franchisee's interest in the FA or of Franchisee's rights or privileges under the FA must be approved by Franchisor in writing before such Transfer may be made or become effective;
2. Section 14.5 of the FA sets forth certain terms and conditions that must be complied with, or that Franchisor may require be complied with, before any Transfer may be made or become effective; and

WHEREAS, Franchisee and/or each undersigned Owner wish(es) to Transfer (as set forth in Section 14 of the FA) to Assignee the following interest (the "Transferred Interest"):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ ;

WHEREAS, Franchisor is willing to consent to the above Transfer of the Transferred Interest, and the Parties desire that the Transfer be made in accordance with the following terms and conditions;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and undertakings herein contained and other valuable consideration, the adequacy of which is acknowledged by all Parties, the Parties hereby agree as follows:

1. Recitals. The above Recitals and sections of the FA referred therein are hereby incorporated into and made part of this Agreement.

2. Consent to Transfer. Franchisor hereby consents to the Transfer of the Transferred Interest as described in the Recitals.

3. Conditions for Approval of Transfer. Franchisee, and/or each undersigned Owner and his or her spouse, and Assignee each hereby represent and warrant that the conditions for approval of Transfer as set forth in Section 14.5 of the FA, to the extent such conditions are not specifically addressed or resolved under this Agreement, have been fully and completely satisfied as provided in such Section 14.5 and to Franchisor's satisfaction.

4. Release. Franchisee and/or each undersigned Owner and his or her spouse, and their present or former affiliated entities, officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through them (the "Releasing Entities"), hereby fully release Franchisor and its present or former affiliated entities, and their respective officers, directors, shareholders, partners, members, employees, contractors, agents, predecessors, successors, assigns, attorneys, representatives, heirs, personal representatives and any spouses of each, as well as all other persons, firms, corporations, limited liability companies, associations or partnerships or other affiliated entities claiming by or through it (the "Released Entities") from any and all liabilities, claims, demands, debts, damages, obligations and causes of action of any nature or kind, whether presently known or unknown, which the Releasing Entities may have against the Released Entities as of the date this Agreement is executed.

5. Non-Compete; Non-Solicitation; Confidentiality.

A. Definitions. Wherever used in this Section 5, the term "Franchisor" shall refer to Franchisor and any affiliate, subsidiary, or any successor or assign of Franchisor. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, trustees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of Franchisor; any affiliate, subsidiary, or any successor or assign of Franchisor; and any franchisee of Franchisor existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the twelve (12) months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in Section 9.1 of the FA, which provisions are hereby incorporated by reference.

B. Consideration. The undersigned Parties acknowledge that consideration for this Agreement has been provided and is adequate. The consideration includes, but is not limited to, the granting of the Franchise to Franchisee and/or each undersigned Owner, and Franchisor's consent to the Transfer of the Transferred Interest as provided in this Agreement.

C. Necessity of Agreement. The undersigned Parties recognize that in the highly competitive business in which Franchisor and its affiliates and franchisees are engaged, preservation of

Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of Franchisor. Franchisee and/or each undersigned Owner recognize that it has had substantial contact with Franchisor's employees, customers, and suppliers and Confidential Information. For that reason, Franchisee and/or each undersigned Owner may be in a position to take for his or her benefit the Confidential Information and goodwill Franchisor has with its employees and Confidential Information now or in the future. If Franchisee and/or each undersigned Owner, after the Transfer of the Transferred Interest as provided in this Agreement, takes advantage of such Confidential Information or goodwill for Franchisee's and/or each undersigned Owner's own benefit, then the competitive advantage that Franchisor has created through its efforts and investment will be irreparably harmed.

D. Non-Compete Clause with Franchisor. Franchisee and/or each undersigned Owner of Franchisee agrees that for twenty-four (24) months following the date of this Agreement, neither Franchisee, nor any Owner, nor any member of Franchisee's or an Owner's immediate family will have any direct or indirect interest (e.g., through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business located or operating: (a) within twenty-five (25) miles of the Franchisee's current location(s); or (b) within twenty-five (25) miles of any CrunCheese franchise in operation or development on the date of this Agreement. The term "Competitive Business" means any retain business that sells or offers hot dog, corn dog, and/or Korean style hot dogs and food that separately or in an aggregate would constitute 30% or more that business' monthly gross revenue at one or more retail location(s).

E. Non-Solicitation of Franchisor's Employees. Franchisee and/or each undersigned Owner agrees that for twenty-four (24) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees of Franchisor or the Franchise to accept employment with any person, firm, or business that competes with any business of Franchisor or the Franchise; or (b) induce, request, or advise any employee of Franchisor or the Franchise to terminate such employee's relationship with Franchisor or the Franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of Franchisor or the Franchise, except as required by law.

F. Non-Solicitation of Franchisor's Customers. Franchisee and/or each undersigned Owner agrees that for twenty-four (24) months after the date of this Agreement, it will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of Franchisor or the Franchise to become customers of any person, firm, or business that competes with any business of Franchisor or the Franchise; or (b) induce, request or advise any customer of Franchisor or the Franchise to terminate or decrease such customer's relationship with Franchisor or the Franchise; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of Franchisor or the Franchise, except as required by law.

G. Confidential Information. Franchisee and/or each undersigned Owner agrees at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such Confidential Information for (a) Franchisee's and/or each undersigned Owner's personal benefit; (b) the benefit of any other person or entity other than Franchisor; or (c) disclose it

directly or indirectly to any person or entity without Franchisor's express authorization or written consent. Franchisee and each undersigned Owner fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

6. Subordination. Franchisee and/or each undersigned Owner and Assignee each agrees that all of Assignee's obligations to make any installment payments to or for the benefit of Franchisee and/or an undersigned Owner in connection with the Transfer of the Transferred Interest as provided under this Agreement shall be subordinate to Assignee's obligations under the FA or any New FA (as defined below) to pay to us or our affiliates any fees and payments provided for therein.

7. New FA. Assignee agrees that in connection with the Transfer of the Transferred Interest to it, Assignee shall sign at Franchisor's request the form of Franchisee Agreement currently used by Franchisor in selling and offering franchises like the Franchise (the "New FA").

8. Guaranty of Obligations.

A. In consideration of, and as an inducement to, the execution of this Agreement by Franchisor, each undersigned Owner hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns that the Owner will punctually pay and perform each and every undertaking, agreement and covenant of Assignee set forth in the FA or any New FA; and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the FA or any New FA, including without limitation, monetary obligations, the obligations to take or refrain from taking certain actions and arbitration of disputes.

B. Each undersigned Owner waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Section 8; (2) any right the Owner may have to require that an action be brought against Franchisor or any other person as a condition of the Owner's liability; (3) all right to payment or reimbursement from, or subrogation against, Franchisor which Owner may have arising out of this guaranty of Assignee; and (4) any and all other notices and legal or equitable defenses to which Owner may be entitled in its capacity as guarantor.

C. Each undersigned Owner consents and agrees that (1) its direct and immediate liability under this Section shall be joint and several; (2) it will make any payment or render any performance required under the FA or any New FA on demand if Assignee fails or refuses to do so when required; (3) its liability will not be contingent or conditioned on our pursuit of any remedies against Assignee or any other person; (4) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Assignee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) the guaranty under this Section will continue and be irrevocable during the term of the FA or any New FA and afterward for so long as Assignee has any obligations under the FA or any New FA.

D. If Franchisor is required to enforce the guaranty provided for under this Section in a judicial or arbitration proceeding, and prevail in such proceeding, then each undersigned Owner agrees

that Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any undersigned Owner to comply with the guaranty provisions of this Section, then the Owner shall reimburse Franchisor for any of the above-listed costs and expenses incurred by Franchisor.

9. Breach. The Parties hereby agree that each of the matters stated herein are important, material, and confidential, and substantially affect the effective and successful conduct of the business of Franchisor and its reputation, and goodwill. Any breach of the terms of this Agreement is a material breach of this Agreement, which will result in substantial and irreparable injury to Franchisor, for which the breaching Party may be preliminarily and permanently enjoined and for which the breaching Party shall also pay to Franchisor all damages (including, but not limited to, compensatory, incidental, consequential and lost profits damages) which arise from the breach, together with interest, costs and Franchisor's reasonable attorneys' fees (through final unappealable judgment) to enforce this Agreement. This Agreement does not limit any other remedies available at law or in equity available to Franchisor.

10. No Waiver. Franchisor may waive a provision of this Agreement only in writing executed by an authorized representative. No Party shall rely upon any oral representations as to a waiver of any provision of this Agreement. No waiver by a Party of a breach by another Party of any provision of this Agreement shall operate or be construed as a waiver of any subsequent breach by the breaching Party.

11. Assignment. This Agreement is fully transferable by Franchisor. Franchisee and/or each undersigned Owner and Assignee shall not assign, convey, sell, delegate, otherwise transfer this Agreement or any right or duty hereunder without obtaining Franchisor's prior written consent.

12. Binding Agreement. This Agreement shall be binding upon the Parties' heirs and legal representatives. This Agreement shall be enforceable by the successors and assigns of Franchisor, any person or entity which purchases substantially all of the assets of Franchisor, and any subsidiary, affiliate or operation division of Franchisor.

13. Tolling. To ensure that Franchisor will receive the full benefit of this Agreement, the provisions of this Agreement will not run, for purposes of the prohibitions on any competition and solicitation, statute of limitations, or for laches, at any time that a party to this Agreement is actually acting in any way in contravention to this Agreement.

14. Headings. The paragraph headings of this Agreement are not a substantive part of this Agreement and shall not limit or restrict this Agreement in any way.

15. Choice of Law and Venue. This Agreement shall be construed in accordance with and governed for all purposes by the laws of Nevada. If any action or proceeding shall be instituted by any Party, or any representative thereof, all Parties and their representatives hereby consent and will submit to the jurisdiction of, and agree that venue is proper in Clark County, State of Nevada.



16. Severance and Reformation. In case any one or more of the provisions or restrictions contained in this Agreement, or any part thereof, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions or restrictions of this Agreement. In case any one or more of the provisions or restrictions contained in this Agreement shall, for any reason, be held to be unreasonable, improper, overbroad or unenforceable in any manner, it is agreed that they are divisible and separable and should be valid and enforceable to the extent allowed by law. The intention of the Parties is that Franchisor shall be given the broadest protection allowed by law with respect to this Agreement.

17. Entire Agreement. No change, addition, deletion or amendment of this Agreement shall be valid or binding upon any Party unless in writing and signed by the Parties. Insofar as matters within the scope of this Agreement are concerned, this Agreement is the entire Agreement between the Parties and replaces and supersedes all prior agreements and understandings pertaining to the matters addressed in this Agreement. There are no oral or other agreements or understandings between the Parties affecting this Agreement.

18. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be deemed to constitute one and the same instrument, and each counterpart shall be deemed an original

19. Opportunity to Seek Independent Advice. The undersigned Parties recognize that this Agreement is an important document that affects their legal rights. For this reason, the Parties may wish to seek independent legal advice before accepting the terms stated herein. The undersigned Parties acknowledge that they have had an opportunity to seek such independent legal advice. They acknowledge that they have read and understand the provisions contained herein and acknowledge receipt of a copy of this Agreement.

*[Signature on Next Page]*

IN WITNESS WHEREOF, the Parties hereto affix their signatures and execute this Agreement as of the day and year first above written.

**FRANCHISOR:**

MHDGA, LLC  
a Nevada Limited Liability Company

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

**FRANCHISEE:**

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

**OWNER AND OWNER'S SPOUSE:**

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

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

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

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

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

**ASSIGNEE:**

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

**EXHIBIT I to MHDGA, LLC**  
**CrunCheese Franchise Disclosure Document**

**FINANCIAL STATEMENTS**



**Bush & Associates CPA**

**Audited Financial Statements**

**MHDGA LLC**

**December 31, 2022**

**&**

**December 31, 2021**

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# Bush & Associates CPA

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of MHDGA LLC  
Las Vegas, Nevada

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of MHDGA LLC (the “Company”) as of December 31, 2022 and 2021, the related statements of operations, changes in shareholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and 2021 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the balance sheets, statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 2022 and 2021.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for reasonable period of time.

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

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

*Bush & Associates CPA*

Henderson, Nevada  
May 22, 2023

**MHDGA LLC  
BALANCE SHEET  
AS OF DECEMBER 31,**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 102,157	\$ 59,057
Franchise fees receivable	16,068	20,000
<b>Total Current Assets</b>	118,225	79,057
<b>Property and Equipment</b>		
Office equipment	1,185	1,185
Accumulated depreciation	(375)	(119)
<b>Total Property and Equipment, Net</b>	810	1,066
<b>Total Assets</b>	\$ 119,035	\$ 80,123
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 11,374	\$ 418
Deferred revenue, current	13,000	—
<b>Total Current Liabilities</b>	24,374	418
<b>Non-Current Liabilities</b>		
Deferred revenue, non-current	120,750	104,750
<b>Total Non-Current Liabilities</b>	120,750	104,750
<b>Total Liabilities</b>	145,124	105,168
<b>Shareholders' Equity</b>		
Contributed capital	2,000	2,000
Retained earnings	(28,089)	(27,045)
<b>Total Shareholders' Equity</b>	(26,089)	(25,045)
<b>Total Liabilities and Shareholders' Equity</b>	\$ 119,035	\$ 80,123



**MHDGA LLC**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<b>2022</b>	<b>2021</b>
<b>Statement of Income</b>		
<b>Sales</b>		
License fee revenue	\$ 99,485	\$ 9,168
Marketing fee revenue	24,361	—
Product sales	18,034	—
Initial franchise fee revenue	11,000	—
Other miscellaneous sales	4,752	979
<b>Total Sales</b>	157,632	10,147
<b>Cost of Goods Sold</b>		
Cost of labor	16,111	—
<b>Total Cost of Goods Sold</b>	16,111	—
<b>Operating Expenses</b>		
Advertising	35,429	3,000
Commissions	5,000	—
Information systems	456	174
Legal and professional	59,125	29,662
Office and other expenses	33,978	281
Taxes and licenses	2,448	467
Training	1,250	—
Travel	3,124	2,203
Uniforms	1,518	1,286
<b>Total Operating Expenses</b>	142,328	37,073
<b>Other Expenses</b>		
Depreciation expense	237	119
<b>Total Other Expense</b>	237	119
<b>Net Loss</b>	\$ (1,044)	\$ (27,045)

**MHDGA LLC**  
**STATEMENT OF SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022**

	<u>Capital Contributions</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance, December 31, 2020</b>	\$ -	\$ -	\$ -	\$ -
<b>Net Loss</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Current Year</b>	<u>2,000</u>	<u>—</u>	<u>(27,045)</u>	<u>(25,045)</u>
<b>Balance, December 31, 2021</b>	\$ 2,000	\$ -	\$ (27,045)	\$ (25,045)
<b>Net Loss</b>	<u>—</u>	<u>—</u>	<u>(1,044)</u>	<u>(1,044)</u>
<b>Current Year</b>	<u>2,000</u>	<u>—</u>	<u>(28,089)</u>	<u>(26,089)</u>
<b>Balance, December 31, 2022</b>	<u>2,000</u>	<u>—</u>	<u>(28,089)</u>	<u>(26,089)</u>

**MHDGA LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (1,044)	\$ (27,045)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	237	119
(Increase) decrease in assets:		
Franchise fee receivable	3,951	(20,000)
Increase (decrease) in liabilities:		
Accounts payable	10,956	418
Deferred revenue	29,000	104,750
<b>Net Cash Used in Operating Activities</b>	<b>43,100</b>	<b>58,242</b>
 <b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	—	(1,185)
<b>Net Cash Flows from Investing Activities</b>	—	(1,185)
 <b>Cash Flows from Financing Activities</b>		
Purchase of property and equipment	—	2,000
<b>Net Cash Flows from Financing Activities</b>	—	2,000
 <b>Net Increase in Cash and Cash Equivalents</b>	<b>43,100</b>	<b>59,057</b>
 <b>Cash - Beginning of Year</b>	<b>59,057</b>	<b>—</b>
 <b>Cash - End of Year</b>	<b>\$ 102,157</b>	<b>\$ 59,057</b>

**MHDGA LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 & 2021**

**1. Principal Business Activity and Significant Accounting Policies**

**Principal Business Activity**

MHDGA LLC (the Company) provides licensing opportunities for prospective licensees to license the concept of a Crunchese Korean Hot Dog business. The concept adds a unique twist to the traditional corn dogs with dairy free batter options. The company was formed in April 2021 in the state of Nevada.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**Balance Sheet Classification**

The Company includes in current assets and liabilities retainage amounts receivable and payable under contracts, which may extend beyond one year. A one-year period is used as the basis for classifying all other current assets and liabilities.

**Concentrations of Credit Risk**

The Company maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits.

**Receivables and Credit Policy**

Franchise fee receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30-45 days from the invoice date. Contract receivables are stated at the amount billed to the customer. The Company will withhold warranties on overdue customer account balances. Payments of Franchise fee receivables are allocated to the specific invoices identified on the customer's remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors, as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. There is no outstanding Franchise fee receivables or allowance for doubtful accounts as of year ended December 31, 2022.

**Property and Equipment**

Property and equipment are recorded at cost. Capital assets are defined by management as assets with an initial, individual cost of \$1,000 or more and all licensed and registered vehicles, regardless of cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense.

**MHDGA LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in other income (expense) on the statement of operations. Depreciation is provided using the straight-line method, based on useful lives of the assets which range from five to thirty-nine years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at December 31, 2022.

### **Income Taxes**

The Company has elected to be taxed as a "S-Corp" under the provisions of the Internal Revenue Code and comparable state income tax law. As a S-Corp, the Company is generally not subject to corporate income taxes and the Company's net income or loss is reported on the individual tax return of the shareholder of the Company. Therefore, no provision or liability for income taxes is reflected in the financial statements.

The Company has not been audited by the Internal Revenue Service, and accordingly the business tax returns since 2021 are open to examination. Management has evaluated its tax positions and has concluded that the Company had taken no uncertain tax positions that could require adjustment or disclosure in the financial statements to comply with provisions set forth in Accounting Standards Codification (ASC) section 740, Income Taxes.

### **Accounts Payable**

The Company has accounts payable totaling \$11,374 and \$418 as of December 31, 2022 and 2021, which represents amounts owed to suppliers for goods and services received but not yet paid for. These liabilities are typically settled within 30 to 60 days of the invoice date and are recorded at the invoiced amount.

### **Revenue Recognition**

The Company accounts for revenue recognition in accordance with Accounting Standards Codification Topic 606 (ASC 606). *Revenue from contracts with customers*, which aligns revenue recognition with the timing of when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good or services. This core principle is achieved through application of the following five-step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to performance obligations in the contact, and (5) recognize revenue as performance obligations are satisfied.

**MHDGA LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

The Company earns revenue from license fees collected from licensees. The amount of revenue recognized reflects both the fixed and variable consideration to which the Company expects to be entitled in exchange for these services. Revenue related to license fees and initial fees are recognized over time as the services are performed. Several factors, including type of the customer and the licensing agreement can affect the nature, amount, timing, and uncertainty of cash flows.

Payment terms for the Company's services do not typically exceed normal payment terms used by the industry, and the Company does not have significant financing components or material collectability concerns in relation to its current contracts. When a customer contract includes more than a single performance obligation, the Company allocates the total transaction price to each performance obligation based on each performance obligation within the licensing agreement. When observable, the standalone price for a performance obligation is determined as the amount the Company sells the service for in standalone transactions involving similar customers and circumstances. The adoption of the new standard resulted in no modifications to the timing of revenue recognition.

### **Advertising Costs**

All advertising costs are expensed as incurred. Such costs approximated \$35,429 and \$3,000 for the years ending December 31, 2022 and 2021.

### **Legal and Professional Fees**

All legal and professional fees are expensed as incurred. Such costs approximated \$59,125 and \$29,662 for the years ending December 31, 2022 and 2021.

### **Estimates and Assumptions**

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Deferred Revenue**

The franchisor entity recognizes revenue from initial franchise fees in accordance with the franchise agreement. Initial franchise fees are typically paid in full at the inception of the agreement, and the franchisor recognizes the revenue over the life of the franchise agreement.

As of December 31, 2022 and 2021, the franchisor has deferred revenue of \$133,750 and \$104,750 related to initial franchise fees received but not yet recognized as revenue. The deferral represents the portion of the initial franchise fee that has not been recognized as revenue as of the balance sheet date. The current portion of deferred revenue for the years ending December 31, 2022 and 2021 was \$13,000 and \$0.

The deferral is being recognized as revenue on a straight-line basis over the life of the franchise agreement, which typically ranges from 5 to 20 years.

**MHDGA LLC**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

The recognition of revenue is based on the proportionate amount of services provided to the franchisee under the agreement. The franchisor evaluates the franchise agreements periodically and adjusts the recognition of revenue as necessary to reflect changes in the estimated period of services provided.

The franchisor entity has not experienced any significant unanticipated issues related to the recognition of deferred revenue, nor has it recorded any significant adjustments to deferred revenue balances in prior periods.

**3. Risk and Uncertainties**

The general economy has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Company is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of the financial statements, the Company has not experienced a major detrimental impact, however, given the current economic climate, there are risks and uncertainties related to this matter.

**These Financial Statements Have Been Prepared without an Audit.  
Prospective Franchisees or Sellers of Franchises Should be Advised that  
No Independent Certified Public Accountant Has Audited These Figures or  
Expressed an Opinion with Regard to their Content or Form.**



**MHDGA, LLC**

**Unaudited Financial Statements**

# MHDGA LLC

## Balance Sheet

As of December 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Business Adv Fundamentals - 1575 - 1	86,046.61
<b>Total Bank Accounts</b>	<b>\$86,046.61</b>
Accounts Receivable	
Accounts Receivable (A/R)	6,396.76
<b>Total Accounts Receivable</b>	<b>\$6,396.76</b>
Other Current Assets	
Inventory	
Langlois	0.00
<b>Total Inventory</b>	<b>0.00</b>
Payments to deposit	0.00
<b>Total Other Current Assets</b>	<b>\$0.00</b>
<b>Total Current Assets</b>	<b>\$92,443.37</b>
Fixed Assets	
Long-term office equipment	0.00
Tools, machinery, and equipment	1,746.72
<b>Total Fixed Assets</b>	<b>\$1,746.72</b>
<b>TOTAL ASSETS</b>	<b>\$94,190.09</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Direct Deposit Payable	0.00
Nevada Department of Taxation Payable	104.33
Out Of Scope Agency Payable	0.00
Payroll Liabilities	
Federal Taxes (941/943/944)	280.50
Federal Unemployment (940)	42.00
NV Unemployment Tax	165.00
<b>Total Payroll Liabilities</b>	<b>487.50</b>
<b>Total Other Current Liabilities</b>	<b>\$591.83</b>
<b>Total Current Liabilities</b>	<b>\$591.83</b>
<b>Total Liabilities</b>	<b>\$591.83</b>
Equity	
Buddhalza's Group LLC	1,000.00
Chaung Kyun Kim	1,000.00

# MHDGA LLC

## Balance Sheet

As of December 31, 2023

	TOTAL
Partner distributions	
Buddhakai Group LLC	-35,000.00
Choong Kyun Kim	-65,000.00
Twenty4 Hospitality LLC	-30,000.00
<b>Total Partner distributions</b>	<b>-130,000.00</b>
Retained Earnings	100,151.90
Net Income	121,446.36
<b>Total Equity</b>	<b>\$93,598.26</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$94,190.09</b>

# MHDGA LLC

## Profit and Loss

January - December 2023

	TOTAL
Income	
CC Blue Diamond	
Uniform	391.89
<b>Total CC Blue Diamond</b>	<b>391.89</b>
Franchise Fee	40,000.00
Other Income	10.00
Sales	-1,062.41
Advertising Fees	
ADGJ Enterprise Inc Marketing Fees	2,191.86
ANS Management Marketing Fees	6,178.30
C2L Inc Marketing Fees	1,367.02
CC Blue Diamond Marketing Fees	4,106.85
CC Eastern Marketing Fee	2,534.87
CC Santa Anita Marketing Fees	5,660.98
Eden Prairie Marketing Fees	357.45
Jaetech Inc Marketing Fee	5,612.99
Jonber Inc. Marketing Fees	5,637.20
NYC 168 Hot Dog Inc Marketing Fee	1,659.02
Rock Rocket Hot Dog Inc Marketing Fee	3,272.04
W.T.D. LLC Marketing Fees	5,587.87
W2J LLC Marketing Fee	2,135.75
<b>Total Advertising Fees</b>	<b>46,302.20</b>
Client Cost Reimbursements	3,000.04
License Fee	
ADGJ Enterprise Inc License Fees	10,959.26
ANS Management License Fees	24,725.15
C2L Inc License Fees	6,835.11
CC Blue Diamond License Fees	16,427.42
CC Eastern License Fee	10,139.47
CC Santa Anita License Fees	22,643.91
Eden Prairie, MN Franchise/Licensing Fee	1,787.27
Jaetech License Fees	43,064.90
Jonber License Fees	24,654.79
NYC 168 Hot Dog Inc License Fee	8,295.10
Rock Rocket Hot Dog Inc License Fee	16,360.14
W.T.D. LLC License Fees	25,209.11
W2J LLC License Fee	10,678.74
<b>Total License Fee</b>	<b>221,780.37</b>
Product Sales	14,438.72
<b>Total Sales</b>	<b>284,458.92</b>
<b>Total Income</b>	<b>\$324,860.81</b>

# MHDGA LLC

## Profit and Loss

January - December 2023

	TOTAL
Cost of Goods Sold	
Cost of goods sold	17,520.89
<b>Total Cost of Goods Sold</b>	<b>\$17,520.89</b>
<b>GROSS PROFIT</b>	<b>\$307,339.92</b>
Expenses	
Advertising & marketing	2,022.90
Zoke LLC	64,813.33
<b>Total Advertising &amp; marketing</b>	<b>66,836.23</b>
Business licenses	160.00
General business expenses	1,399.04
Bank fees & service charges	96.00
Google Workspace	540.00
Uniforms	4,162.63
<b>Total General business expenses</b>	<b>6,197.67</b>
Legal & accounting services	
Accounting fees	10,796.17
Legal fees	468.75
<b>Total Legal &amp; accounting services</b>	<b>11,264.92</b>
Legal & Professional Fees	44,651.05
Consulting	
Aria Ou LLC	7,333.32
Junwoo Lee	15,750.00
<b>Total Consulting</b>	<b>23,083.32</b>
<b>Total Legal &amp; Professional Fees</b>	<b>67,734.37</b>
Meals	112.25
Office expenses	
Shipping & postage	1,248.51
<b>Total Office expenses</b>	<b>1,248.51</b>
Payroll expenses	
Taxes	1,408.75
Wages	14,666.64
<b>Total Payroll expenses</b>	<b>16,075.39</b>
QuickBooks Payments Fees	2,461.25
Supplies	
Supplies & materials	5,685.00
<b>Total Supplies</b>	<b>5,685.00</b>
Taxes and Licenses	700.00
MN State Tax	571.78
<b>Total Taxes and Licenses</b>	<b>1,271.78</b>

# MHDGA LLC

## Profit and Loss

January - December 2023

	TOTAL
Travel	26.29
Airfare	1,825.58
Hotels	2,909.76
Meals	73.80
Taxis or shared rides	714.08
Vehicle rental	987.68
Visit DLC	309.00
<b>Total Travel</b>	<b>6,846.19</b>
<b>Total Expenses</b>	<b>\$185,893.56</b>
NET OPERATING INCOME	<b>\$121,446.36</b>
NET INCOME	<b>\$121,446.36</b>

**Exhibit J to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**LIST OF FRANCHISEES**

LIST OF CURRENT FRANCHISEES  
(As of December 31, 2022):

<b>Contact Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Phone Number</b>
Danny Huang	465 N. Alafaya Trail, Space #465	Orlando	FL	415-885-9148
Yoo Chang	401 14th Ave. SE	Minneapolis	MN	612-327-2546
Steven Kwon	6572 N. Decatur Blvd. Ste 140	Las Vegas	NV	702-722-7296

LIST OF FRANCHISEES WHO HAD SIGNED AN AGREEMENT, BUT HAS NOT OPENED  
(As of December 31, 2022)

<b>Contact Name</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Phone Number</b>
Yumi Lee	2767 S Parker Rd	Aurora	CO	302-299-2299
Tony Tran	3422 Business Center Dr. #142	Pearland	TX	714-742-8660

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN 2022

None.

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

**Exhibit K to MHDGA, LLC  
CrunCheese Franchise Disclosure Document**

**STATE SPECIFIC ADDENDUM**



## CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF CORPORATIONS PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
3. OUR WEBSITE, [WWW.CRUNCHEESEHOTDOG.COM/](http://WWW.CRUNCHEESEHOTDOG.COM/), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [WWW.DFPI.CA.GOV.](http://WWW.DFPI.CA.GOV/)
4. The following paragraph is added to Item 3 of the Disclosure Document.

Neither we nor any person or franchise broker identified in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

5. The following paragraph is added to Item 5 of the Disclosure Document.

Initial Fee. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. The following are added at the end of Item 17 of the Disclosure Document.

California Law Regarding Termination and Nonrenewal. The California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law, as amended from time to time, will control.

Covenant not to Compete. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Liquidated Damages Provision. Where the Franchise Agreement contains a liquidated damage clause, California Civil Code Section 1671 may render certain liquidated damages clauses unenforceable.

Termination Upon Bankruptcy. Where the Franchise Agreement or Area Development Agreement provide for termination upon insolvency, bankruptcy, or reorganization, such a provision might not be enforceable under California Law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Office closest to our principal executive offices. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Governing Law. The Franchise Agreement requires application of the law of Nevada. This provision may not be enforceable under California law.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT**

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

1. The California Business and Professions Code Section 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the California law will control.

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

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

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

5. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

7. The Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

By:

\_\_\_\_\_

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

By:

\_\_\_\_\_

[Name, Title]

DATED: \_\_\_\_\_

**CALIFORNIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

1. The California Business and Professions Code Section 20000 through 20043 provide rights to you concerning termination and non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the California law will control.

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

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

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

5. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

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

[Name, Title]

DATED:

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the franchise agreements.

Payment of Initial Fees and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

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

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

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

No statement, questionnaire or acknowledgement is 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT**

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

Illinois law governs the franchise agreements.

Payment of Initial Fees and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor’s financial condition.

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

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

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

No statement, questionnaire or acknowledgement is 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

**FRANCHISOR:**

MHDGA, LLC, A Nevada Limited Liability Company

By: \_\_\_\_\_  
[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

**ILLINOIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

Illinois law governs the franchise agreements.

Payment of Initial Fees and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor’s financial condition.

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

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

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

No statement, questionnaire or acknowledgement is 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Illinois Addendum to the Area Development Agreement simultaneously as the Area Development Agreement was executed.

**FRANCHISOR:**

MHDGA, LLC, A Nevada Limited Liability Company

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

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following is added at the end of Item 5 Section I(A) of the Disclosure Document:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for our approval of transfer by you**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

The provisions in the Franchise Agreement relating to the general release that is required as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(h), entitled **“Cause” defined – non-curable defaults**, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

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

4. Item 17(v), entitled **Choice of forum**, of the Franchise Agreement chart in the Disclosure Document is amended as following:

You may file a civil lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.



**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

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

- A. The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
- B. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- C. A franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- D. Any limitation on the period of time litigation and/or arbitration claims may be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- E. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
- F. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
- G. The acknowledgement and representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act to release, estoppel or waive any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

**FRANCHISOR:**

**FRANCHISEE:**

MHDGA, LLC

A Nevada Limited Liability Company

\_\_\_\_\_

[Print Name of Franchisee]

By:

By:

\_\_\_\_\_

\_\_\_\_\_

[Name, Title]

[Name, Title]

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

**MARYLAND ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

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

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

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

In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

**IN WITNESS WHEREOF**, the parties hereto have duly executed, sealed, and delivered this Maryland Addendum to the Area Development Agreement on the same date as the Area Development Agreement was executed.

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

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

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following paragraph is added to the end of Item 13 of the Disclosure Document:

To the extent required by Minnesota Stat. Sec. 80C. 12, Subd. 1(G), we will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

2. The following paragraph is added to Item 17:

Minn. Rule 2860.4400(D) prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C. 14, subds, 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement, and that the consent to the transfer of the franchise will not be unreasonably withheld.

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Under Minnesota law, we cannot require you to consent to injunction relief; however, we may seek injunctive relief from the Court.

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

**MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT**

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

1. Article 7 is amended to add the following:

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

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

3. Article 15 is amended to add the following:

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

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

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

5. Article 17.10 is amended to add the following:

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

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

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

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

**FRANCHISOR:**

**FRANCHISEE:**

MHDGA, LLC

A Nevada Limited Liability Company

\_\_\_\_\_

[Print Name of Franchisee]

By:

By:

\_\_\_\_\_

\_\_\_\_\_

[Name, Title]

[Name, Title]

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

**MINNESOTA ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

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

With respect to that provision requiring a general release as a condition of renewal and transfer of the franchise, such release will exclude claims arising under the Minnesota Franchise Law.

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

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

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

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

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

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

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

[Name, Title]

DATED:

\_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

### THE STATE OF NEW YORK REQUIRES US TO DISCLOSE THE FOLLOWING INFORMATION

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

1. Item 3 of this Disclosure Document is amended as follows:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark: A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature of financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 17(c), entitled, entitled “**Requirements for franchisee to renew or extend**”, and Item 17(m), entitled “**Conditions for our approval of transfer by you**”, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

However, to the extent required by applicable law, all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued under this law will remain in force; it being the intent of this proviso of the General Business Law Sections 687.4 and 687.5 be satisfied.

3. Item 17(d), entitled “**Transfer by Franchisee**”, of the Franchise Agreement chart in the Disclosure Document is amended by adding the following:

You may terminate the Agreement on any grounds available by law.

4. Item 17(v), entitled “**Choice of forum**”, and Item 17(w), entitled “**Choice of law**”, of the Franchise Agreement chart in the Disclosure Document are amended by adding the following:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**NEW YORK ADDENDUM TO FRANCHISE AGREEMENT**

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

- 1. Article 14.3 is amended to add the following:

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

- 2. Article 14.5 is amended to add the following:

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

- 3. Article 8.3 is amended to add the following:

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

- 4. Article 20 is amended to add the following:

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

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

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

**FRANCHISOR:**

**FRANCHISEE:**

MHDGA, LLC

A Nevada Limited Liability Company

\_\_\_\_\_

[Print Name of Franchisee]

By:

By:

\_\_\_\_\_

\_\_\_\_\_

[Name, Title]

[Name, Title]

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_



**NEW YORK ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

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

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

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

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

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

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

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

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

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

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## **VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

1. The following statement is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

2. The following statement is added to Item 17(h):

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

**VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT**

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

- 1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.
- 2. In all other respects, the Franchise Agreement is unchanged.

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

By:

\_\_\_\_\_

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

By:

\_\_\_\_\_

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

**VIRGINIA ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

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

1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
2. In all other respects, the Area Development Agreement is unchanged.

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

**FRANCHISOR:**

MHDGA, LLC

A Nevada Limited Liability Company

By:

\_\_\_\_\_

[Name, Title]

DATED: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

[Print Name of Franchisee]

By:

\_\_\_\_\_

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following paragraph is added to Item 5 of the Disclosure Document:

Based upon the franchisor's financial condition, the Washington Department of Financial Institutions has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until the franchisor completes its pre-opening obligations to the franchisee and the franchise is open for business. In addition, all development fees and initial payments by area developers shall be prorated, with a portion of the development fee being collected after each unit opens.

2. The Following paragraph is added to Item 17 of the Disclosure Document:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- b. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and

unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

- g. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

## WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

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

3. The Washington Department of Financial Institutions requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations to the franchisee and the franchise is open for business.
4. General release does not apply to claims arising under the Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.
5. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
6. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
7. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
8. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
9. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
10. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount

that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

11. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

**FRANCHISOR:**

**FRANCHISEE:**

MHDGA, LLC

A Nevada Limited Liability Company

By:

\_\_\_\_\_  
[Name, Title]

DATED: \_\_\_\_\_

\_\_\_\_\_

[Print Name of Franchisee]

By:

\_\_\_\_\_  
[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_



## WASHINGTON ADDENDUM TO AREA DEVELOPMENT AGREEMENT

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

1. The Washington Department of Financial Institutions requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations to the franchisee and the franchise is open for business. In addition, all development fees and initial payments by area developers shall be prorated, with a portion of the development fee being collected after each unit opens.
2. General release does not apply to claims arising under the Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
4. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
5. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
6. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
7. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
8. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's

earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

- 9. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
- 10. The Disclaimer Statement does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.1999, and the rules adopted thereunder.

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

**FRANCHISOR:**

**FRANCHISEE:**

MHDGA, LLC

A Nevada Limited Liability Company

By:

\_\_\_\_\_

[Name, Title]

DATED: \_\_\_\_\_

\_\_\_\_\_

[Print Name of Franchisee]

By:

\_\_\_\_\_

[Signature of Person Signing on behalf of Franchisee]

Title: \_\_\_\_\_

DATED: \_\_\_\_\_

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<b>State</b>	<b>Effective Date</b>
California	May 5, 2023
Illinois	Pending
Maryland	Pending
Michigan	November 28, 2022
Minnesota	July 3, 2023
New York	September 21, 2023
Virginia	March 29, 2023
Washington	July 27, 2023
Wisconsin	February 8, 2023

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.

## 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 MHDGA, LLC, a Nevada Limited Liability Company, offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law. New York requires that we give you this disclosure document at the earlier of the first personal meeting to discuss the sale of a franchise or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If MHDGA, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, 600 Pennsylvania Avenue, NW Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The following franchise seller(s) will represent us in connection with the sale of our franchises: Leon Wu, 10175 W. Twain Ave., Suite 130, Las Vegas, NV, 89147 (Principal Address), E-mail: [leon@cruncheseusa.com](mailto:leon@cruncheseusa.com), Phone: 702-463-8002

Date of Issuance: April 19, 2023

I have received a Franchise Disclosure Document dated \_\_\_\_\_. This Disclosure Document included the following Exhibits:

<u>EXHIBITS TO DISCLOSURE DOCUMENT:</u>	
<b>A</b>	STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
<b>B</b>	FRANCHISE AGREEMENT (including exhibits)
<b>C</b>	OPERATIONS MANUAL: TABLE OF CONTENTS
<b>D</b>	CONFIDENTIALITY AGREEMENT FOR DISCLOSURE OF MANUALS
<b>E</b>	CONFIDENTIALITY AGREEMENT – EMPLOYEE
<b>F</b>	AREA DEVELOPMENT AGREEMENT (including exhibits)
<b>G</b>	GENERAL RELEASE AGREEMENT
<b>H</b>	TRANSFER AGREEMENT
<b>I</b>	FINANCIAL STATEMENTS OF FRANCHISOR
<b>J</b>	LIST OF FRANCHISEES
<b>K</b>	STATE SPECIFIC ADDENDUM

Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation:

\_\_\_\_\_ of \_\_\_\_\_  
 (Signature) (Print Name) (Name of Company)

\_\_\_\_\_ Date

*You may return the signed receipt either by signing, dating, and mailing it to us at MHDGA, LLC., or by emailing a copy of the signed and dated receipt to us.*

**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 MHDGA, LLC, a Nevada Limited Liability Company, offers you a franchise, it must provide this Disclosure Document to you fourteen (14) days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law. New York requires that we give you this disclosure document at the earlier of the first personal meeting to discuss the sale of a franchise or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If MHDGA, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, 600 Pennsylvania Avenue, NW Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

The following franchise seller(s) will represent us in connection with the sale of our franchises: Leon Wu, 10175 W. Twain Ave., Suite 130, Las Vegas, NV, 89147 (Principal Address), E-mail: [leon@cruncheseusa.com](mailto:leon@cruncheseusa.com), Phone: 702-463-8002

Date of Issuance: April 19, 2023

I have received a Franchise Disclosure Document dated \_\_\_\_\_. This Disclosure Document included the following Exhibits:

<u>EXHIBITS TO DISCLOSURE DOCUMENT:</u>	
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<b>G</b>	GENERAL RELEASE AGREEMENT
<b>H</b>	TRANSFER AGREEMENT
<b>I</b>	FINANCIAL STATEMENTS OF FRANCHISOR
<b>J</b>	LIST OF FRANCHISEES
<b>K</b>	STATE SPECIFIC ADDENDUM

Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation:

\_\_\_\_\_  
(Signature)    (Print Name)    of    \_\_\_\_\_  
(Name of Company)

\_\_\_\_\_  
Date

*You may return the signed receipt either by signing, dating, and mailing it to us at MHDGA, LLC., or by emailing a copy of the signed and dated receipt to us.*