

FRANCHISE DISCLOSURE DOCUMENT



Nihi Franchising, Inc.
A Michigan corporation
6321 Commerce Drive
Westland, Michigan 48185
(734) 331-3658
www.neehees.com

The franchise offered is for the establishment and operation of a “Neehee’s®” Restaurant. Your Restaurant will be a fast-casual Restaurant that features on-premises dining and carry out with a wide variety of menu items, specializing in authentic Indian vegetarian cuisine, from local sources, with superior customer service to its clients.

The total investment necessary to begin operations of a Neehee’s® single-unit franchise is between \$919,500 and \$1,470,000. This includes \$50,000 that must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rikesh Patel, 6321 Commerce Drive, Westland, Michigan 48185, (734) 331-3658 or rikesh@neehees.com.

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

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

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

Issuance Date: April 30, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits M and N
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Neehee’s business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Neehee’s franchisee?	Item 20 or Exhibits M and N lists current and former franchisees. You can contact them to ask about their experiences
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Michigan. 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 Michigan than in your own state.

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

**FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE STATE OF MICHIGAN**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will 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 will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise agreement or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise agreement.
- (e) A provision that permits the franchisor to refuse to renew a franchise agreement 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 will 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 subsection does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will 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 subsection 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 subsection 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 subsection (c).

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

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

If you have any questions regarding the foregoing provisions, contact the Michigan Department of Attorney General, Consumer Protection Division, Franchise, P.O. Box 30213, Lansing, Michigan 48909, (517) 335-7561.

The Michigan Notice applies only to Franchisees who are residents of Michigan or locate their franchises in Michigan.

TABLE OF CONTENTS

ITEM 1.	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES...	1
ITEM 2.	BUSINESS EXPERIENCE	3
ITEM 3.	LITIGATION.....	4
ITEM 4.	BANKRUPTCY	4
ITEM 5.	INITIAL FEES	4
ITEM 6.	OTHER FEES.....	5
ITEM 7.	ESTIMATED INITIAL INVESTMENT.....	9
ITEM 8.	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	13
ITEM 9.	FRANCHISEE’S OBLIGATIONS	16
ITEM 10.	FINANCING	17
ITEM 11.	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	17
ITEM 12.	TERRITORY	24
ITEM 13.	TRADEMARKS.....	26
ITEM 14.	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION	28
ITEM 15.	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	29
ITEM 16.	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
ITEM 17.	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	30
ITEM 18.	PUBLIC FIGURES.....	35
ITEM 19.	FINANCIAL PERFORMANCE REPRESENTATIONS	35
ITEM 20.	OUTLETS AND FRANCHISEE INFORMATION.....	37
ITEM 21.	FINANCIAL STATEMENTS.....	39
ITEM 22.	CONTRACTS.....	39
ITEM 23.	RECEIPTS.....	39

EXHIBITS

EXHIBIT A	FINANCIAL STATEMENTS
EXHIBIT B	FRANCHISE AGREEMENT
EXHIBIT C	ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION
EXHIBIT D	PRINCIPAL OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS
EXHIBIT E	CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENENT NOT TO COMPETE (Individual Owner)
EXHIBIT F	TELEPHONE NUMBER AND ELECTRONIC MEDIA ASSIGNMENT
EXHIBIT G	CONDITIONAL ASSIGNMENT OF LEASE
EXHIBIT H	REAL ESTATE OPTION TO PURCHASE
EXHIBIT I	GENERAL RELEASE
EXHIBIT J	STANDARD OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT K	LIST OF STATE AGENTS FOR SERVICE OF PROCESS
EXHIBIT L	ACKNOWLEDGEMENT
EXHIBIT M	LIST OF EXISTING FRANCHISEES AND DEVELOPERS
EXHIBIT N	LIST OF FORMER FRANCHISEES
EXHIBIT O	SELECT LIST OF STATE ADMINISTRATORS
EXHIBIT P	STATE ADDENDA
EXHIBIT Q	STATE EFFECTIVE DATES
EXHIBIT R	RECEIPTS

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

To simplify the language in this Disclosure Document, the words “we,” “our,” “us,” and “Neehee’s™” refer to Nih Franchising, Inc., the franchisor of this business. “You” and “your” refer to the person who buys the franchise, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company, or other business entity, certain provisions of this disclosure also apply to your owners and will be noted.

The Franchisor and Affiliates

We are a Michigan corporation organized on April 16, 2012. As of the Issuance Date of this disclosure document, our principal place of business is 6321 Commerce Drive, Westland, Michigan 48185, (734) 331-3658; www.neehees.com. We do business under the name “Neehee’s®.” We have no predecessors. We have no parent company.

Our affiliate, Nih Foods, Inc. owns and operates a Neehee’s® restaurant similar to the Restaurant being offered by this offering. Nih Foods, Inc. has a principal business address of 45656 Ford Road, Canton, Michigan 48187. Nih Foods, Inc. does not provide products or services to our franchisees. Our affiliate, Nih Distributing, Inc., is a wholly-owned subsidiary of ours that is the Designated Supplier for several products required to be used by franchisees in our System, including without limitation, dry ingredients and spice packets and an Approved Supplier for other products required to be used by franchises in our System, including uniforms (if available). Nih Distributing, Inc. has a principal business address of 6321 Commerce Drive, Westland, Michigan 48185. Nih Distributing, Inc. does not conduct the type of business being offered to franchisees and does not offer franchises in any line of business.

Since 2020, our affiliate, Pizzawala’s Franchising, Inc. has offered franchises for the establishment of a Pizzawala’s® restaurant, a fast-casual restaurant that features carry out authentic Indian pizza with a wide variety of menu items. Pizzawala’s Franchising, Inc. has offered franchises since 2020. As of December 31, 2021, Pizzawala’s had 1 unit open and operating, which is owned by our affiliate Desi Pizza Curry on Crust, Inc. since 2012.

Our agents for service of process are disclosed in Exhibit K to this Franchise Disclosure Document.

Our Business Experience

We began offering franchises in January 2013. We do not offer, and have not offered, franchises in any other line of business. At this time, our only business activity is the operation of the Neehee’s® franchise system. We reserve the right to conduct other business activities in the future. We have never operated a business similar to the business being franchised. Since 2006, our affiliate, Nih Foods, Inc., has owned and operated a Restaurant similar to those being franchised. As of the Date of Issuance of this Disclosure Document, Nih Foods, Inc., operates 1 Restaurant. Our affiliate, Nih Foods, Inc., does not offer franchises in any line of business or provide products or services to our franchisees. Our affiliate, Nih Distributing, Inc., does not offer franchises in any line of business but does provide products or services to our franchisees.

The Franchise

We offer, to persons and entities that meet our qualifications, the opportunity to be awarded an Neehee’s™ Franchise through which they will offer a counter-service, fast casual Restaurant that features on-premises dining and carry out with a wide variety of menu items pursuant to the terms of a Franchise

Agreement (the “Franchise Agreement”). The Restaurant specializes in freshly-made authentic Indian vegetarian food, locally sourced, with superior customer service to its clients (the “Restaurant”). Each Restaurant will feature a distinctive format and method of doing business, including marketing and sales procedures, cooking and food presentation processes and systems (the “System”). Each Restaurant will be located at a site approved by us and you will serve a designated area. As long as you are not in default, we will not operate a company-owned Restaurant, or franchise to another the right to operate a Restaurant, with the location within your designated area. You will sell our proprietary products.

Your Restaurant will be a counter-service, fast-casual restaurant that features on-premises dining and carry out with a wide variety of menu items. Your Restaurant will feature fresh and locally sourced ingredients. Your Restaurant will serve fresh Indian menu items such as various chaats, dosas, sandwiches, meals, Indo-Chinese dishes, pakodas, ice creams, ice cream-related beverages, fresh fruit juices and sodas, as well as other products and beverages (“Menu Items”). You are not permitted to offer catering or delivery services without our prior written approval. You must prepare the Menu Items in accordance with our specified recipes and serve in accordance with our specified standards. Each Restaurant operates under the name Neehee’s® and such other marks as we may designate or update from time to time.

You must operate your Restaurant under our unique System. The System is characterized by the following: a distinctive layout; a unique service style; unique design, signs, décor, and furnishings; proprietary recipes, procedures and techniques; all of which we may change. Neehee’s® Restaurants are approximately 3,000 – 6,000 square feet in size with a seating capacity for approximately 100-150 people. You must adhere to the System regardless of the size of your Restaurant.

The Market and Competition

Your Restaurant will offer food products to the general public. Your sales are not seasonal. Your competitors include other restaurant businesses (particularly those offering similar food products) including national or regional franchise systems, and other chains, as well as locally-owned independent restaurants. We believe the market for delivery, carry-out, and on-premises dining of the Menu Items is well developed.

The market for restaurant businesses could be affected by pandemics, such as the COVID 19 pandemic. These effects may be experienced while the pandemic and any social distancing policies, voluntary or mandatory shutdowns, and other governmental policies and requirements relating to the pandemic are in effect. The market could also be affected by natural disasters, such as hurricanes and floods. The effects from pandemics and natural disasters may include the unavailability of employees, reduced hours of operation or closing of the business for a period of time, reduced sales volumes and cash flows, and disruptions to supply chains.

Licenses and Permits

Laws exist in every state and most local units of government (cities, townships, villages, counties, etc.) that govern the food service industry, including, without limitation, health, sanitation, and safety regulations regarding food storage, preparation and safety. You must comply with these laws, regulations, and local ordinances that apply to restaurant and food service businesses generally. In addition, you will be required to comply with laws, regulations, and ordinances that apply to businesses generally, your Restaurant will be subject to various federal, state, and local government regulations, including those relating to site location and building construction, as well as restaurant operations, such as the Americans with Disabilities Act and other federal, state, or local laws and regulations relating to employees and customers with disabilities; the Fair Labor Standards Acts; the Occupational Safety and Health Act and

other federal, state, and local laws and regulations governing minimum wage, overtime, working conditions and other employment-related subjects; Title VII of the Civil Rights Act; the Equal Employment Opportunity Act and other federal, state and local laws and regulations relating to discrimination and harassment; United States Department of Agriculture (USDA) standards; truth in menu and labeling laws; storage, preparation, and sale of food and beverage products; laws governing various other matters, such as consumer and employee privacy; laws applicable to health, sanitation, smoking, safety, fire, and other matters; tax laws; environmental laws; and laws relating to citizenship or immigration status. It is your sole responsibility to obtain, and keep in force, all necessary licenses and permits required by public authorities. The Federal Clean Air Act and various other state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide, and particles, including caps on emissions from commercial food preparation.

In addition, you must ensure compliance with Payment Card Industry (“PCI”) Data Security Standard (“DSS”) Requirements and Security Assessment Procedures and other applicable PCI requirements (“PCI Requirements”). The purpose of the PCI Requirements is to ensure the protection and privacy of customer information and credit card numbers. The PCI Requirements require secured data connections and other steps to protect information. The PCI Requirements are substantial and complex and change regularly, so you must devote material business and management time and effort to your compliance efforts. You could incur significant liability if there is credit card fraud and you have not complied with the PCI Requirements. The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration’s Nutritional Labeling Guide for Restaurants and Other Retail Establishments provides answers to commonly asked questions regarding the application of NLEA. Some state and local governments also regulate indoor air quality, including prohibiting the use of tobacco products in public places. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities for the operation of your Restaurant.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer: Rikesh Patel

Mr. Patel has served as our Chief Executive Officer since our inception. Mr. Patel is responsible for our day-to-day operations. Since November 2019, Mr. Patel also serves as the President, Chief Executive Officer of our affiliate Pizzawala’s Franchising, Inc. in Westland, Michigan. Prior to our formation and since 2006, Mr. Patel owned and operated (and continues to own and operate) our affiliate company, Nihi Foods, Inc. in Canton, Michigan that continues to develop the Neehee’s® System.

Chief Operations Officer: Vrijesh Patel

Mr. Patel has served as Chief Operations Officer since our inception. Mr. Patel is responsible for the operations of our franchises, as well as the operations of our affiliate, Nihi Foods, Inc. Since November 2019, Mr. Patel also serves as the Chief Operations Officer of our affiliate Pizzawala’s Franchising, Inc. in Westland, Michigan. Prior to our formation and since 2006, Mr. Patel has owned and operated (and continues to own and operate) and act as the Chief Operations Officer of our affiliate, Nihi Foods, Inc., in Canton, Michigan that continues to develop the Neehee’s® System.

Chief Marketing Officer: Dipali Patel

Mrs. Patel has served as a member of our Chief Marketing Officer since our inception. Mrs. Patel is responsible for the marketing and media development for our company and for our affiliate, Nihi Foods, Inc. Since November 2019, Mrs. Patel also serves as the Chief Marketing Officer of our affiliate Pizzawala’s Franchising, Inc. in Westland, Michigan. Prior to our formation and since 2006, Mrs. Patel has owned and continues to own our affiliate, Nihi Foods, Inc., in Canton, Michigan, that continues to develop the Neehee’s ® System.

Chief Financial Officer: Krishna Patel

Mrs. Patel has served as our Chief Financial Officer since our inception. Mrs. Patel is responsible for overseeing the financial operations of our company and our affiliate, Nihi Foods, Inc. Since 2019, she has served as Chief Financial Officer for our affiliate Pizzawala’s Franchising, Inc. in Westland, Michigan. Prior to our formation and since 2006, Mrs. Patel has owned and continues to own our affiliate, Nihi Foods, Inc., in Canton, Michigan, that continues to develop the Neehee’s® System.

Vice President of Franchise Development: Darshan Patel

Mr. Patel has served as our Vice President of Franchise Development since November 2019. Since November 2019, he has served in the same position for our affiliate Pizzawala’s Franchising, Inc., in Westland, Michigan. Since June, 2018 to the present, he has served as Vice President of Operations with our affiliate, Desi Pizza Curry on Crust, Inc. that operates a Pizzawala’s® Restaurant in Canton, Michigan 48187. Between January 2017 and May 2018, he was a student at the New York College of Podiatric Medicine in New York, New York.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You pay us a non-refundable \$50,000 lump sum Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is uniform. We do not give refunds under any circumstances.

ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of Net Sales	The weekly Royalty fee is due by automatic debit (electronic funds transfer) (Note 1) for Net Sales made during the preceding week.	“Net Sales” means revenue from the sale of all goods and services from the Restaurant (Note 2). Royalty percentage will not change during the Initial term of the Franchise Agreement.
Marketing Fee (Note 3)	3% of Net Sales	The Marketing Fee is due weekly by automatic debit (electronic funds transfer) (Note 1) for Net Sales made during the preceding week.	“Net Sales” means revenue from the sale of all goods and services from the Restaurant (Note 2).
Local Advertising (Note 3)	Minimum of 1% of Net Sales	As incurred	In addition to the Marketing Fee, you are required to spend, after the first 90 days of operation, an amount to market and advertise your Restaurant in your market (Note 3).
Audit Expenses (Note 4)	Cost of audit and investigation, plus Royalty and Marketing Fees due on understatement, plus interest on understatement at highest legal rate not to exceed 1.5% per month	30 days after billing	Cost of audit payable by you only if audit shows an understatement of your Restaurant’s Net Sales by 1% or more or an underpayment of the Royalty of 3% or more. You are responsible for the Royalty and Marketing Fees for any understated Net Sales plus interest on these amounts.
Transfer	75% of the then-current Initial Franchise Fee if sold to a new franchisee; 40% of the then-current Initial Franchise Fee if sold to a franchisee already in the System.	Prior to consummation of transaction	Payable to us as one condition of our approval of the transfer.
Additional Training (Note 5)	\$100 to \$1,000 per person per day, plus expenses	Immediately upon receipt of bill	We provide initial training programs as part of the Initial Franchise Fee.
Additional Assistance (Note 6)	\$100 to \$1,000 per person per day, plus expenses	Immediately upon receipt of bill	We provide initial assistance programs as part of the Initial Franchise Fee.
Renewal Fee	\$10,000	At renewal	Payable to us as one condition of our approval of your renewal.
Remodeling and Renovation (Note 7)	Not more than 2% of the Net Sales, cumulative, over the previous five-year period.	As incurred	Remodeling and renovation fees are payable to us only in the event that you do not remodel or renovate in accordance with the terms of the Franchise Agreement. Remodeling does not include general maintenance and replacement of equipment or technology.
Proprietary Merchandise and/or Food Products (Note 8)	\$5,000	Immediately upon receipt of bill	Payable to us, our Affiliate, or other approved supplier.

Type of Fee	Amount	Due Date	Remarks
Alternate Product/ Supplier Approval (Note 9)	Up to \$5,000	Immediately upon request for approval	Payable to us or other testing company.
Mystery Shopping/ Quality Assurance Program (Note 10)	Up to \$2,000 initial investment and up to \$250 per month	Immediately upon receipt of bill	Payable to us or other approved supplier.
Interest	18% per annum or highest maximum rate allowed by law on past due fees owed to us	Immediately when due	Payable to us.
Web-based Marketing Program (Note 11)	Currently \$0, but we reserve the right to do so in the future	Immediately when due	Payable to us or another approved supplier.
Liquidated Damages (Franchise Agreement)	The greater of 2 years of Royalty and Marketing Fee payments, respectively, based upon the previous year's Royalty and Marketing Fee payments made, respectively, or \$240,000	Lump sum on demand	Payable as part of the damages due to us if you breach the Franchise Agreement and the Franchise Agreement is terminated.
Collection Costs, Expenses and Attorney Fees	Our costs and expenses	Upon demand, if required	These costs and expenses include, but are not limited to all costs and expenses related to the enforcement of the Franchise Agreement or other agreement between us, including without limitation, court costs, expert witness fees, discovery costs and actual attorney fees incurred by us.
Indemnification	The costs and expenses incurred by us	As incurred and upon demand	You must indemnify and hold us harmless in all actions arising out of or resulting from the development or operation of the Restaurant.

The following fees are imposed by and payable to us: Royalty, Marketing Fund, audit expenses, transfer, renewal, additional training and additional assistance, interest, and in some circumstances, remodeling and renovation (Note 7); Proprietary Merchandise or Food products (Note 8); Alternative Product/Supplier approval (Note 9); System Performance Review Program (Note 10); and Web-based Marketing (Note 11). All fees are uniformly imposed and non-refundable.

Note 1 Before Initial Training, you must sign, and deliver to us, the document (Exhibit C of this Disclosure Document) we require to debit the Restaurant's checking account automatically for all fees due us. This includes, without limitation, the Royalty, Marketing Fee, and Interest fees.

Note 2 Net Sales will include, without limitation, the entire amount of the actual sales price before any discount (*e.g.*, employee discount promotional or "comp" sales), whether for cash or other consideration, of all sales of food, beverages, merchandise, and services in or from the Restaurant, or pursuant to your rights under the Franchise Agreement, including but not limited to revenues derived from catering food shows, if approved by us, fairs, offsite deliveries, or orders; all deposits not refunded to purchasers; orders taken, although such orders may be filled elsewhere; and payments to you by a concessionaire, franchisee or person otherwise in the Restaurant with our consent. Net Sales shall not include the amount of returns to shippers or manufacturers; the amount of any cash or credit refunds made upon any sale where part or all of the food, beverages,

merchandise or service sold is later returned by the customer and accepted by you; receipts from sales of furniture, trade fixtures or other extraordinary sales (unless bearing any Trademarks) not made in the ordinary course of business; and any sales or value added tax required by and duly constituted taxing authority which are separately accounted for and collected on behalf of the taxing authority by you directly from your customers and paid by you to the taxing authority.

Note 3 We currently require that you contribute 3% of Net Sales to the National Marketing Fund (“Marketing Fee”). Our United States affiliate Restaurants pay the same fee. We, in our sole discretion, choose the timing of the marketing and/or advertising expenditures, the type of marketing, the forum for the marketing/advertising, and the supplier for the marketing/advertising. This fee does not include any advertising expenditures you are required to make on your own for local advertising. We require that you spend \$10,000 to \$15,000 on Grand Opening Advertising. In addition, after the first 90 days of operation, we require you to spend at least 1% of Net Sales on local advertising. You are not required to pay this amount to us, unless you fail to spend it in your local market. We have the right to require you to pay the local advertising fee to us so that we can expend these funds on your behalf.

Note 4 You must keep complete and accurate books and records of the operations of your Restaurant in a form acceptable to or designated by us and report financial information to us as we require, in a format that we require. You must use the professional accounting services of an accountant or accounting firm. At our sole discretion, our authorized agent has the right to examine and make copies of your books, records, and tax returns. You must waive any accountant/client privilege to allow your accounting firm to disclose to us information required to be disclosed by you in the Franchise Agreement. On an annual basis, we may initiate an audit of your books to ensure that you are properly accounting for all Net Sales or other reasons in our sole discretion. You will be responsible to pay Audit Expenses in the event that you understate Net Sales by 1% or more or an underpayment of the Royalty of at least 3% or more. You will also be responsible to pay to us the Royalty Fees and Marketing Fees on the deficiency plus interest at the maximum legal rate.

Note 5 We provide Management Training and Staff Training as part of the Initial Franchise Fee (See Item 11). If we determine, in our sole discretion, that your management or staff needs additional training or if you ask us to perform additional management or staff training, we will charge you a per diem fee that can range from \$100 to \$1,000 per assistant or trainer per day, plus expenses for our assistants or trainers. You will also be responsible for wages, benefits, travel, and expenses of your managers or crew attending this additional training.

Note 6 We will charge you a fee that can range from \$100 to \$1,000 per assistant or trainer, per day, plus expenses for any additional assistance in which an additional assistant is used, either directly or indirectly, by us. We may, in our sole discretion, determine that you require our additional assistance. You may request additional assistance, however, we reserve the right to determine whether or not it is necessary, and we reserve the right to not provide additional assistance if, among other things, the proper assistant is not available. Additional assistance can include, without limitation, on-site marketing consultation, on-site construction, build-out consultation, and/or on-site Restaurant operation consultation.

- Note 7** You continually repair, maintain, and keep the interior and exterior of the Restaurant (including all fixtures, furnishings, signs, equipment, sidewalks, and parking lots) in good repair and first class condition in compliance with the Operations Manual. In addition, you must renovate and modernize the Restaurant's building, premises, signs, and equipment upon our request once during the initial term of the Franchise Agreement every 5 years, to conform to the building design, trade dress, color scheme, and presentation of our Trademarks consistent with the current image of Restaurants using the "Neehee's®" System, provided, however, that the cost of each renovation and modernization shall not exceed 2% of the sum of the annual Net Sales from each year from the opening of the Restaurant. You must renovate and remodel the exterior and interior of your premises, at your own expense, as reasonably directed by us. If you fail to make such required renovations within 30 days after receipt of written notice from us setting forth the specific repairs or alterations that are required, then we, without being guilty in any manner of trespass, fault, or negligence, and without prejudice to any of the other remedies we have, may have such repairs or alterations completed, at your expense, to maintain your Restaurant in accordance with our required standards. If this occurs, you must immediately reimburse us for all costs we incurred to make such renovations, repairs, or alterations. You will indemnify and hold us, our franchisees, and affiliates harmless from all fines, suits, proceedings, claims, demands, damages, liabilities, or costs, including, without limitation, reasonable attorney fees, arising out of any action or proceeding of any kind or nature that arises or grows out of or is in any way connected to the construction, renovation, or operation by you of the Restaurant. These renovation and remodeling expenses do not relieve you of the obligation to maintain the Restaurant and the premises, with routine maintenance obligations, throughout the term of the franchise agreement.
- Note 8** We may require you to maintain an inventory of our proprietary merchandise and food products for retail sale to customers. You must also purchase Proprietary ingredients from us or our Affiliate. We estimate that this inventory will not exceed \$5,000 at any one time, but we reserve the right to increase this amount if necessary.
- Note 9** You must pay a charge not to exceed the reasonable cost of the inspection and evaluation and the actual cost of the test and approval of the proposed supplier or product. We estimate that the costs for such test and approval of the proposed supplier or product could be \$5,000.
- Note 10** We may organize a Mystery Shopping/Quality Assurance Program and implement the program consistent with our Operations Manuals.
- Note 11** We may organize a Web-based Marketing Program and make your participation mandatory. The Web-based Marketing Program may consist of activities such as, without limitation, an email database marketing program and other programs implemented in our Operations Manuals. We reserve the right to increase this fee in the future because of the rapidness of the changes in information technology.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$50,000	Lump sum	At signing of Franchise Agreement	Us
Training Expenses (Note 2)	\$2,500 to \$25,000	As incurred	As incurred	Airlines, Hotels and Restaurants
Rent (Note 3)	\$0 to \$30,000	As arranged	As arranged	Landlord
Building Improvements (Note 4)	\$500,000 to \$700,000	As arranged	As arranged	General Contractor and other vendors
Furniture, Fixtures, Equipment, Audio Visual and Small Wares (Note 5)	\$225,000 to \$400,000	As arranged	Prior to Opening	Vendors designated or approved by Us
Point of Sale System (Electronic Cash Register) (Note 6)	\$3,000 to \$10,000	As arranged	As arranged	Vendors designated or approved by Us.
Insurance (Note 7)	\$1,500 to \$3,000	As arranged	Prior to Opening	Insurance Company approved by Us
Opening Inventory (Note 8)	\$10,000	As arranged	Prior to Opening	Supplier designated or approved by Us
Signage	\$10,000 to \$20,000	As incurred	As incurred	Supplier designated or approved by Us
Professional Fees (Note 9)	\$50,000 to \$100,000	As incurred	As incurred	Professionals - Attorneys, Accountant, Architect, Engineers
Uniforms (Note 10)	\$2,500 to \$5,000	Lump Sum	Prior to Opening	Supplier designated or approved by Us
Grand Opening Advertising (Note 11)	\$10,000 to \$15,000	As incurred	As incurred	Supplier designated or approved by Us
System Performance Review Program (Note 12)	\$0 to \$2,000	As incurred	As incurred	Supplier designated or approved by Us or Us
Additional Funds (initial period) (Note 13)	\$50,000 to \$100,000 3 Months	As incurred	As incurred	Employees, Suppliers, Utilities

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
TOTAL	\$919,500 to \$1,470,000			

Note 1 The Initial Fee is not refundable.

Note 2 You are responsible for making arrangements and paying expenses for you and your managers to attend the management training program, including without limitation, transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodations that you choose. These amounts are non-refundable. This does not include any additional training that may be required of you or your Franchisee Designate. We encourage you to begin the management training approximately 120 days prior to the opening of your Restaurant. This estimate contemplates training of you and at least 4 managers pursuant to the training program described in Item 11.

Note 3 We estimate that suitable space for the Restaurant’s building will average the range, which is for the initial phase of the business (first 3 months), not including pass-through expenses such as, without limitation, property taxes, insurance, or maintenance, depending upon whether you own or lease the real estate. The low range represented is applicable when you own your own real estate. Your actual costs will depend on the real estate market and the particular location of your building. We must approve your location, but we do not provide any assurances as to the success of the Restaurant established at a particular location. We cannot estimate the cost of purchasing real estate or leasing land because such cost varies depending upon the location of the property, its condition, the state of the economy, and the terms of the purchase. Typical locations for Restaurants may be near downtown areas, highways, malls, shopping centers, entertainment complexes, and other commercial areas. Whether any amount paid to a landlord is refundable depends upon your agreement with the landlord.

Note 4 You must construct or renovate a building to operate your Restaurant. Architectural plans for the building must conform to the specifications and design provided by us and must be approved by us. You must engage an architect and kitchen design consultant we approve to assist you in the initial design of the floor plan and exterior elevation of your building. We derive no remuneration from using an approved architect to create the initial floor plan and exterior elevation design. Whether any amount paid to an architect is refundable depends upon your agreement with the architect. In general, our specifications require a building approximately 3,000 – 6,000 square feet in size and approximately 100 – 150 seats. The costs of construction and leasehold improvements depend upon the size and condition of the premises, the nature and extent of leasehold improvements required, the local cost of contract work, and the location of the Restaurant. The method of your payment will largely depend on your financing. The estimated amounts are generally non-refundable, and include site plan review fees, zoning fees, and building permit expenses.

Note 5 You are required to obtain all the equipment necessary for the operation of the Restaurant, including, but not limited to, ovens, stoves, grills, fans, coolers, buffets, freezers, counters, tables, chairs, audio-visual equipment, and other items. You are to obtain the equipment from a supplier approved or designated by us. The initial investment required depends upon financing terms available, the size, type, and brand of

equipment purchased, and other factors. Whether any amount paid for the equipment is refundable depends upon your agreement with the particular supplier. You may also be able to lease some of the equipment from an equipment-leasing business approved by us and listed on the Approved Suppliers List. The estimate is for furniture, fixtures, equipment (including the above-listed equipment), audio-visual, and small wares for the Restaurant.

Note 6 You must purchase a required point of sale system from a designated vendor. Whether this amount is refundable depends upon your agreement with the Supplier. This amount includes the first 3 months of software license fees for our required software package that allows us to automatically poll your sales-related and labor metrics directly from your POS on a daily basis. It also includes the digital menu boards, digital signage, mobile applications, and financial security system linked to the website and the POS.

Note 7 You must obtain, and maintain for the life of the Restaurant, insurance coverage at levels provided in our Operations Manuals, which may change from time to time. At this time, you must obtain Comprehensive General Liability Insurance including products and contractual liability coverage for bodily injury and property damage for an amount not less than \$1,000,000 per occurrence with \$2,000,000 aggregate; Umbrella liability coverage in an additional \$5,000,000 per occurrence; Owned, Non-Owned, and Hired Automobile Liability Insurance for an amount not less than \$1,000,000 combined single limit; Building, Personal Property, and Leasehold Improvements Insurance if applicable, under an “all risk” property form with replacement costs endorsement in an amount equal to 100% of the values of these items; Business Interruption Insurance covering royalty and Marketing fee payments to us; earnings on an “actual loss sustained basis” for a minimum of 12 months, or, if “actual loss sustained” coverage is not obtainable, you must obtain Business Insurance (and extra expense) coverage (utilizing a valuation that shall include the equivalent of net income before taxes); Workers’ Compensation Insurance as required by law; Employers’ Liability Insurance for amounts not less than \$500,000 per accident, \$500,000 per employee, and \$500,000 policy limit; and Cyber Security insurance with coverage of at least \$100,000 per occurrence. Your deductible shall be no more than \$10,000 per occurrence. You must obtain this insurance coverage from a reputable insurance company (with Best’s analytical rating of “A” and the financial size category of VIII). You must include us as an additional named insured on all applicable policies, protecting us from any liability by reason of ownership, maintenance, or operation by you of the Restaurant. You must annually provide us with evidence of the required insurance coverage by proper certificates of insurance, and such insurance policies must require the insurer to provide us with not less than 30 days prior written notice of any cancellation, non-renewal, or material changes in such policy. The amount estimated for your insurance for the Restaurant is for approximately 25% of an annual premium for the initial three-month phase of operation of the Restaurant. The balance of the annual premium is generally payable over a nine-month period. The cost of insurance will vary based on factors such as physical assets, number of employees, square footage, contents of the business, geographic location, and other factors bearing on the risk of exposure. Over the term of the Franchise Agreement, we may, in our sole discretion, increase the levels of insurance required as market conditions change. Whether this amount is refundable depends upon your agreement with the Insurer.

Note 8 The opening inventory range includes the cost to obtain initial inventory of food products, beverages, paper products, cleaning supplies, and other materials used in the operation of your Restaurant, as well as other merchandise or products sold by the

Restaurant. You must purchase proprietary ingredients such as spice packets and dry ingredients from our Affiliate Designated Supplier. You must purchase other of your opening inventory from Approved Suppliers, which may include our Affiliate Designated Supplier as an option, or in accordance with our specifications as is further described in Items 8 and 9 of this Disclosure Document. Your expenditures for opening inventory may vary according to your anticipated sales volume and the current market prices. Generally, amounts paid to Approved Suppliers for such inventory is not refundable. Some suppliers sell inventory on a C.O.D. basis, while some suppliers sell inventory on credit terms, but these amounts are generally non-refundable.

Note 9 Professional fees includes your initial accounting fees, attorney fees for formation of a corporation or other business entity, real estate site analysis services, and architect fees based on a remodel of an existing building rather than construction of a new building for your Restaurant. Architect or engineering fees for construction may range from 5% to 15% of the construction costs. The amount of the architect fees may vary depending upon the architect you choose, the extent of the construction project, the local cost of contract work, the location of the Restaurant, and other factors. Whether these amounts are refundable depends upon your agreements with the professional.

Note 10 You must purchase uniforms for every employee. The cost of individual uniforms will vary depending on the position of the employee. Uniforms must be purchased from an Approved Supplier, to the specifications outlined in the Operations Manuals. Uniforms may also be purchased directly from us or our Affiliate if available. These amounts are generally non-refundable.

Note 11 We may, in our discretion, require you to retain a public relations firm to assist in organization and implementation of the Grand Opening Advertising, which costs are included in this estimate. Grand Opening Advertising fees may vary due to the market costs and conditions in which the Restaurant is located. We may require you to advertise in media such as radio, television and newspaper, direct mail, other advertising, promotional items, and other media during your first 90 days of the operation of the Restaurant. Such advertising and promotion will be designated as “Grand Opening” advertising and promotion, which you must conduct in accordance with the specifications set forth in the Operations Manuals. You must submit your Grand Opening marketing plan to us 90 days prior to the opening of the Franchise Business. All Grand Opening advertising expenditures must be approved by us before they are incurred. Whether this advertising fee is refundable is determined by the supplier that you select. We reserve the right, in our sole discretion, to collect your Grand Opening Advertising fees and expend those funds on your behalf. The Grand Opening Advertising funds are the only advertising expenses you will incur prior to and during the initial 90 days of operation of the Restaurant. You will not be required to spend the 1% of Net Sales on Local Advertising during the initial 90-day period of operation. You must pay us the 3% Marketing Fund Fee at all times. After the initial 90-day period of operation, you will be required to spend a minimum of 1% of Net Sales on Local Advertising.

Note 12 We may organize a System Performance Review Program and implement the program consistent with our Operations Manuals.

Note 13 The range estimates your initial start up working capital to cover operating expenses, including your staff salaries, for a period of three months and required business licenses and other expenses incident to opening a business. This range includes, but is not limited

to, security deposits, utility costs, incorporation fees, and required licenses (including transfer of existing licenses). Utility companies may require that you place a deposit prior to installing telephone, gas, electricity, cable, and related utility services. A typical utility security deposit is equal to one-month's expense. These deposits may be refundable in accordance with the agreements made with the utility companies.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Restaurant according to our System. Our System may regulate, among other things, the types, models, and brands of fixtures, furniture, equipment, furnishings, and signs; products and supplies you must use in operating the Restaurant; unauthorized and prohibited food products, beverages, and services; inventory requirements; and designated and approved suppliers.

Restaurant Premises. In order to ensure a uniform quality of products and services throughout the “Neehee’s®” System, you must maintain and comply with our standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must accept the location for your Restaurant (see Item 11). We also have the right, but not the obligation, to review and to approve or disapprove any lease for the Restaurant premises. You and the landlord must execute the Conditional Assignment of Lease form attached as Exhibit G to this disclosure document. You must construct and equip your Restaurant in accordance with our then-current approved design, specifications, and standards. In addition it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, or local laws.

Proprietary Products, Designated Suppliers, Approved Products and Suppliers. We require you to purchase proprietary “Neehee’s®” equipment, inventory, products, supplies, services, or merchandise (“Proprietary Products”) from us or a supplier approved by us (“Designated Supplier”). You must purchase dry ingredients and spice packets from our Affiliate Designated Supplier. For all supplies other than Proprietary Products, you must purchase or lease all of the Restaurant’s equipment, uniforms, proprietary apparel, proprietary promotional items, small wares, paper products, grocery items (including, without limitation, bread products, sauces, vegetables, oils, spices, salad dressings, soups, desserts, and teas), non-alcoholic beverages, fixtures, cash registers or point of sale systems and furniture from a supplier approved by us (“Approved Supplier”). Our Affiliate Designated Supplier may also be an Approved Supplier.

From time to time, we will provide you with a list of approved architects, contractors, manufacturers, suppliers, vendors, and distributors (“Approved Suppliers List”) and approved inventory, supplies, products, fixtures, furniture, equipment, signs, stationery, supplies, and other items or services necessary to operate the Restaurant (“Approved Supplies List”). Such lists will specify the manufacturer, supplier, and distributor as well as the inventory, products, fixtures, furniture, equipment, signs, stationery, suppliers, and services that we have approved to be carried or used in the Restaurant. There may be only one Approved Supplier for and Approved Supply. We may revise the Approved Suppliers List and Approved Supplies List from time to time in our sole discretion. Such approved lists will be given to you as we deem advisable.

If you want to (i) offer for sale at the Restaurant any brand of product not then-approved by us, (ii) use any brand of food ingredient or other material or supply in the operation of the Restaurant that is not then-approved by us as meeting its minimum specifications and quality standards, or (iii) purchase any product from a supplier that is not then-designated by us as an Approved Supplier, you must first notify us in writing and, if requested by us, submit samples and such other information as we require for examination and/or testing or to otherwise determine whether such product, material or supply, or such proposed supplier meets our specifications and quality standards. You must pay a charge not to exceed the

reasonable cost of the inspection and evaluation and the actual cost of the test and approval of the proposed supplier or product. We estimate that the costs for such test and approval of the proposed supplier or product could be \$5,000. Our review is typically completed in 30 to 45 days. We reserve the right, at our option, to reexamine or retest the facilities and products of any supplier of an approved item and to revoke such approval if such item fails to continue to meet any of our standards or criteria. We will send written notice of any revocation of an Approved Supplier.

The Designated Supplier for dry ingredients, paper products, spice packs, ice cream, logoed merchandise, and uniforms is our affiliate and wholly owned subsidiary, Nihi Distributing, Inc. Other than Nihi Distributing, Inc., no officer of ours owns an interest in any supplier. During our most recently completed fiscal year ending December 31, 2022, our subsidiary, Designated Supplier, Nihi Distributing, Inc. derived \$1,082,575 in revenue from required purchases by our franchisees. We have designated suppliers for bread products, beverages, and loyalty and gift card programs. You may only purchase these items from these Designated Suppliers.

All equipment, signs, fixtures, inventory, products and materials, and other items and supplies used in the construction and operation of your Restaurant that are not specifically required to be purchased in accordance with our Approved Supplies List and Approved Suppliers List must conform to the specifications and quality standards established by us from time to time.

We approve suppliers who can match the exact ingredients, blend, freshness standards, overall quality, and appearance standards required by the “Neehee’s®” System. We apply the following general criteria in approving a proposed supplier: (1) ability to make products in conformity with our specifications; (2) willingness to protect the trade secrets of a product without dissemination to others; (3) production and delivery capability; (4) reputation and integrity of supplier; (5) financial condition and insurance coverage of the supplier; (6) adherence to food safety standards; and (7) HACCP approved.

You must obtain, and maintain for the life of the Restaurant, insurance coverage at levels provided in our Operations Manuals, which may change from time to time. At this time, you must obtain Comprehensive General Liability Insurance including products and contractual liability coverage for bodily injury and property damage for an amount not less than \$1,000,000 per occurrence with \$2,000,000 aggregate; Umbrella liability coverage in an additional \$5,000,000 per occurrence; Owned, Non-Owned, and Hired Automobile Liability Insurance for an amount not less than \$1,000,000 combined single limit; Building, Personal Property, and Leasehold Improvements Insurance if applicable, under an “all risk” property form with replacement costs endorsement in an amount equal to 100% of the values of these items; Business Interruption Insurance covering royalty and Marketing fee payments to us; earnings on an “actual loss sustained basis” for a minimum of 12 months, or, if “actual loss sustained” coverage is not obtainable, you must obtain Business Insurance (and extra expense) coverage (utilizing a valuation that shall include the equivalent of net income before taxes); Workers’ Compensation Insurance as required by law; Employers’ Liability Insurance for amounts not less than \$500,000 per accident, \$500,000 per employee, and \$500,000 policy limit; and Cyber Security insurance with coverage of at least \$100,000 per occurrence. Your deductible shall be no more than \$10,000 per occurrence. You must obtain this insurance coverage from a reputable insurance company (with Best’s analytical rating of “A” and the financial size category of VIII). You must include us as an additional named insured on all applicable policies, protecting us from any liability by reason of ownership, maintenance, or operation by you of the Restaurant. You must annually provide us with evidence of the required insurance coverage by proper certificates of insurance, and such insurance policies must require the insurer to provide us with not less than 30 days prior written notice of any cancellation, non-renewal, or material changes in such policy.

We may, but are not obligated to, negotiate arrangements with suppliers for your benefit. For example, we expect to negotiate better prices with suppliers based upon larger volumes, and these price discounts

would inure to your benefit. At this time, we do not, however, derive any material benefits based upon your use of any required purchases from Approved Suppliers, nor do we provide any material benefits to you based upon your use of any required purchases from Approved Suppliers. We do not provide material benefits to you (for example, renewal or granting additional franchises) based upon your purchase of particular products or services or use of particular suppliers.

We reserve the right from time to time to establish exclusive arrangements with certain providers or suppliers for the benefit of the entire System. When we establish these exclusive System-wide supplier arrangements, you must participate.

We also may receive rebates from suppliers based upon purchases by our franchisees. At present, there are no rebates from suppliers based upon purchases by you, but we and our affiliates reserve the right to receive such payments in the future. At this time, we derive no revenue or other material consideration from your required purchases or leases, but we reserve the right to do so in the future. If we negotiate rebates from suppliers based upon purchases you make in the future, we reserve the right to retain all rebates from suppliers based upon purchases by you. We reserve the right to amend, change, or modify the rebate policy at any time. We intend that any rebates received as a result of purchases by our affiliates will be returned to our affiliates.

Specifications and Standards. You will offer for sale and sell at your Restaurant, all types of food Menu Items and other categories of food and beverage products that we, from time to time, authorize. You will not offer for sale or sell at the Restaurant any other category of products or use the Restaurant's premises for any purpose other than the operation of the Restaurant in full compliance with the Franchise Agreement and our Operations Manuals.

All food will be prepared only by properly trained personnel strictly in accordance with our Operations Manual, including, without limitation, recipes, specifications, and cooking techniques, and processes and will be sold only at retail to customers in conformity with our Operations Manuals and the "Neehee's®" System.

You must maintain an inventory of ingredients, food and beverage products, and other products, materials, and supplies which will be sufficient to operate your Restaurant at maximum capacity.

In the operation of your Restaurant, you must use only displays, trays, boxes, bags, wrapping paper, labels, forms, and other paper and plastic products imprinted with the Trademarks and colors as prescribed by our Operations Manuals.

If we develop and market special promotional items, you must maintain a representative inventory of such promotional items that may be available to you at our cost plus a reasonable mark up. You may purchase alternative promotional items provided that such alternative items meet our specifications and quality standards.

Our standards and specifications are in our Operations Manuals and other written materials, which will be provided to you, which we can and do revise. We also reserve the right to consent to or require limited variations from our standards. Standards with our written specifications and requirements must be maintained by Approved Suppliers for their Approved Supplies.

Collectively, the purchases and leases described above are about 90% of your overall purchases and leases in establishing the Restaurant and 90% of your overall purchases and leases in operating the Restaurant.

At this time there are no purchasing or distribution cooperatives, but we reserve the right to create them in the future.

Gift Card Program and Other Guest Loyalty Program. We require that you use our Designated Supplier to implement, on a System-wide basis, our gift card and or other guest loyalty program. You may be required to sign a participation agreement at that time and be responsible for all costs associated with the program. At this time, the gift card program and guest loyalty program are included in your POS system costs. We reserve the right to change suppliers of the gift card and guest loyalty programs in our sole discretion.

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section in the Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Franchise Agreement Section 4	Items 11 and 12
b.	Pre-opening purchases/leases	Franchise Agreement Sections 4, 5, and 6	Items 7 and 8
c.	Site development and other pre-opening requirements	Franchise Agreement Sections 4, 5, and 6	Items 7, 8 and 11
d.	Initial and ongoing training	Franchise Agreement Section 3	Items 6, 7 and 11
e.	Opening	Franchise Agreement Section 6	Item 11
f.	Fees	Franchise Agreement Sections 2 and 9	Items 5, 6 and 7
g.	Compliance with standards and policies/Operations Manuals	Franchise Agreement Sections 6 and 11	Items 8, 14 and 16
h.	Trademarks and proprietary information	Franchise Agreement Section 8	Items 13 and 14
i.	Restrictions on products/services offered	Franchise Agreement Sections 6 and 11	Items 8 and 16
j.	Warranty and customer service requirements	Franchise Agreement Sections 6 and 11	Item 16
k.	Territorial development and sales quotas	Franchise Agreement Sections 1 and 4	Item 12
l.	Ongoing product/service purchases	Franchise Agreement Sections 6 and 12	Items 8 and 11
m.	Maintenance, appearance, and remodeling requirements	Franchise Agreement Sections 6 and 12	Item 6
n.	Insurance	Franchise Agreement Section 10	Items 6, 7 and 8
o.	Advertising	Franchise Agreement Section 9	Items 6,7 and 11
p.	Indemnification	Franchise Agreement Section 17	Item 6
q.	Owner’s participation/management/ staffing	Franchise Agreement Sections 3, 6, and 12	Item 15
r.	Records and reports	Franchise Agreement Section 11	Item 11
s.	Inspections and audits	Franchise Agreement Section 6 and 12	Items 6, 11 and 13
t.	Transfer	Franchise Agreement Section 13	Items 6 and 17
u.	Renewal	Franchise Agreement Section 16	Item 17

	Obligation	Section in the Franchise Agreement	Disclosure Document Item
v.	Post-termination obligations Personal Guaranty, Confidentiality and Non-Disclosure	Franchise Agreement Section 16	Item 17
w.	Non-competition covenants	Franchise Agreement Section 16	Item 17
x.	Dispute Resolution	Franchise Agreement Section 23	Item 17

ITEM 10. FINANCING

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

ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Assistance Prior to Opening. Before you open your business, we will:

1. Provide you with sample and generic plans and specifications on the construction of a typical Restaurant (Franchise Agreement - Section 5.02). These plans and specifications may be an existing Restaurant or the current prototype that will need to be altered or modified to meet your space requirements, for which modification will be at your cost and expense. Modifications must be reviewed and approved by us. These plans and specifications are not intended to replace engineered stamp and sealed blue prints for the construction of your Restaurant.
2. Accept in our discretion the location selected by you, and review the lease, and assign your designated area for your Restaurant based upon the criteria in our Operations Manual (Franchise Agreement - Section 4).
3. Loan to you a complete set of the Operations Manuals during the term of the Franchise Agreement. These manuals are confidential and remain our property. We may amend and revise the Operations Manuals in our discretion (Franchise Agreement - Section 6.11).
4. Review the architectural drawings and plans for construction, remodeling, and decorating of the premises for the Restaurant (Franchise Agreement - Section 5).
5. Provide you with an Approved Suppliers List (including Designated Suppliers) and an Approved Supplies List (including Proprietary Products) from which you must purchase or lease all of the Restaurant equipment, proprietary equipment, small wares, paper products, food, trade dress, grocery items, Restaurant items, non-alcoholic beverages, fixtures, cash registers or point of sale systems, furniture, and the like (See Item 8) (Franchise Agreement - Section 5.06).
6. Review your use of all promotional materials and advertising to be used by you. (Franchise Agreement - Section 9.04).
7. Train, at a minimum, you or your Franchisee Designate, and 4 other managers, as follows (Franchise Agreement - Section 3.03):

MANAGEMENT TRAINING PROGRAM

Subject	Hours of Classroom Training	Days of On-the-Job Training	Location
Management Training	Approximately 56 Hours (Note 1) (Note 3)	Approximately 12 weeks (Note 2)	Canton, Michigan (Note 3)

Note 1 The classroom management training program is conducted several times per year for a period of approximately 7 days (approximately 56 hours) and run in conjunction with the on-the-job training described in Note 2. The classroom management training program is conducted at our principal office, 6321 Commerce Drive, Westland, Michigan 48185. The general outline of the classroom management training program contains Neehee’s® cultural orientation, management and communication seminars, accounting, reporting and inspection requirements, marketing orientation and general service, and managerial and operational sessions. Specifically, the training program consists of classroom instruction on bussing and dishwashing, preparation, cooking, cutting, cash register training, scheduling, administrative tasks such as opening registers, paid outs, closing cash registers, coupons, and opening and closing the Restaurant, customer service, sanitation and cleaning, and Restaurant preparation and maintenance. The instructional materials are the Operations Manuals. We do not charge you for the costs of the classroom management training program, but you must pay the travel and living expenses of you or your Franchisee Designate, if different than you, and 4 manager(s) (your “Team”) to attend. You or your Franchisee Designate, if different from you, must satisfactorily complete the entire training program, and each of the 4 other managers must satisfactorily complete at least the portions of the training for which each will be responsible in your Restaurant. All of those trained are required to be “certified” and satisfactorily complete, as determined in our discretion, the classroom management training program applicable to them. Your Team must commence the initial management training program 120 days before the opening of your Restaurant. You are responsible to maintain a fully-trained and certified management team consisting of your Franchisee Designate and at least 4 managers at all times.

Management personnel hired after you open are required to complete this Management training at your sole cost and expense as more fully set forth in the Operations Manuals. If you or your affiliates own three or more Restaurants, you must have one of your Restaurants approved by us as a Certified Training Restaurant as provided in the Operations Manuals.

Note 2 On-the-job training will consist of approximately 12 weeks of in-Restaurant management training at a Restaurant unit designated by us at our discretion. The training will include customer service, back of the house, prep, bussing and dishwashing, food prep and custom line, seat and greet floor management, operational and management training, and all of the specific topics listed in Note 1 above as performed in the Restaurant. The on-the-job training will take place at a Neehee’s™ Restaurant that we choose, in our discretion. Your Team is required to be “certified” and satisfactorily complete, as determined in our discretion, the on-the-job training. We may, in our sole discretion, require one or more of your managers to engage in additional training beyond the approximately 12 weeks. Your Franchisee Designate, if different from you, may be required to participate in additional training of up to an additional four months, as

determined by us in our sole discretion. This additional training may delay the opening of your Restaurant. We do not charge for this training, but you must pay travel and living expenses for you and your Team, as well as your Team’s wages. You and your Team may be required to participate in additional training programs or refresher courses. See Item 6 for additional training or additional assistance. We will attempt to coordinate System-wide refresher courses with periodic Franchisee meetings.

Note 3 Rikesh Patel, Vrijesh Patel, and Darshan Patel are principally responsible for facilitating training. Additional employees or contractors of ours who have experience in some facet of the operation of a business, may assist in the implementation of the Management Training. Those employees and contractors of ours who participate in the training programs will have, on average, 3 years experience in the subject matter being taught and 2 years experience with our System.

8. Train your staff as follows (Franchise Agreement- Section 3.03):

STAFF TRAINING PROGRAM

Subject	Hours of Classroom Training	Days of On the Job Training	Instructor
Staff Training	Varies (Note 1) (Note 2)	Approximately 14 days (Note 2)	Us (Note 3)

Note 1 The nature of the Restaurant dictates that all training be integrated with the operation of the Restaurant, so the training of our franchisees cannot be satisfactorily categorized by subject, time, or hours of classroom training. Your staff must begin its training no later than 7 calendar days prior to the opening of the Restaurant for business and such staff must consist of at least 90% of the staff required to open the Restaurant. The number of staff required to open the Restaurant is determined by us.

Note 2 The training will consist of approximately 7 days of in-Restaurant staff training at your Restaurant before the Restaurant opens to the public and approximately 7 days of in-Restaurant staff training at your Restaurant after the Restaurant opens to the public. You must have your entire staff hired no later than 7 days before the Restaurant opens. We do not charge for this training, but you must pay wages, employment related expenses, travel, and living expenses for your crew, if necessary. We will pay for the wages and living expenses for our trainers during this approximate 14-day period. We may, in our discretion, extend this period based on our assessment of the staff’s performance during the approximate 14-day training period. If we, in our sole discretion, complete the Staff Training Program and determine that your staff needs additional training, you are responsible for the additional training costs, including wages, travel, and living expenses of our staff. As you open more Restaurants, you shall participate in the training of your staff and take on increasing responsibility to train your staff. After your third Restaurant, you must designate one of them as a Training Center with our approval, in which you will train your management and staff.

Note 3 Rikesh Patel and Vrijesh Patel are principally responsible for training and are the designers of the training program (See Note 3 under Management Training, above).

Assistance after Opening. During the operation of the Restaurant, we will:

1. Train your staff for approximately 14 days at your Restaurant beginning no later than 7 calendar days prior to the opening of your Restaurant for business. We may, in our discretion, extend this period based on our assessment of the staff's performance during the 14-day training period (Franchise Agreement - Section 3.04). Our training staff will assist to facilitate the opening of your Restaurant for approximately the first 7 days you are open. If you request additional assistance, you will be responsible for our trainer's per diem fee and related travel costs. (Franchise Agreement – Section 3.04).
2. Maintain the Marketing Fund and require that you contribute 3% of your Net Sales to such a fund. We reserve the right to assign this right and obligation to an affiliate organized specifically for the purpose of operating the Marketing Fund. We may assist you in the placement of local advertising. We must approve the use of all promotional materials and advertising prior to its use. We must also review your quarterly Marketing Plan (Franchise Agreement - Section 9.02).
3. Make periodic visits to your Restaurant, as are reasonably determined to be necessary by us, for consultation, inspections, assistance and guidance. Our representatives who visit your Restaurant will prepare written reports outlining any suggested changes or improvements in the operation of your Restaurant or describing any defaults that become evident. You will receive a copy of this written report from us. These inspections will be conducted to determine your compliance with our System. You must achieve a particular grade or score on such inspection as required by the Operations Manuals. Failure to achieve these satisfactory scores or grades will result in default notice (Franchise Agreement - Section 6.17).

We may organize the System Performance Review Program and implement the program consistent with the Operations Manuals. You must pay the cost of such program. Our Operations Manuals particularly describe the criteria judged by the System Performance Review Program and our expectation for your performance (Franchise Agreement - Section 6.05).

4. We may organize and implement Franchisee meetings, in various formats, including without limitation, in-person meetings, conference calls, webinars, and webcasts, to which you, your Franchisee Designate, if different from you, managers, or other key employees, as we determine, are required to attend. You are responsible for the travel and expenses associated with the meetings, consistent with your obligations in the Operations Manuals. The locations of the meetings will be determined by us and we may require that you stay at the hotel location of the meetings. Topics of such meetings will include operational issues, “best practice” sharing, new product/service presentations, Operations Manuals amendments, etc. (Franchise Agreement - Section 6.05).
5. Maintain a representative inventory of special promotional items to meet public demand if we, in our discretion, decide to develop and market such special promotional items (Franchise Agreement - Section 6.05).
6. Periodically provide you with an updated Approved Suppliers List (including Designated Suppliers) and an Approved Supplies List (including Proprietary Products) (Franchise Agreement - Section 5.06).
7. Undertake such review, inspection or testing as we deem necessary of any unapproved item or supplier proposed by you for use in your Restaurant (Franchise Agreement – Section 5.06).

8. Provide, in our discretion, to you or your Franchisee Designate, your managers, and/or employees refresher training programs and seminars. We may charge a fee for these refresher training programs, and, if necessary, you will be responsible for paying all travel and living expenses for you and your employees (Franchise Agreement - Section 3.03).

Advertising. As a franchisee, you must spend, annually throughout the term of the Franchise Agreement, a minimum of 1% of Net Sales on Local Advertising for the Restaurant in your market. We must approve all advertising before you use it. You must provide us with copies of your proposed advertising and we will approve or disapprove the advertising within 30 days of our receipt. You may not use advertising that is not approved by us. You may determine the timing, manner, media, and supplier for each piece of advertising with our approval. If you fail to spend 1% of Net Sales on Local Advertising, you must pay any deficiency to us as an additional Royalty.

Also, we or an Affiliate has the right to collect a Marketing fee for the Marketing Fund (the “Fund”) of 3% of the Net Sales of your Restaurant to the Fund to develop materials to advertise the System on a local, regional, or national basis. The Marketing Fee must be paid in the same manner as the Royalty Fee payment (Franchise Agreement – Section 9).

With regard to the Fund, we direct all marketing, brand development expenses, and advertising programs in our discretion. We have the right to approve the creative concepts, materials, and media used in the programs and their placement and allocation, if any. The Fund is intended to maximize general public recognition and acceptance of the Trademarks and improve the collective success of all Restaurants operating under the System. For Restaurants we or our affiliates operate in the United States, we or our affiliates will contribute to the Fund on the same basis as you. In administering the Fund, we and our designees have no obligation to ensure that the expenditures for marketing, brand development, or advertising placement (if any) are approximately proportional to each franchisee’s contributions to the fund within any given territory or designated area (as that term is defined in each franchisee’s respective Franchise Agreement).

We or our designee may use the Fund to satisfy the costs of maintaining, administering, directing, and preparing all marketing and brand development expenses, and advertising (if any), including the cost of preparing, developing, producing, and conducting television, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; and costs of our personnel and other departmental costs for marketing (including without limitation, our staff’s salaries, benefits, and other costs associated with their employment), brand development, and advertising that we administer or prepare internally and any other expenditures for marketing activities we make. We will keep all sums you pay to the Fund in a separate account and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead, if any, that we may incur in the administration or direction of the Fund and advertising programs for you and the System. We operate the Fund solely as a conduit for collecting and expending the advertising fees as outlined above. We will spend any sums paid to the Fund that are not spent in the year they are collected in subsequent years. In our fiscal year ending December 31, 2022, we collected from our franchisees and affiliates \$217,272 in revenue for the Marketing Fund. In our fiscal year ending December 31, 2022, we spent \$171,410 from our Marketing fund in the following categories:

Print Media	2%
Digital Media	28%
PR/Magazine/TV/Radio/Email marketing	1%
Brand Development	14%
Sponsorships	27%
Administrative	28%

As Franchisor, we prepare an annual, unaudited statement of the operations of the Fund that is made available to you within six months of the end of our fiscal year. We are not required to have the Fund statements audited. These statements will be made available to you upon request.

Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to each contributor (including those Restaurants operated by us or our affiliates) without interest, on the basis of its respective contributions.

We currently advertise the Restaurants and the products offered by the Restaurants in various forms of media, including television, radio, magazine, and newspaper advertising campaigns, direct mail, and outdoor billboard advertising. Some of our advertising is developed by members of our staff. Other advertising is developed by third-party contractors.

We may designate any geographic area in which two or more Restaurants are located and owned by different parties as a region for purposes of establishing an advertising Cooperative. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates, or franchised. We will determine, in advance, how each Cooperative will be organized and governed and when it must start operation. Once established, we do not have the right to dissolve, merge, or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. We will provide to you a copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located if you request it.

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. You may apply your payments to the Cooperative toward satisfaction of your Local Advertising requirement. We may allocate your contributions to a Cooperative to the Fund, as described above. All contributions to the Cooperative will be maintained and administered according to the Cooperative governing documents. Each Cooperative will be obligated to prepare an annual financial statement, reporting its expenditures for the previous year, to its members.

Neither the Fund nor any Cooperative will use any funds for advertising that is principally a solicitation for the sale of franchises for Franchised Restaurants.

We also may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com, or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may periodically designate regional or territory-specific user names/handles to be maintained by you. You must adhere to the social media policies established by us and you will require all of your employees to do so as well.

Except as described above, we have no obligation to spend any amount on advertising in the area where your Restaurant is located.

We may establish a franchise advisory council at some time in the future. If we create a franchise advisory council, it will be governed by bylaws that we draft. Franchisees may be required to participate in council activities and pay any costs or dues that might apply.

Point of Sale and Computer System. We require you to obtain and use in your Restaurant a computer-based point-of-sale (“POS”) cash register system that will provide us independent access to all of your financial information as we implement through our Operations Manuals. We also require you to purchase, subscribe to, and install a POS polling application, allowing us access to your daily sales and labor information, as we implement through our Operations Manuals. The POS will provide you the ability to support on-line ordering, digital menu boards, digital signage, self-order kiosk, mobile ordering applications, customer paging and financial security systems. We also reserve the right to designate the change or enhancement to the POS used in your Restaurant including the electronic cash registers, computer hardware, software, and other equipment. At such time as we designate the change or enhancement to the POS you may be required to make certain payments to us or our Designated Suppliers. You must obtain and use in your Restaurant, a “back of office” server (“Computer System”) to host the required POS and required software and applications. The Computer System will generate reports on sales and expenses of the Restaurant. You may obtain the Computer System from any vendor so long as the Computer System meets our requirements. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the Computer System, which we may require you to do in our sole discretion. Neither we nor any affiliate or third party is obligated to provide ongoing maintenance, repairs, or updates for your Computer System. We currently do not require that you purchase a maintenance, repair, update service contract for the Computer System, but we reserve the right to do so in the future. The current annual cost of a hardware and software maintenance service contract and warranty program that includes the POS, digital menu boards, self order kiosk, kitchen order management system, back office computer, online ordering system and mobile applications will range from \$3,000 to 10,000.

We make no guarantee as to the suitability or efficiency of the above specifications. Due to rapid technological changes and progress, the above specifications may change without prior notice. The Computer System is not proprietary to us or our affiliates.

We may require you to update your Computer System and/or implement a system-wide POS at any time, at our discretion. You will have 6 months to install and commence using the changed or enhanced POS and/or Computer System. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We may format bookkeeping reports and forms for you to report financial information. You must report your financial information in accordance with such forms as they are changed from time to time in our sole discretion.

All Net Sales, and all sales information, must be recorded. When implemented, the POS System equipment provides you with sales reports, tax reports, various product usage reports, and cashier reports. We intend to have independent access to this information, and you consent to such access. There are no contractual limits on our right to independently access the data. You are required to provide the sales and purchases information to us as required in the Operations Manuals. The technology configuration is frequently subject to change due to technology and service advancements, as updated in the Operations Manuals.

Selection of Restaurant Location. You must purchase or lease a suitable site for the Restaurant subject to our approval with the assistance of a commercial real estate broker of your choosing who is approved by us. We do not own the real premises and lease it to you or assist you in locating a site or negotiate the purchase or lease of the site. You must submit to us a description of the proposed site together with evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed site. You

must supply the required Development Materials that outline all of the information needed by us to review a proposed site. You must use the real estate site analysis services of our approved supplier to evaluate your proposed site. We will give you written notice of approval or disapproval of the proposed site within 25 business days after receiving your written proposal. The factors we consider in approving the location for the proposed site may include, but are not limited to, the following: (i) general location; (ii) traffic patterns; (iii) rent expense; (iv) demographics; (v) equipment and services located at the site; (vi) leasehold improvement costs; (vii) ability to reflect image to be portrayed by “Neehee’s®” Restaurants; and (viii) parking. You must select a location we approve within 6 months after the execution of the Franchise Agreement. We may cancel the Franchise Agreement, in our sole discretion, and option if you fail to select a location acceptable to us within this time frame. In this event, your Initial Franchise Fee is non-refundable.

Timing of Restaurant Opening. We expect that single-unit franchisees will open their Restaurant within 6, and no later than 12 months after signing the Franchise Agreement. Factors that may influence the length of time until opening include, by way of example, your ability to obtain a lease, a building site and a site survey, acceptable financing, or zoning and building permits; your compliance with local ordinances or other community requirements; the effect of weather conditions; shortages; slow delivery of signs, materials or equipment; and other factors bearing on completion of construction, decorating, purchasing, and installation of equipment, fixtures and signs. We have the discretion to approve the date of opening for the Restaurant.

Operations Manuals. You may only use the food, beverages, spices, supplies, paper products, equipment, decor, uniforms, building, signage, and other items used in the operation of a Restaurant from sources approved or designated by us. The Operations Manuals contain the proprietary and confidential standards, specifications, and procedures for the operation of your Restaurant. A copy of the Tables of Contents of these manuals is attached as Exhibit J to this Disclosure Document. The Operations Manuals may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; on-line postings; e-mail and/or other electronic communications; facsimiles; intra-net or secure internet posting; or any other medium capable of conveying the Operations Manuals contents. These manuals are loaned to you for the operation of your Restaurant during the term of the Franchise Agreement. We have the right, in our sole discretion, to modify, change, eliminate, or supplement the Operations Manuals at any time.

ITEM 12. TERRITORY

Your Franchise Agreement gives you the right to operate a Restaurant and utilize our Trademarks and System at a single location in the designated area described in Attachment 1 of the Franchise Agreement (“Designated Area”). The Designated Area will typically range from a minimum area of zero (limited to your Restaurant property) to a maximum area of three miles for a Restaurant. In certain instances, such as the existence of physical boundaries like rivers, multi-laned highways, and the like, the size of the Designated Area will generally not exceed three miles. We negotiate with you on the size of the Designated Area based on various factors such as population and development density, demographics, traffic patterns, existing locations and viability of those locations, competition, proximity to shopping centers, and market feasibility.

Within your Designated Area, neither we nor our affiliates have or will grant franchises or operate company-owned or affiliate-owned Restaurants using our Trademarks. Notwithstanding the foregoing, under the Franchise Agreement, enclosed malls, institutions (such as hospitals, schools, or military bases), airports, parks (including theme parks), casinos, and sports arenas will be excluded from your Designated Area and we may open other Restaurants, or franchise the right to open Restaurants to other persons, at any of these locations, regardless of where they are located and regardless of the name under which they

operate. As a result, you do not receive an “exclusive” territory. We and our affiliates also have the right, in our sole discretion, to grant or operate other franchises outside of your Designated Area even if they compete for customers within your Designated Area. If the Restaurant is located in an enclosed mall, institution, airport, casino, park, or sports arena, then the Franchisee's Designated Area will be limited to the confines of that enclosed mall, institution, airport, casino, park, or sports arena. 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.

Except as expressly limited by the preceding paragraphs, we and our affiliates retain all rights with respect to Neehee’s® Restaurants, the Trademarks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1. The right to establish and operate, and to grant to others the right to establish and operate similar business or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside your Territory or Designated Area under trademarks or service marks other than the Trademarks and on any terms and conditions we deem appropriate;
2. The right to provide, offer and sell, and to grant others the right to provide, offer, and sell, goods and services that are identical or similar to and/or competitive with those provided at Neehee’s® Restaurants, whether identified by the Trademarks or other trademarks or service marks, through dissimilar channels of distribution (including, without limitation, grocery stores, convenience stores, and the internet or similar electronic media) both inside and outside your Territory or Designated Area and on any terms and conditions we deem appropriate;
3. The right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Territory or Designated Area under the Trademarks and on any terms and conditions we deem appropriate;
4. The right to operate, and to grant others the right to operate, Neehee’s® Restaurants located anywhere outside your Territory or Designated Area under any terms and conditions we deem appropriate and regardless of the proximity to the Restaurant;
5. The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Neehee’s® Restaurants, and franchising, licensing, or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in your Territory or Designated Area); and
6. The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by a business providing products and services similar to those provided at Neehee’s® Restaurants, or by other business, even if such business operates, franchises, and/or licenses competitive businesses in your Territory or Designated Area.

We are not required to pay you if we exercise any of the rights specified above inside your Territory or Designated Area.

You must receive our approval before relocating your Restaurant within your Designated Area, in our sole and absolute discretion. If you lose the right to occupy the Restaurant at the Approved Location, we reserve the right to terminate the franchise agreement. In determining whether to allow you to relocate your unit, we consider the same factors we would consider in initially approving a site for your Restaurant. In addition, we consider such factors as whether you have:

1. Removed all obligations from the previous location (e.g., land or building lease, land contract, property or sales taxes);
2. Previously violated your Franchise Agreement, any health codes, or other state or local ordinances, or regulations;
3. Made full payment of all monies owed to us; and
4. Received prior approval, from us, for the proposed location.

You may not relocate your Restaurant outside of your Designated Area. You may not establish additional outlets within or outside of your Designated Area without purchasing an additional franchise from us.

All sales must be generated from sales within the Restaurant. Any sales outside the Restaurant (e.g., delivery, catering, etc.) must be approved by us in writing prior to the sale. If we grant you such approval, we may designate boundaries for those activities which may or may not coincide with the Designated Area, which may be revised by us as we deem appropriate from time to time, in our sole discretion. You may not use any alternative channels of distribution which are expressly reserved to us.


On renewal or transfer of a franchise, the Designated Area may be modified. Depending on the then-current demographics of the area, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferees to accept a renewal territory or a transfer territory smaller than the then-current territory.

You have no options, rights of first refusal, or similar rights to acquire additional franchises, unless we approve in writing. We and our affiliates have no plan to operate or franchise a business under a different trademark that will sell goods and services similar to those described in this disclosure document.

ITEM 13. TRADEMARKS

You receive the right to operate your Restaurant under the name Neehee's®, which is the primary Mark used to identify our System. You may also use any other current or future Marks to operate your Restaurant that we designate, including the logo on the front of this Disclosure Document and the service mark listed below. By "Trademark," we mean any trade name, trademark, service mark, or logo used to identify your business.

We have registered the following with the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

Mark	Registration Number	Application Number	Principal or Supplemental Register of the United States Patent and Trademark Office	Registration Date	Application Date
NEEHEE’S® (word only)	4,253,657		Principal	December 4, 2012	
 ® (design plus words, letters, and/or numbers)	5,727,388		Principal	April 16, 2019	

Your use of the Trademarks and any goodwill is to our exclusive benefit and you retain no rights in the Trademarks. You also retain no rights in the Trademarks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks unless we direct in writing. We may change the System presently identified by the Trademarks including the adoption of new Trademarks, new Menu Items, new products, new equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. You must comply, within a reasonable time, if we notify you to discontinue or modify your use of any Trademark. We will have no liability or obligation as to your modification or discontinuance of any Trademark.

There are presently no effective determinations of the United States Patent and Trademark Office (“USPTO”), or the Trademark Administrator of any State, or any court; no pending infringement, interference, opposition or cancellation proceeding; or pending material litigation involving Trademarks which are relevant to the use of the Trademarks in this State. There are no agreements limiting our rights to use or license the Trademarks. There is no pending material federal or state court litigation regarding our use of the Trademark.

We have no obligation to protect any rights which you may have to use the Trademarks and have no obligation to protect you against claims of trademark or trade dress infringement or unfair competition with respect to such Trademarks.

You must immediately notify us, in writing, of any claim, demand, or suit concerning any attempt by others to use any Trademarks that are licensed to you. If we defend or prosecute any such claim, you are obligated to execute any and all documents and do such acts as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution. We are not required to defend you against a claim by a third party against your use of our Trademarks.

We reserve the right to adopt new Trademarks at any time, or to change our existing Trademarks. If we adopt new marks, or change our existing marks, you must use the new or modified marks and discontinue the use of any marks we decide to change or discontinue. You must pay for these changes.

Upon termination of this franchise, for any reason, you will immediately discontinue all use of Trademarks or any designations confusingly similar thereto.

We do not know of any superior previous rights or uses that could materially affect your use of our Trademarks.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights. We hold no patents. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Confidential Operations Manuals.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also there are no currently-effective determinations of the USPTO, the United States Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

If it becomes advisable at any time in our sole discretion to modify or discontinue use of any copyright and/or use one or more additional or substitute copyrights, you are obligated to do so and our sole obligation in any such event will be to reimburse you for your tangible costs (such as ordering new printed materials) of complying with this obligation.

Under the Franchise Agreement, you agree not to contest, directly or indirectly, our right or interest in our copyrights, trade secrets, methods, and procedures which are part of the our business or contest our sole right to register, use or license others to use such copyrights, trade secrets, methods, and procedures.

Confidential Information. You may never – during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated – reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality Agreement and Covenant Not to Compete (Exhibit E).

Our confidential information will include any and all data or facts, not available to the public or which do not become available to the public, which data and facts shall include but not be limited to all information, knowledge, trade secrets or know-how utilized or embraced by the System or otherwise concerns your or our systems of operations, programs, services, products, customers, practices, books, records, manuals, computer files, databases or software, the System, all Operations Manuals, Training Manuals or other Manuals, the Standards and Specifications, written directives, equipment and equipment specifications, all proprietary software, computer and point-of-sale programs (and output from such programs), all pricing paradigms established by you or us, all of our and/or your sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the

contents of sourcing agreements and the identity of suppliers), our specifications, and your final plans for the construction, buildout, design, renovation, décor, the identity of and all information relating to the computer and POS hardware and software utilized by you and/or us, internet protocols, procedures and content, all elements of your recommended staffing, staff training and staff certification policies and procedures, all communications between us (including financial and other reports you are required to submit to us under this Agreement), memoranda, notes, disks, cost analyses, financial statements, trademarks, trade dress, copyrights, logos, signage, blueprints, sketches, recipes, methods, processes, designs, plans, property, reports, documents, analytical tools, business plans, business contacts, information regarding operations, manufacturing, administration, merchandising, marketing, costing, and production information and all extracts and copies thereof prepared by either party or its officers, agents, employees, attorneys, representatives, or consultants, which when used together as they relate to the System reasonably represent an entity employing the System, which is disclosed to or acquired by you directly or indirectly from us in the course of activities related to the development of a business relationship between you and us, or which is obtained by you through an inspection or tour of our offices, facilities, or restaurants or the restaurants of our Franchisees, and any other information, know-how, techniques, material and data imparted or made available by us which is (a) designated as confidential, (b) known by you to be considered confidential by us, or (c) by its nature inherently or reasonably considered confidential.

All ideas, concepts, techniques, or materials concerning our Restaurant, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

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

We do not require that you personally supervise the Restaurant. The Restaurant must be directly supervised “on premises” by a Franchisee Designate, the individual person approved by us on an annual basis and who has successfully completed our training program and who beneficially owns at least 10% of the Restaurant. The on-premises Franchisee Designate cannot have an interest or business relationship with any of our business competitors. The on-premises Franchisee Designate need not have an ownership interest in a corporate or partnership franchise. After a Franchisee Designate’s death, disability or termination of employment, you must immediately notify us and you must designate a successor or acting Franchisee Designate within ten days. The successor Franchisee Designate must attend training and be approved by us.

The following persons must sign our Confidentiality Agreement and Covenant Not to Compete (Exhibit E) and keep our confidential and proprietary information confidential (Item 14):

1. You.
2. Your Franchisee Designate, all Restaurant managers or managerial employees, any other employees having access to our confidential and proprietary information and any other persons to whom you grant access to our confidential and proprietary information.
3. If you are a business entity, all of your officers, directors, shareholders, partners, or members, or equity owners and those business entities directly or indirectly controlling you. If you are a

business entity, you and all of the equity owners must also personally guarantee the performance of the Franchisee under the Franchise Agreement in the form of Exhibit D.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services which are part of our System, and all services and products we incorporate into our System in the future. You may not use our name or the Trademarks for any other business. You may not conduct any business from your Franchised Business without our previous written consent.

We require you to offer only those goods and services authorized by the Operations Manuals or previously approved in writing by us. Our written consent must be obtained prior to any deviation from the Operations Manuals. Any effort to cater or do business outside of the Restaurant must be approved by us.

We may add to, delete from or modify the products and services which you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell the System’s products and services at retail and you may not engage in the wholesale and/or distribution of any product, service, equipment or other component, or any related product or service, of the System.

We do not impose any restrictions or conditions that limit your access to customers or limit the customers to whom you may sell such goods or services. You are not limited in the geographical area in which you may offer or sell such goods or services, but you may not open or operate another Restaurant within your Designated Area or elsewhere without purchasing an additional franchise. You are prohibited from selling prepackaged food products or other trademarked items from locations outside the Franchised Business, such as grocery stores, in your Designated Area or through other channels of distribution such as the Internet. We retain that right.

You must use the real estate solely for the purposes of conducting a Restaurant.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of franchise term	Section 1	The initial term is 10 years.
b. Renewal or extension of the term	Section 16	You may renew for one renewal term of 10 years. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 16	You may renew the Franchise Agreement if you: are not in default and have fully complied with the provisions of the Operations Manual and Franchise Agreement; satisfy all of our

Provision	Section in Franchise Agreement	Summary
		then-current financial requirements (including the analysis of net worth, debt-to-equity ratios and capitalization) for a new Franchisee, and you must deliver certified financial statements for the fiscal year preceding the date that you give us notice of your election to exercise your renewal option, prepared by a Certified Public Accountant, supported by income tax returns and such other documentation as we reasonably request (if a Principal Owner’s net worth is used to satisfy all or a portion of the financial requirements for you, the Principal Owner must submit a current certified financial statement); have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; have made capital expenditures including remodeling and renovating the location as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; have paid a franchise fee for the renewal term equal to \$10,000; have given timely written notice of your intent to renew; sign a current Franchise Agreement, the terms of which may differ substantially; satisfy the then-current training and certification requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	Section 15	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice and, if not cured, wait 60 days from the original notice of breach before terminating the Franchise Agreement.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 15	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. “Cause” defined-curable defaults	Section 15	<p>If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Operations Manuals, you can avoid termination of the Franchise Agreement if you cure the default within 15 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h.) below. Defaults subject to a 15-day cure period including:</p> <p>(i) failure to make any payment on or before the date payable; (ii) failure to meet and/or maintain the Standards and Specifications; (iii) failure to meet and/or maintain the requirements of the Operations Manuals; and (iv) an Event of Default shall arise under any other agreement you have with us in which you have an opportunity to cure, in which case, the cure period under this Agreement shall be extended to coincide with the cure period of the other agreement; (v) you understate your Royalty by 5% or more; (vi) you engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant, or the general goodwill associated with the Trademarks; (vii) you fail, for a period of 10 days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Restaurant; (viii) you violate any covenant of confidentiality or non-disclosure provision contained in this Agreement or you otherwise disclose, use, or permit the use of copies, duplicates, records, transmits, or otherwise reproduce any Operations</p>

Provision	Section in Franchise Agreement	Summary
		Manuals, business forms, videos, DVD/CD-ROMS, audiotapes, material or proprietary information, knowledge or know-how created or used by us and designated for confidential use within the System, without our prior written approval; (ix) you abandon or cease to operate all or any part of the Restaurant for more than 10 days; (x) you fail to comply with modifications to System Standards and Specifications within the required time period; (xi) you fail to carry the insurance we require; and do not correct within 10 days of receipt of written notice to you; (xii) you fail to receive our prior written approval and use products or materials that do not meet our Standards and Specifications and do not promptly discontinue use after written notice from us; (xiii) you fail to timely provide us with any report, statement, or return required by the Franchise Agreement; or (xiv) you fail two (2) or more inspections in any twelve (12) month period.
h. "Cause" defined- non-curable defaults	Section 15	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: (i) failure to commence construction of the Restaurant or open and thereafter continually operate the Restaurant; (ii) failure to complete the management training program to our satisfaction, in our sole and unfettered judgment; (iii) the breach or falsity of any representation, covenant or warranty; (iv) failure to deliver executed covenants as required in the Franchise Agreement (v) failure to comply with or perform its covenants, obligations and agreements; (vi) any unapproved transfer; (vii) you are adjudicated bankrupt or insolvent, make an assignment for the benefit of creditors, or seek protection from creditors by petition in bankruptcy or otherwise or there is filed against you a similar petition which is not dismissed within 30 days; (viii) the appointment of a liquidator or receiver which is not dismissed within 30 days; (ix) breach or failure to perform any other term or condition of the Franchise Agreement; (x) an Event of Default shall arise under any other agreement between you and us in which you have no opportunity to cure; (xi) you or any Principal Owner pleads guilty or no contest to or is convicted of a felony or a crime involving moral turpitude or any other crime or offense that we reasonably believe is likely to adversely affect the Trademarks, the System or the goodwill associated therewith or our interest therein; (xii) evidence of substance abuse, sexual harassment, or abusive behavior by you, a Principal Owner, the Franchisee Designate, the Control Person, or a Manager; or (xiii) multiple defaults regardless if they are cured.
i. Franchisee's obligations on termination/non-renewal	Section 16	If the Franchise Agreement is terminated or not renewed, you must immediately: cease to operate the Restaurant under the System; cease to use any Confidential Information, the System, the Standards and Specifications, the Operations Manuals, and the Trademarks and other distinctive signs, symbols and devices associated with the System; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; pay to us the actual and consequential damages, costs, and expenses (including without limitation attorney fees and expert fees) incurred by us as a result of your default; return the confidential Operations Manuals, trade secrets and all other confidential information; transfer to us all telephone, telecopy, facsimile or other numbers and email addresses, website addresses, domain

Provision	Section in Franchise Agreement	Summary
		names, and other electronic media and electronic communication assets and notify telecommunications carriers and other companies of the transfer and that your telephone and facsimile numbers and electronic media belong to us; strictly comply with, observe and abide by all of the provisions and covenants contained in the Franchise Agreement; neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System; not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a Restaurant or any confusingly-similar business; and completely de-identify the interior and exterior to our satisfaction within 60 days.
j. Assignment of contract by franchisor	Section 13	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 13	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the franchise location or the Restaurant's assets.
l. Franchisor's approval of transfer by franchisee	Section 13	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 13	We will consent to a transfer if: we have not exercised our right of first refusal; there is no default that has occurred, continuing or outstanding and no event which, with the giving of notice or lapse of time, or both, would constitute a default; all obligations/debts owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then-current Franchise Agreement; you have paid a nonrefundable transfer fee equal to seventy-five percent (75%) of the then-current Initial Franchise Fee if transferred to a franchisee that is new to the System, or forty percent (40%) of the then-current Initial Franchise Fee if transferred to a franchisee that is currently part of the System, which amount may be waived by us, in our discretion if you transfer the Franchise Agreement to a business entity that you control; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; transferee has agreed to execute any and all documents associated with the franchise relationship that are required of new franchisees, including without limitation, guarantee of performance, the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement; that the transferee has agreed that its Franchisee Designate will complete the initial training program before assuming management of the Restaurant; that transferee shall repair and renovate the Restaurant to the then-current System standards; and you and your Principal Owner(s) shall have agreed to personally guarantee transferee's performance of its respective transfer obligations.
n. Franchisor's right of first refusal to acquire franchisee's Restaurant	Section 13	We may match an offer for your Restaurant or an ownership interest you propose to sell.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's Restaurant	Section 16	Except as described in (n) above, we do not have the right to purchase your Restaurant; however, during the 60-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Restaurant for fair market value.
p. Death or disability of franchisee	Section 13	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within one year of death or incapacity or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 12	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees are prohibited from owning or operating a Competing Business or have any interest in a competing business within 25 miles of any Restaurant operated by us or affiliate, or any franchise of ours or affiliate for a period of 5 years following expiration or termination.
r. Non-competition covenants after the franchise is terminated or expires	Section 16	For 5 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a Competing Business operating within 25 miles of the franchise location designated area or within 25 miles of any other Neehee's™ Restaurant designated area; or soliciting or influencing any of our customers or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Section 25	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manuals without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 25	Only the terms of the Franchise Agreement are binding. Any other promises other than as set forth in this Franchise Disclosure Document are not enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim any representation contained within the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 23	Except for claims relating to the Trademarks, confidential information, trade secrets and covenants not to compete, and subject to state law, all disputes must be arbitrated in the county of our principal place of business at the time the action is filed.
v. Choice of forum	Section 23	Subject to state law, any litigation must be pursued in courts located in the county of our principal place of business at the time that the litigation is commenced
w. Choice of law	Section 23	Subject to state law, Michigan law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 <i>et. seq</i>) and disputes over copyrights will be governed by federal copyright laws of the United States.

ITEM 18. PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

This financial performance representation discloses historical gross sales information for each of the franchised Neehee’s Restaurants in our system that were open and operating for the fiscal year 2022. We separately disclose the results of our affiliate Nihi Foods, Inc. which we treat as a franchise for all purposes, but separately report its results because of the common ownership between us and Nihi Foods, Inc. As of the end of the 2022 fiscal year, there were 4 Restaurants open and operating, all of which meet the reporting criteria of being open for at least one full calendar year, but only the 3 unaffiliated Restaurants are reported here. The fiscal year for the store operations ran from January 1, 2022 through December 31, 2022. The Restaurants reported in this financial performance representation are substantially similar to the Restaurants for which we are offering franchises in this disclosure document, and its services and products are the same as those to be offered and sold by franchised Neehee’s Restaurants.

Unit 1

		Percentage of Sales
Net Sales (1)	\$2,109,215	
Cost of Goods (2)	\$457,567	22%
Cost of Labor (3)	\$710,271	34%
Gross Profit	\$941,377	44%

Unit 2

		Percentage of Sales
Net Sales (1)	\$1,971,851	
Cost of Goods (2)	\$410,763	21%
Cost of Labor (3)	\$621,212	32%
Gross Profit	\$939,876	47%

Unit 3

		Percentage of Sales
Net Sales (1)	\$919,467	
Cost of Goods (2)	\$178,358	19%
Cost of Labor (3)	\$407,292	44%
Gross Profit	\$333,817	37%

Note 1 Net sales includes all purchases of goods and services, merchandise sales, food and beverage sales, less allowable discounts and sales tax. The Net Sales included utilizes the same definition of Net Sales from the Franchise Agreement.

Note 2 Cost of Goods includes the costs of all ingredients and food inventory used in the preparation of Menu Items, including all paper costs.

Note 3 Cost of Labor includes all hourly and management labor costs, payroll taxes, and unemployment insurance, but excludes all owner compensation.

The following table displays the same information for our affiliate franchise operated by Nihi Foods, Inc. in Canton, Michigan.

		Percentage of Sales
Net Sales (1)	\$2,144,119	
Cost of Goods (2)	\$442,013	21%
Cost of Labor (3)	\$852,512	40%
Gross Profit	\$849,594	39%

A Neehee's Restaurant's actual gross sales will vary widely. Numerous factors will affect a particular Restaurant's sales, including goodwill and name recognition in the market; length of time in business; nearby businesses; nearby working and living population; traffic count and pattern; site accessibility and visibility; the local market and competition for restaurant services; general economic conditions; franchisee's management skill, experience, and business acumen, and ability to promote and market its Restaurant effectively in the local market; service levels and customer satisfaction; and the degree of adherence to our methods and procedures in operating the Restaurant.

Our management prepared this financial performance representation based on information provided by our affiliates that we believe to be reliable. This financial performance representation was prepared without an audit. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form. Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Mr. Rikesh Patel, President, 6321 Commerce Drive, Westland, Michigan 48185, (734) 331-3658, rikesh@neehees.com, the Federal Trade Commission, and any appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE 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
Franchised	2020	4	4	0
	2021	4	4	0
	2022*	4	4	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets*	2020	2	4	+2
	2022	4	4	0
	2022*	4	4	0

*1 of the 4 franchised outlets is operated by our affiliate.

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
Michigan	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3

STATUS OF FRANCHISE 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
Illinois	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

STATUS OF FRANCHISE 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
Michigan*	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4

* One of the Michigan outlets operating is operated by our affiliate, Nihi Foods, Inc. The affiliate operates this outlet as a franchise.

Table No. 4

STATUS OF COMPANY-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
Michigan	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2022			
State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Total	0	0	0

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with Nihi Franchising, Inc. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. A list of current franchisees is attached as Exhibit M. A list of former franchisees is attached as Exhibit N. There are no franchisee organizations associated with the franchise system being offered. There were no franchisees who had their outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21. FINANCIAL STATEMENTS

Our audited financial statements for the period ending December 31, 2020, December 31, 2021, and December 31, 2022 are attached as Exhibit A.

ITEM 22. CONTRACTS

Attached to this offering circular are the following contracts:

- Franchise Agreement (Exhibit B)
- Electronic Funds Transfer Authorization (Exhibit C)
- Guaranty and Assumption of Obligations (Exhibit D)
- Confidentiality and Nondisclosure Agreement and Covenant Not to Compete (Exhibit E)
- Telephone Number and Electronic Media Assignment (Exhibit F)
- Conditional Assignment of Lease (Exhibit G)
- Real Estate Option to Purchase (Exhibit H)
- Release (Exhibit I)
- Acknowledgment (Exhibit L)

ITEM 23. RECEIPTS

Exhibit R contains detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A

NIHI FRANCHISING, INC.

(A Michigan S Corporation)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

NIHI FRANCHISING, INC.

TABLE OF CONTENTS

	Page
Independent Auditors' Report.....	1-2
Financial Statements:	
Balance Sheets.....	3
Statements of Operations and Retained Earnings.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-14

SPA ASSOCIATES, LLC D.B.A.
FARQUHARSON, POINTON & LEPSETZ
CERTIFIED PUBLIC ACCOUNTANTS

3150 W. THIRTEEN MILE ROAD
SUITE 114
FARMINGTON HILLS, MI 48334
248-539-9999

Independent Auditors' Report

May 12, 2023

To: The Shareholders and Board of Directors

Nihi Franchising, Inc.

Plymouth Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Nihi Franchising, Inc. (a Michigan S Corporation) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, retained earnings and cash flows for the years then ended, and the related notes to the financial statements. In our opinion the accompanying financial statements presents fairly, in all material respects, the financial position of Nihi Franchising, Inc. as of December 31, 2022 and 2021, and the results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nihi Franchising, Inc. and meet our ethical responsibilities in accordance with the ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient to provide basis to our opinion.

Responsibility Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error. Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nihi Franchising Inc.'s ability to continue as a going concern.

Auditors' Responsibility for the Audit of the Financial

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

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

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

SPA Associates, LLC

SPA Associates, LLC. D.B.A.

Farquharson, Pointon & Lepsetz

May 12, 2023

NIHI FRANCHISING, INC.
BALANCE SHEETS
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 348,596	\$ 156,622
Related party receivable	256,044	267,000
Total Current Assets	<u>604,640</u>	<u>423,622</u>
Net Property and Equipment	<u>37,861</u>	<u>7,062</u>
Other Assets:		
Lease Asset	429,151	443,307
Total Other Assets	<u>429,151</u>	<u>443,307</u>
Total Assets	<u>\$ 1,071,652</u>	<u>\$ 873,991</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 49,246	\$ 34,308
Marketing reserve	157,516	111,654
Related party payable	2,745	2,745
Total Current Liabilities	<u>209,507</u>	<u>148,707</u>
Long-Term Liabilities:		
Lease Liability	429,151	443,307
Note payable and long-term debt, net of current portion	136,000	136,000
Total Long Term Liabilities	<u>565,151</u>	<u>579,307</u>
Total Liabilities	<u>774,658</u>	<u>728,014</u>
Stockholders' Equity:		
Common Stock, \$1.00 par value		
At December 31, 2013, 60,000 shares authorized, 1,000 share issued; 1,000 outstanding	1,000	1,000
Additional paid in capital	14,000	14,000
Retained earnings	281,994	130,977
Total Stockholders' Equity	<u>296,994</u>	<u>145,977</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,071,652</u>	<u>\$ 873,991</u>

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Franchise royalties	\$ 362,192	\$ 319,520
Consulting fees	111,625	71,816
SBA EIDL non-taxable grant	-	50,984
Other revenues	64,475	441
Total Revenue	\$ 538,292	\$ 442,761
Operating Expenses:		
Automobile expense	12,765	6,470
Bank service charges	811	556
Business meals	3,202	8,226
Business promotion	6,836	11,873
Computer and internet expense	13,055	16,992
Depreciation expense	8,786	5,330
Interest	5,128	7,857
Office supplies	7,523	4,820
Payroll Processing	1,011	-
Payroll taxes	9,861	17,694
Professional fees	33,261	39,861
Rent expense	36,000	36,667
Repairs and maintenance	161	1,265
Research and development	2,320	5,147
Salaries and wages	228,375	189,371
Supplies	-	438
Telephone	71	21
Travel expense	17,887	30,688
Utilities	222	3,607
Total Operating Expenses	\$ 387,275	\$ 386,883
Net Income (Loss)	\$ 151,017	\$ 55,878
Retained earnings, beginning of year	\$ 130,977	\$ 75,099
Retained earnings, end of year	\$ 281,994	\$ 130,977

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net Income (Loss)	\$ 151,017	\$ 55,878
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	8,786	5,330
Decrease (increase) in:		
Accounts receivable	10,956	(175,000)
Prepaid expenses	-	3,585
Security Deposit	-	2,300
Increase (decrease) in:		
Accounts payable	14,937	26,760
Marketing reserve	45,862	59,920
Net cash (used) by operating activities	<u>231,558</u>	<u>(21,227)</u>
Cash flows from investing activities:		
Computers and equipment acquisition, net	(39,584)	-
Net cash (used) by investing activities	<u>(39,584)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from Employee Retention Credits	-	(19,257)
Lease Asset	(429,151)	-
Lease Liability	429,151	-
Net cash provided (used) by financing activities	<u>-</u>	<u>(19,257)</u>
Net (decrease) increase in cash	<u>191,974</u>	<u>(40,484)</u>
Cash, beginning of year	156,622	197,106
Cash, end of year	\$ <u>348,596</u>	\$ <u>156,622</u>
Interest paid	\$ <u>663</u>	\$ <u>-</u>
Taxes Paid	\$ <u>-</u>	\$ <u>-</u>

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Nihi Franchising, Inc. (the Company) is a Michigan S Corporation located in Plymouth, Michigan. The Company is a franchisor of the Neehee's Indian Street Food chain and is registered to sell franchises across the United States.

Accounting Methods

The Company follows the accrual method of accounting for financial statement purposes and the cash method of accounting for filing income tax returns. The cash basis method of accounting recognizes revenue when received rather than when earned and expenses when paid rather than incurred.

Revenue Recognition

The Company recognizes revenue on the accrual basis of accounting. Sales are recorded when a franchisee completes the enrollment process and pays for the franchise. Royalty revenues are earned based on 5.0% of franchisee gross revenues as agreed to in the franchise agreement. Merchandise related to the franchise branding will be sold to franchise holders. Franchisees also pay for co-operative advertising.

Income Taxes

The Company, with the consent of its shareholders, has elected to be taxed under provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay income taxes on its earnings. Instead, the shareholders are liable for individual income taxes on their respective shares of the Company's income. Accordingly, no provision or liability for federal income taxes has been included in these financial statements.

Adoption of New Accounting Standard in Accordance with FASB ASC 606

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Company elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Page 6

See Independent Auditors' report

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Disaggregation of Revenue from Contracts with Customers

The Company operates as a restaurant franchisor in Plymouth, Michigan. The Company is involved in the sale of franchises in the United States. As a result, the Company is dependent on the strength of regional economies and its ability to collect amounts owed on contracts for operating and marketing royalties. The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$111,625	\$ 71,816
Performance obligations satisfied over time	<u>362,192</u>	<u>319,520</u>
TOTAL NET SALES	<u>\$ 473,817</u>	<u>\$391,336</u>

Performance Obligations

The company receives an initial franchise fee for upfront activities provided in accordance with the franchise purchase agreement. These include, but are not limited to, the following deliverables:

- Restaurant site location selection
- Lease and buildout negotiations
- Owner-operator training
- Recruiting, hiring and staff training.

The franchise operating agreement provides for an ongoing royalty revenue stream of five percent (5.0%) of franchise sales. This is in exchange for use of the brand name, menu support, buying power for purchasing of goods and business assistance. There is also a three percent (3.0%) of franchise sales marketing royalty that is collected to support cooperative marketing efforts of Nihi Franchising, Inc. restaurant brand.

SEE NOTE 4- MARKETING RESERVE. The Company sells branded equipment and supplies to franchisees to support their restaurant operations.

Significant Judgments

There are no significant judgments used to determine revenue recognition.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Concluded)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments with an initial maturity of three months or less at the time of purchase to be cash. The Company maintains cash balances with a local financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any unusual credit risk on cash.

Property and Equipment

Property and equipment is stated at cost. Minor additions and renewals are expensed in years incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Property and equipment is capitalized for accounting purposes when certain conditions are met:

- The asset will have a normal useful life of at least one year.
- The asset has a unit acquisition cost of at least \$500.

The Company computes depreciation using a straight-line method over the estimated useful lives (ranging from 3 to 7 years) of the related assets. Depreciation expense for the years ended December 31, 2022 and 2021 was \$8,786 and \$5,330, respectively.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Concluded)

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment of Disposal of Long-Lived Assets". ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

The Company has no impaired long-lived assets as of December 31, 2022 and 2021.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards Board Statement ASC 220, "Reporting Comprehensive Income", which establishes standards for reporting and displaying comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from traditional income and investments by owners and distributions to owners. Among other disclosures, ASC 220 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company has no items of comprehensive income to report for the years ended December 31, 2022 and 2021.

Advertising Costs

The Company assesses a 3.0% advertising royalty fee to all franchises. These funds are accumulated in a marketing reserve account and are used exclusively for marketing and advertising. Please refer to **NOTE 4 -MARKETING RESERVE** for the summary of transactions for the years ended December 31, 2022 and 2021. Business promotion expenses not paid through this reserve was \$6,836 and \$11,873 for the years ended December 31, 2022 and 2021, respectively.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE2 – RELATED PARTY LOANS

The Company had advanced funds to affiliates as of December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Nihi – Canton	\$ -	\$10,000
Nihi - Distributing	175,000	175,000
Shareholder loans	<u>81,045</u>	<u>82,000</u>
	\$256,045	\$267,000

The Company had received funds from affiliates as of December 31, 2021 and 2020 as follows:

	<u>2022</u>	<u>2021</u>
Nihi Distributing	\$ 2,745	\$ 2,745

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 consisted of the following components:

	<u>2022</u>	<u>2021</u>
Computers and electronic equipment	\$84,009	\$44,426
Kitchen equipment	13,785	13,785
Total property and equipment	97,794	58,211
Less accumulated depreciation	59,933	51,147
Total property and equipment, net	<u>\$37,861</u>	<u>\$ 7,064</u>

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - MARKETING RESERVE

The Company collects a three percent (3.0%) royalty on franchise gross sales that are earmarked for advertising and marketing efforts. The funds are deposited in a separate bank account. Components of this reserve account as of December 31, 2022 and 2021 are as follows:

	<u>2020</u>	<u>2021</u>
Balance, beginning of year	\$111,654	\$ 51,734
Market funds collected	620,058	462,706
Marketing expenditures	<u>(574,196)</u>	<u>(402,786)</u>
	<u>\$157,516</u>	<u>\$ 111,654</u>

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5-BORROWINGS

	<u>2022</u>	<u>2021</u>
<p>Small Business Administration Payroll Protection Program Loan:</p> <p>On May 1, 2020, the Company received \$19,257 under the Paycheck Protection Program ("PPP"). The Company received an additional PPP Loan of \$31,727 on February 4, 2021. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES" Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest are forgivable after eight or twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four-week period.</p> <p>The Company used the proceeds for purposes consistent with the PPP Eligible expenses. The PPP Loan of \$19,257 and \$31,727 were forgiven during 2021. The forgiven loan amount totaling \$50,984 was recognized as Other Income during 2021.</p> <p>Small Business Administration Economic Injury Disaster Loan:</p> <p>On June 14, 2020, the Company executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan program in the amount of \$136,000. The loan is secured by all tangible and intangible assets of the Company and payable over 30 years at an interest rate of 3.75% per annum. Monthly installment payments of \$663, including principal and interest, will begin June 14, 2023. As part of the</p>		
<p>loan, the Company also received an advance of \$4,000 from the SBA. While the SBA refers to this program as an advance, it was written into law as a grant. This means that the amount given through this program does not need to be repaid.</p>	136,000	136,000
<p>Total Borrowings</p>		
<p>Net Long-Term Debt</p>	<u>136,000</u>	<u>136,000</u>

See Independent Auditors' report

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6- FRANCHISE OPERATIONS

There are three (3) franchisee operated locations and one (1) franchisor operated location as of December 31, 2021, located as follows:

Michigan - Two

Illinois - One

Ohio - One

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company entered into a lease on February 28, 2021 for space in a building for their operations under a lease agreement with Nihi Real Estate LLC, that will expire February 28, 2041. Lease expense for 2022 and 2021 was \$36,000 and \$36,667 respectively. The five year lease payments are due as follows:

Year 2023	\$36,000
Year 2024	\$36,000
Year 2025	\$36,000
Year 2026	\$36,000
Year 2027	\$36,000

Consistent with FASB pronouncement, the company has capitalized the lease payment effective January 1, 2022. The assumed rate is 5 %.

Lease Asset \$429,151
Lease Liability \$(429,151)

The Company is subject to various contractual arrangements and commitments arising in the ordinary course of business.

NOTE 8-RELATED PARTY TRANSACTIONS

The Company is leasing the office space from Nihi Real Estate LLC and the shareholders of the company are the members of the LLC. The franchisees of the company are contractually obligated to purchase food items and supply from Nihi Distributing, Inc. The shareholders of the company are also shareholders of Nihi Distributing, Inc.

NOTE 9-VARIABLE INTEREST ENTITY ELECTION

The company has elected out of Variable interest Entity reporting by applying the exception allowed under ASU 2014-07.

NOTE 10-SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through May 12, 2023, the date these financial statements were available to be issued, There are no reportable subsequent events

NIHI FRANCHISING, INC.

(A Michigan S Corporation)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

NIHI FRANCHISING, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	1-2
Financial Statements:	
Balance Sheets.....	3
Statements of Operations and Retained Earnings.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-12

**FARQUHARSON, POINTON & LEPSETZ
CERTIFIED PUBLIC ACCOUNTANTS**

**31500 W. THIRTEEN MILE ROAD
SUITE 114
FARMINGTON HILLS, MI 48334
248-539-9999**

Independent Auditors' Report

June 23, 2022

To: The Shareholders and Board of Directors

Nihi Franchising, Inc.

Plymouth Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Nihi Franchising, Inc. (a Michigan S Corporation) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, retained earnings and cash flows for the years then ended, and the related notes to the financial statements. In our opinion the accompanying financial statements presents fairly, in all material respects, the financial position of Nihi Franchising, Inc. as of December 31, 2021 and 2020, and the results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We did not audit the financial statements of Nihi Franchising, Inc for the year ended December 31, 2020. Those Statements were audited by other auditors whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for the year 2020, is based on solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nihi Franchising, Inc. and meet our ethical responsibilities in accordance with the ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient to provide basis to our opinion.

Other Matter

The financial statements of Nihi Franchising, Inc. for the year ended December 31, 2020 were audited by another auditor, who expressed an unmodified opinion on those statements on April 23, 2021.

Responsibility Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error. Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nihi Franchising Inc.'s ability to continue as a going concern.

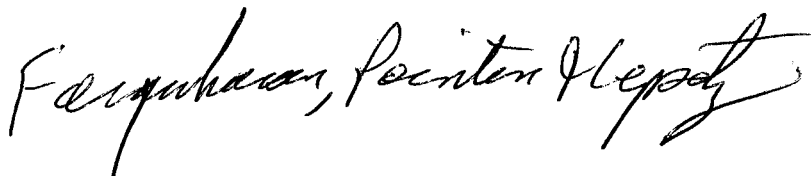
Auditors' Responsibility for the Audit of the Financial

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

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

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



Farquharson, Pointon & Lepsetz

June 23, 2022

NIHI FRANCHISING, INC.
BALANCE SHEETS
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 156,622	\$ 197,106
Prepaid expenses	-	3,585
Related party receivable	267,000	92,000
Total Current Assets	<u>423,622</u>	<u>292,691</u>
Net Property and Equipment	<u>7,062</u>	<u>12,394</u>
Other Assets:		
Security Deposit	-	2,300
Total Other Assets	<u>-</u>	<u>2,300</u>
Total Assets	<u><u>\$ 430,684</u></u>	<u><u>\$ 307,385</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
SBA Payroll Protection Program loan payable	\$ -	\$ 19,257
Current portion of long-term debt	-	1,447
Accounts payable	34,308	7,550
Marketing reserve	111,654	51,734
Related party payable	2,745	2,745
Total Current Liabilities	<u>148,707</u>	<u>82,733</u>
Long-Term Liabilities:		
Note payable and long-term debt, net of current portion	<u>136,000</u>	<u>134,553</u>
Total Liabilities	<u>284,707</u>	<u>217,286</u>
Stockholders' Equity:		
Common Stock, \$1.00 par value		
At December 31, 2013, 60,000 shares authorized,		
1,000 share issued; 1,000 outstanding	1,000	1,000
Additional paid in capital	14,000	14,000
Retained earnings	130,977	75,099
Total Stockholders' Equity	<u>145,977</u>	<u>90,099</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 430,684</u></u>	<u><u>\$ 307,385</u></u>

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Franchise royalties	\$ 319,520	\$ 182,369
Consulting fees	71,816	20,000
SBA EIDL non-taxable grant	50,984	4,000
Other revenues	441	1,788
Total Revenue	\$ <u>442,761</u>	\$ <u>208,157</u>
Operating Expenses:		
Automobile expense	6,470	5,396
Bank service charges	556	760
Business meals	8,226	968
Business promotion	11,873	3,109
Casual labor	-	25,000
Computer and internet expense	16,992	20,297
Depreciation expense	5,330	7,855
Insurance	-	1,045
Interest	7,857	
Office supplies	4,819	27
Outside services	-	243
Payroll taxes	17,694	9,537
Professional fees	39,861	17,978
Rent expense	36,667	36,977
Repairs and maintenance	1265	1496
Research and development	5,147	9,733
Salaries and wages	189,371	105,295
Supplies	438	-
Taxes - other	-	353
Telephone	21	-
Travel expense	30,688	3,801
Utilities	3,607	8,381
Total Operating Expenses	\$ <u>386,882</u>	\$ <u>258,251</u>
Net Income (Loss)	\$ <u>55,878</u>	\$ <u>(50,094)</u>
Shareholder distributions	-	-
Retained earnings, beginning of year	\$ <u>75,099</u>	\$ <u>125,193</u>
Retained earnings, end of year	\$ <u>130,977</u>	\$ <u>75,099</u>

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net Income (Loss)	\$ 55,878	\$ (50,094)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	5,330	7,855
Decrease (increase) in:		
Accounts receivable	(175,000)	-
Prepaid expenses	3,585	-
Security Deposit	2,300	
Increase (decrease) in:		
Accounts payable	26,760	(2,181)
Marketing reserve	59,920	26,220
Net cash (used) by operating activities	(21,227)	(18,200)
Cash flows from investing activities:		
Computers and equipment acquisition, net		(1,218)
Net cash (used) by investing activities	-	(1,218)
Cash flows from financing activities:		
Proceeds from SBA Payroll Protection Program loan	(19,257)	19,257
Proceeds from SBA EIDL loan	-	136,000
Proceeds from related party loan	-	2,745
Related party advance	-	-
Related party loan repayment	-	7,255
Shareholder distributions	-	-
Net cash provided (used) by financing activities	(19,257)	165,257
Net (decrease) increase in cash	(40,484)	145,839
Cash, beginning of year	197,106	51,267
Cash, end of year	\$ 156,622	\$ 197,106
Interest paid	\$ -	\$ -
Taxes Paid	\$ -	\$ -

See Independent Auditors' report and notes to financial statements.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Nihi Franchising, Inc. (the Company) is a Michigan S Corporation located in Plymouth, Michigan. The Company is a franchisor of the Neehee's Indian Street Food chain and is registered to sell franchises across the United States.

Accounting Methods

The Company follows the accrual method of accounting for financial statement purposes and the cash method of accounting for filing income tax returns. The cash basis method of accounting recognizes revenue when received rather than when earned and expenses when paid rather than incurred.

Revenue Recognition

The Company recognizes revenue on the accrual basis of accounting. Sales are recorded when a franchisee completes the enrollment process and pays for the franchise. Royalty revenues are earned based on 5.0% of franchisee gross revenues as agreed to in the franchise agreement. Merchandise related to the franchise branding will be sold to franchise holders. Franchisees also pay for co-operative advertising.

Income Taxes

The Company, with the consent of its shareholders, has elected to be taxed under provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay income taxes on its earnings. Instead, the shareholders are liable for individual income taxes on their respective shares of the Company's income. Accordingly, no provision or liability for federal income taxes has been included in these financial statements.

Adoption of New Accounting Standard in Accordance with FASB ASC 606

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)". The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company adopted the new standard effective January 1, 2019, the first day of the Company's fiscal year using the modified retrospective approach.

As part of the adoption of the ASU, the Company elected the following transition practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Disaggregation of Revenue from Contracts with Customers

The Company operates as a restaurant franchisor in Plymouth, Michigan. The Company is involved in the sale of franchises in the United States. As a result, the Company is dependent on the strength of regional economies and its ability to collect amounts owed on contracts for operating and marketing royalties.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	\$ 71,816	\$ 20,000
Performance obligations satisfied over time	<u>319,520</u>	<u>182,369</u>
TOTAL NET SALES	<u>\$391,336</u>	<u>\$202,369</u>

Performance Obligations

The company receives an initial franchise fee for upfront activities provided in accordance with the franchise purchase agreement. These include, but are not limited to, the following deliverables:

- Restaurant site location selection
- Lease and buildout negotiations
- Owner-operator training
- Recruiting, hiring and staff training

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 and 2020

**NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Concluded)**

Performance Obligations (Concluded)

The franchise operating agreement provides for an ongoing royalty revenue stream of five percent (5.0%) of franchise sales. This is in exchange for use of the brand name, menu support, buying power for purchasing of goods and business assistance. There is also a three percent (3.0%) of franchise sales marketing royalty that is collected to support cooperative marketing efforts of Nihl Franchising, Inc. restaurant brand. **SEE NOTE 4- MARKETING RESERVE.** The Company sells branded equipment and supplies to franchisees to support their restaurant operations.

Significant Judgments

There are no significant judgments used to determine revenue recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid investments with an initial maturity of three months or less at the time of purchase to be cash. The Company maintains cash balances with a local financial institution, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any unusual credit risk on cash.

Property and Equipment

Property and equipment is stated at cost. Minor additions and renewals are expensed in years incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Property and equipment is capitalized for accounting purposes when certain conditions are met:

- The asset will have a normal useful life of at least one year.
- The asset has a unit acquisition cost of at least \$500.

The Company computes depreciation using a straight-line method over the estimated useful lives (ranging from 3 to 7 years) of the related assets. Depreciation expense for the years ended December 31, 2021 and 2020 was \$5,330 and \$7,855, respectively.

See Independent Auditors' report.

Niffi FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2021 and 2020

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Concluded)

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment of Disposal of Long-Lived Assets". ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

The Company has no impaired long-lived assets as of December 31, 2021 and 2020.

Comprehensive Income

The Company has adopted Statement of Financial Accounting Standards Board Statement ASC 220, "Reporting Comprehensive Income", which establishes standards for reporting and displaying comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from traditional income and investments by owners and distributions to owners. Among other disclosures, ASC 220 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company has no items of comprehensive income to report for the years ended December 31, 2021 and 2020.

Advertising Costs

The Company assesses a 3.0% advertising royalty fee to all franchises. These funds are accumulated in a marketing reserve account and are used exclusively for marketing and advertising. Please refer to **NOTE 4 -MARKETING RESERVE** for the summary of transactions for the years ended December 31, 2021 and 2020. Business promotion expense not paid through this reserve was \$11,873 and \$3,109 for the years ended December 31, 2021 and 2020, respectively.

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2021 and 2020

NOTE 2 - RELATED PARTY LOANS

The Company had advanced funds to affiliates as of December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Nihi - Canton --	\$10,000	\$10,000
Nihi - Distributing	175,000	
Shareholder loans	<u>82,000</u>	<u>82,000</u>
	\$267,000	\$92,000

The Company had received funds from affiliates as of December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Nihi Distributing	\$ 2,745	\$ 2,745

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following components:

	<u>2021</u>	<u>2020</u>
Computers and electronic equipment	\$44,426	\$44,426
Kitchen equipment	<u>13,785</u>	<u>13,785</u>
Total property and equipment	58,211	58,211
Less accumulated depreciation	<u>51,147</u>	<u>45,817</u>
Total property and equipment, net	<u>\$7,062</u>	<u>\$12,394</u>

NOTE 4 - MARKETING RESERVE

The Company collects a three percent (3.0%) royalty on franchise gross sales that are earmarked for advertising and marketing efforts. The funds are deposited in a separate bank account. Components of this reserve account as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 51,734	\$ 25,534
Market funds collected	462,706	109,721
Marketing expenditures	(402,786)	(83,521)

NIHI FRANCHISING, INC.
NOTES TO THE FINANCIAL STATEMENTS (Continued)
December 31, 2021 and 2020

NOTE 5-BORROWINGS

	<u>2021</u>	<u>2020</u>
Small Business Administration Payroll Protection Program Loan: On May 1, 2020, the Company received \$19,257 under the Paycheck Protection Program ("PPP"). The Company received an additional PPP Loan of \$31,727 on February 4, 2021. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES" Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest are forgivable after eight or twenty-four weeks, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four-week period.		
The Company used the proceeds for purposes consistent with the PPP Eligible expenses. The PPP Loan of \$19,257 and \$31,727 were forgiven during 2021. The forgiven loan amount totaling \$50,984 was recognized as Other Income during 2021.		
Small Business Administration Economic Injury Disaster Loan: On June 14, 2020, the Company executed a secured loan with the U.S. Small Business Administration (SBA) under the Economic Injury Disaster Loan program in the amount of \$136,000. The loan is secured by all tangible and intangible assets of the Company and payable over 30 years at an interest rate of 3.75% per annum. Monthly installment payments of \$663, including principal and interest, will begin June 14, 2023. As part of the loan, the Company also received an advance of \$4,000 from the SBA. While the SBA refers to this program as an advance, it was written into law as a grant. This means that the amount given through this program does not need to be repaid.		
Total Borrowings	136,000	136,000
Net Long-Term Debt	<u>136,000</u>	<u>136,000</u>

Niffi FRANCIDSING, INC.
NOTES TO THE FINANCIAL STATEMENTS (Concluded)
December 31, 2021 and 2020

NOTE 6- FRANCHISE OPERATIONS

There are three (3) franchisee operated locations and one (1) franchisor operated location as of December 31, 2021, located as follows:

Michigan-	Two (2)
Illinois-	One (1)
Ohio-	One (1)

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company entered into a lease on February 28, 2021 for space in a building for their operations under a lease agreement with Nihi Real Estate LLC, that will expire February 28, 2041. Lease expense for 2021 and 2020 was \$36,667 and \$36,977, respectively. The five year lease payments are due as follows:

Year 2022	\$36,000
Year 2023	\$36,000
Year 2024	\$36,000
Year 2025	\$36,000
Year 2026	\$36,000

The Company is subject to various contractual arrangements and commitments arising in the ordinary course of business.

NOTE 8-RELATED PARTY TRANSACTIONS

The Company is leasing the office space from Nihi Real Estate LLC and the shareholders of the company are the members of the LLC. The franchisees of the company are contractually obligated to purchase food items and supply from Nihi Distributing, Inc. The shareholders of the company are also shareholders of Nihi Distributing, Inc.

NOTE 9-VARIABLE INTEREST ENTITY ELECTION

The company has elected out of Variable interest Entity reporting by applying the exception allowed under ASU 2014-07.

NOTE 10-SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through June 23, 2022, the date these financial statements were available to be issued, There are no reportable subsequent events.

EXHIBIT B



FRANCHISE AGREEMENT

Nihi Franchising, Inc.
6321 Commerce Drive
Westland, Michigan 48185
(734) 331-3658
www.neehees.com

FRANCHISE AGREEMENT

Between

**NIHI FRANCHISING, INC.
("FRANCHISOR")**

and

("FRANCHISEE")

_____, _____

Telephone Number: (_____) _____ - _____

Email Address: _____

Date: _____
(To be Completed by Us)

For Restaurant Located at:
(Business Location)

_____, _____

TABLE OF CONTENTS

1.	GRANT OF FRANCHISE; TERM.....	2
2.	FEES AND PAYMENTS	3
3.	CONTROL PERSON; FRANCHISEE DESIGNATE; RESTAURANT MANAGERS; TRAINING.....	4
4.	RESTAURANT LOCATION; LEASE	6
5.	RESTAURANT CONSTRUCTION; APPROVED SUPPLIES AND APPROVED SUPPLIERS	7
6.	RESTAURANT OPERATIONS; MANUALS	10
7.	CONFIDENTIAL INFORMATION	17
8.	TRADEMARKS	18
9.	ADVERTISING.....	20
10.	INSURANCE.....	23
11.	ACCOUNTING AND RECORDS.....	25
12.	YOUR REPRESENTATIONS AND WARRANTIES; AFFIRMATIVE AND NEGATIVE COVENANTS	26
13.	TRANSFER.....	30
14.	CONSENT AND WAIVER	31
15.	DEFAULT AND REMEDIES.....	32
16.	OBLIGATIONS UPON TERMINATION OR EXPIRATION; RENEWAL OPTION	34
17.	INDEMNIFICATION.....	38
18.	NOTICES	40
19.	FORCE MAJEURE.....	41
20.	SEVERABILITY	41
21.	INDEPENDENT CONTRACTOR	41
22.	DUE DILIGENCE AND ASSUMPTION OF RISK	42
23.	ENFORCEMENT	43
24.	MISCELANEOUS	45
25.	ENTIRE AGREEMENT	46
26.	DEFINITIONS.....	47

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is made and entered into this _____ day of _____, 20_____, by and between NIHI FRANCHISING, INC., a Michigan corporation, with its principal place of business at 6321 Commerce Drive, Westland, Michigan 48185 (referred to in this Agreement as “we,” “us,” or “Franchisor”) and _____, a _____ corporation, limited liability company, a company formed or already existing whose principal place of business is _____, _____ and its Principals, _____, _____, and _____ (individually referred to in this Agreement as “Principal Owner” or collectively as “Principal Owners”), residents of the state of _____ (collectively referred to in this Agreement as “you,” “your,” or “Franchisee”). The Principal Owners are personally responsible for the obligations of the Franchisee under this Agreement.

RECITALS

WHEREAS, we offer, to persons and entities that meet our qualifications to our satisfaction and demonstrate that they will be productive members of the Neehee’s® System, the opportunity to be awarded a Neehee’s® Franchise through which they will offer a counter-service, fast-casual restaurant that features on-premises dining and carry out with a wide variety of Menu Items. The restaurant specializes in freshly-made authentic Indian vegetarian cuisine, from local sources, with superior customer service to its clients (the “Restaurant”).

WHEREAS, each Restaurant will feature a distinctive format and method of doing business, including marketing and sales procedures, cooking and food presentation processes and systems (the “System”).

WHEREAS, you understand that the market for your services in operating a Restaurant consists of members of the general public seeking tasty and healthy meals in a casual or fast-casual atmosphere. You understand that the market is very well developed and highly competitive. You understand that you will compete with other casual and fast-casual restaurants, take-out and delivery concepts, quick-serve restaurants and full-service restaurants, as well as convenience, grocery and specialty stores that offer Indian cuisine and similar items.

WHEREAS, your Restaurant will be awarded a geographic territory (the “Designated Area”) that will not be awarded to any other franchise; and that you will identify that you are a Neehee’s® Franchisee by exhibiting the Neehee’s® trademarks and service mark on your marketing materials, vehicles, employee uniforms, signage, interior and exterior design, stationary, business cards, invoices, and other business supplies.

WHEREAS, you must comply with federal, state and local health regulations concerning food preparation, handling, storage, and sale, United States Department of Agriculture (USDA) standards; truth-in-menu and labeling laws; license, certificate and permit requirements for restaurant operation and occupancy; and federal, state and local laws and regulation concerning food service operation and ownership.

WHEREAS, you have received and reviewed our Franchise Disclosure Document, have reviewed the Franchise Disclosure Document with counsel of your choice, you understand the terms of this Agreement and its consequences have been completely read and explained by your chosen counsel and you fully understand the terms of this Agreement and all Exhibits hereto.

WHEREAS, you have independently inspected the operations of other franchised businesses of other business concepts and independently inspected the operations of Restaurants operating the System and have satisfied yourself by the performance of your own due diligence that entering into this Agreement is your business decision.

WHEREAS, you have not relied upon any oral statements or other representations other than as are contained in our Franchise Disclosure Document.

NOW THEREFORE, the parties agree as follows:

1. GRANT OF FRANCHISE; TERM

1.01 You have applied for a franchise to own and operate a Neehee's® Restaurant. Subject to all of the terms and conditions of this Agreement and upon complete execution of this Agreement by all parties, we hereby grant to you a franchise (the "Franchise") to operate a single Neehee's® Restaurant at a single Location utilizing the System and the Trademarks within a geographic area (the "Designated Area") upon which you and we have agreed. During the Initial Term and for so long as no Event of Default has occurred and is continuing and no event has occurred which, with the giving of notice or lapse of time, or both, would constitute an Event of Default, we will not establish, nor authorize any other person to establish a Neehee's® Restaurant within your Designated Area. The Designated Area and Location are described in Attachment 1 attached to this Agreement.

Except as expressly limited by the preceding paragraphs, we and our affiliates retain all rights with respect to Neehee's® Restaurants, the Trademarks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

A. The right to establish and operate, and to grant to others the right to establish and operate a similar business or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside your Designated Area under trademarks or service marks other than the Trademarks and on any terms and conditions we deem appropriate;

B. The right to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with those provided at Neehee's® Restaurants, whether identified by the Trademarks or other trademarks or service marks, through dissimilar channels of distribution (including without limitation, grocery stores, convenience stores, and the internet or similar electronic media) both inside and outside your Designated Area and on any terms and conditions we deem appropriate;

C. The right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside your Designated Area under the Trademarks and on any terms and conditions we deem appropriate;

D. The right to operate, and to grant others the right to operate Neehee's® Restaurants located anywhere outside your Designated Area under any terms and conditions we deem appropriate and regardless of the proximity to the Restaurant;

E. The right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Neehee's® Restaurants, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the Franchisees or licensees of these businesses) are located or operating (including in your Designated Area); and

F. The right to be acquired (whether through acquisition of assets, ownership interests, merger or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Neehee's® Restaurants, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Designated Area.

We are not required to pay you if we exercise any of the rights specified above inside your Designated Area.

1.02 Unless sooner terminated as provided herein, this Agreement shall be effective on the date hereof, but no sooner than the last date on which a party has executed this Agreement and shall continue for a term of ten (10) years (the “Initial Term”).

1.03 We expressly reserve the exclusive right and you acknowledge that we have the exclusive unrestricted right, to engage, directly and indirectly, through employees, developers, Franchisees, licensees, agents and others within the Designated Area, to sell or to distribute to others for resale, prepackaged food products or other trademarked items from other locations within the Designated Area, such as, without limitation, grocery stores, convenience stores, or through other media, such as the Internet, worldwide web, or any other publicly-accessible computer network, and we have no obligation to account for, or share, any profits with you related to these sales. We reserve all rights, title and interest to any domain names that include any part of our names or Trademarks. Nothing contained in this Agreement shall prevent us or our affiliates from establishing or operating, or granting the right to establish or operate, businesses using the System or a similar system outside of the Designated Area, or marketing other products or services that are not a part of the System under dissimilar names and marks within the Designated Area. Our rights to engage in other business activities are specifically reserved and may not be qualified or diminished in any way by implication. We thus may engage in, or authorize others to engage in, any form of business offering and selling any type of product or service except as restricted by this Section 1. You must generate your Net Sales from within the Restaurant, unless approved by us in writing. Any sales outside of your Restaurant (e.g., delivery, catering, etc.) must be approved by us in writing prior to the sale. If we grant you such approval, we may designate boundaries for those activities that may or may not coincide with the Designated Area, which boundaries may be revised by us from time to time in our sole discretion.

2. FEES AND PAYMENTS

2.01 Upon execution of this Agreement, in consideration of the franchise granted by us, you shall pay to us the non-refundable Initial Franchise Fee as disclosed in Attachment 1 of the Franchise Agreement.

2.02 You shall pay to us a weekly royalty fee (“Royalty”) equal to five percent (5%) of the Restaurant’s Net Sales without offset, credit or deduction of any nature. You authorize us to collect the Royalty by means of electronic funds transfer (“EFT”) each Tuesday for the previous week’s Royalty. On Monday of each week, you shall transmit to us a Net Sales Report for the previous week’s Net Sales. You shall commence paying us a weekly Royalty on the earlier of the date you open the Restaurant for business or twelve (12) months after the execution of this Agreement.

2.03 Any Payment not received by us on the date they are due shall bear interest from the due date until received by us at eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less.

2.04 Any taxes or duties imposed upon or with respect to this Agreement or any materials, supplies or specifications acquired by or provided to you pursuant to or in connection with this Agreement shall be paid by you. You shall pay to us an amount equal to any sales tax, gross receipts tax, excise tax or any license or tax similar thereto which is imposed, directly or indirectly, upon us with respect to any Payments from you to us that are required under this Agreement. The preceding sentence shall not apply to any franchise tax or income, war profits, or excess profits tax (or any tax in lieu thereof) imposed on us with respect to these Payments.

2.05 You shall not withhold, off-set or discount any portion of any payment due to our alleged non-performance under this Agreement or any other agreement by and between us and you.

3. CONTROL PERSON; FRANCHISEE DESIGNATE; RESTAURANT MANAGERS; TRAINING

3.01 You hereby designate the individual person identified in Attachment 1 to this Franchise Agreement as the Franchisee Designate. The Franchisee Designate shall be the person responsible for the day-to-day operations of the Restaurant and must own at least a beneficial interest of ten percent (10%) or more in the Restaurant. The Franchisee Designate shall attend and successfully complete to our satisfaction the training programs provided for Franchisees, management and staff. Any replacement of the Franchisee Designate shall be appointed by you within ten (10) days of the prior Franchisee Designate's resignation or termination. If we conduct any training for the replacement Franchisee Designate, you shall pay to us all costs and expenses related to such training at the then-current rates for additional training, as well as all expenses related to such Franchisee Designate, including without limitation, wages, meals, lodging and travel to attend the training. All of our training programs are provided to protect our brand and Trademarks and not to control the day-to-day operations of your business. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, including without limitation, a sexual harassment policy. You have sole discretion as to adoption of any such policies and procedures and the specific terms of such policies and procedures. Training with respect to all such policies and procedures shall be your sole responsibility.

3.02 You hereby designate the individual person identified in Attachment 1 of this Franchise Agreement as the Control Person. The Control Person shall be the person with whom we will communicate and upon whom we will rely to bind the Franchisee. You authorize the Control Person to perform any and all actions on your behalf related to this Agreement.

3.03 The requisite number of Managers, as we determine, shall be employed by you for the Restaurant. All Managers shall attend and successfully complete, to our satisfaction, our management and staff training programs and be "certified" by us on an annual basis. At any time during the term of this Agreement, you shall have at least four (4) certified Managers eligible to work in the Restaurant. Your Franchisee Designate, if different from you, and at least four (4) Managers staff shall commence the management training program within approximately 120 days of the execution of this Agreement. You shall be responsible for all wages, travel and living expenses of your Franchisee Designate and others during the training periods. You and the Franchisee Designate shall attend the Franchisee Meetings we sponsor from time to time at times and locations determined by us in our sole discretion. We may require that you stay at the hotel location of the scheduled meeting at your expense. You shall be responsible for all expenses associated with attendance at such Franchisee Meetings. We will provide the instructors and materials for the training programs. You will be responsible for all of your expenses and your Managers and your employees' expenses, including without limitation, wages, benefits, and travel and living expenses during training. We will conduct the initial training of your initial management team prior to the opening of your Restaurant. Management employees that are hired after the Restaurant opens must be trained at your sole cost and expense.

When you and/or your affiliates operate three (3) or more Restaurants, you shall have one of your or your affiliates' Restaurants approved by us as a Certified Training Restaurant as provided in the Operations Manuals.

3.04 We will assist you in the opening of your Restaurant by (i) training to our satisfaction at least ninety percent (90%) of your staff employees at the site of your Restaurant, and (ii) assisting you in the opening of your Restaurant for approximately fourteen (14) days beginning approximately seven (7) calendar days before the opening of your Restaurant and concluding

approximately seven (7) calendar days after the opening of your Restaurant. We typically have approximately four (4) employees, consisting of ours and yours on the store opening training team (the actual number of members shall be determined in our sole discretion, depending upon the number of other Restaurants already being operated by you and your affiliates and such other criteria that we deem reasonable). The members of the store opening training team shall be subject to our consent. The number of our employees selected to serve on the store opening training team is determined in accordance with the following schedule, provided however, that we may elect to modify this schedule in the event the total number of people on the store opening training team is greater or less than four (4).

Restaurants Operated by you and/or your affiliates	Number of our employees on the store opening training team	Number of your employees on the store opening training team	Number of team members paid for by us	Number of team members paid for by you.
1 & 2	4	0	4	0
3	2	2	2	2
4	1	3	1	3
5 or more	0	4	0	4

In the event we determine that more than four (4) members of the store opening team are necessary for an opening, you will be responsible for the costs associated with the team members in excess of four (4). If you fail to or are unable to provide such employees, we may, but are not obligated to, staff the store opening training team with our employees. For each of our respective training team members, we and you shall each be responsible for (a) making all travel, food and lodging arrangements and (b) the wages and other expenses of the store opening training team provided by each; provided, however that you shall reimburse us for the wages, travel, food, lodging and other expenses of our employees who are provided as a result of your failure or inability to provide your employees for participation on the store opening training team.

We will conduct, consistent with this Agreement, the initial training of your staff prior to the opening of your Restaurant. Your staff must be employed prior to the start of training and at least seven (7) days before the Restaurant opens for business to the public. We reserve the right to establish the opening date of your Restaurant. Staff employees that are hired after the Restaurant opens must be trained at your sole cost and expense.

We may in our discretion require you, your Control Person, your Franchisee Designate, your Managers, and/or employees to attend additional training programs and seminars during the term of this Agreement. We may charge you for such additional training. We may require you or your Control person, your Franchisee Designate, Managers and/or employees to attend such additional training programs and seminars. You will be responsible for paying travel and living expenses for you, your Control Person, your Franchisee Designate, Manager, and/or employees to attend such additional training programs and seminars including employee wages, in addition to training expenses and our trainer expenses. Our costs will range from \$100 - \$1,000 per day per trainer plus expenses. If you request additional assistance from us, we reserve the right to provide such assistance or not, in our discretion, if, for example, the proper assistant is not available. You shall pay to us a fee for this additional assistance that will range from \$100 - \$1,000 per day, per assistant plus expenses. We have the right in our discretion to require our additional assistance and charge you for such assistance. You shall also conduct such continuing training programs for your employees as we may reasonably require.

3.05 You shall maintain competent and conscientious personnel to operate the Restaurant in accordance with this Agreement, the System, and the Operations Manual. You shall train or cause the training of all personnel as and when required by prudent business practices, System standards or this Agreement. Franchisee must conduct criminal background checks on all of its employees or independent contractors who will provide services to customers. At our request, you must provide us with copies of employment materials or independent contractor agreements relating to each of your employees, including, but not limited to, employment or other application materials and the results of criminal background checks and child abuse registry checks. All costs associated with your performance of your obligations under this Section shall be your sole responsibility.

3.06 You shall comply with such employee training and testing procedures and requirements reasonably prescribed in the Operations Manuals or otherwise in writing.

3.07 We may create an audio and/or video recording of any training programs at our expense. You will be responsible for any fee related to your participation in such training program including, without limitation, on-line training or examination programs we implement.

3.08 At the start of the employment, you promise to require, as consideration for employment each of your Managers to execute non-disclosure and confidentiality agreements and covenants not to compete that we have approved. Such agreements will prohibit disclosure, by the employee to any other person or legal entity, of any trade secrets, customer lists, or other information, knowledge, or know-how regarding the System or the operation of the Restaurant, which is deemed confidential or propriety by us. Such employee non-disclosure and confidentiality agreements and covenants not to compete will, to the fullest extent permitted by applicable law, prevent employees from servicing or soliciting any of the customers of your Restaurant, except in their capacities as employees of the Restaurant, and from engaging in a Competing Business, either as an owner, employee or any other capacity. You must require, and provide copies to us, of criminal background checks for any Restaurant owner, employee or associated person. You promise to ensure that terminated employees will not have access to the System, our software, intranet sites, our materials or any aspect of the Restaurant. A fully-executed copy of each management employee agreement will be sent to us.

All individuals attending meetings of a confidential nature (*i.e.*, Annual Convention, Regional Meetings) must sign the most current version of the confidentiality agreement.

You agree and acknowledge and will ensure that your employees agree and acknowledge that a violation of the covenants not to compete as listed in this Section will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. If we prevail, you promise to pay all costs and expenses (including reasonable attorneys and experts' fees) incurred by us in connection with the enforcement of these covenants not to compete, if you are found to be in violation of your confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Paragraph will be in addition to, and not in lieu of, all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity.

4. RESTAURANT LOCATION; LEASE

4.01 You shall not relocate your Restaurant from the Location without our consent, which may be withheld in our discretion.

4.02 You must purchase or Lease a suitable site for the Restaurant subject to our acceptance using the site selection criteria in our Operations Manual with the assistance of a commercial real estate broker of your choosing who is approved by us for the term of this Agreement. You must submit to us a description of the proposed site together with evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed site. You must supply the required Development Materials that outline all of the information needed by us to review a proposed site. You must use the real estate site analysis services of our approved supplier to evaluate your proposed site. We will give you written notice of acceptance or non-acceptance of the proposed site within 25 business days after receiving your written proposal. The factors we consider in accepting the location for the proposed site may include, but are not limited to, the following: (i) general location; (ii) traffic patterns; (iii) rent expense; (iv) demographics; (v) equipment and services located at the site; (vi) leasehold improvement costs; (vii) ability to reflect image to be portrayed by “Neehee’s®” Restaurants; and (viii) parking. You must select a location we accept within six months after the execution of the Franchise Agreement. We may cancel the Franchise Agreement in our sole discretion and option if you fail to select a location acceptable to us within this timeframe. We have the right to review and consent to your Lease prior to the execution of the Lease. You shall also provide to us prior to our consideration of your proposed Location the Development Materials for your proposed Location. We will generally provide you a decision regarding our consent to the Location within twenty-five (25) business days after receipt of your Development Materials. You represent that the Lease as consented to by us shall be executed by all necessary parties within ten (10) days following receipt of our consent. You shall furnish us a complete copy of the fully-executed Lease with Conditional Assignment of Lease within ten (10) days after execution. Unless you obtain fee simple title to the Location, you and the landlord must sign the Conditional Assignment of Lease attached as Exhibit H. We recommend that you submit the Conditional Assignment of Lease to the landlord at the beginning of your Lease negotiations, although the terms of the Conditional Assignment of Lease may not be negotiated without our prior approval. If the landlord requires us to negotiate the terms of the Conditional Assignment of Lease, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. We have no responsibility for the Lease; it is your sole responsibility to evaluate, negotiate and enter into the Lease for the Restaurant Location. If you obtain fee simple title to the Location, you must sign the Real Estate Option to Purchase attached as Exhibit I. If you lease the Location and you lose the right to occupy the Location, we reserve the right to terminate this Agreement.

4.03 Notwithstanding the terms of Section 4.02, you shall:

- A. Deliver to us, immediately after delivery to or by you, any notice of default under the Lease which threatens or purports to terminate the Lease or your rights of possession under the Lease or result in a foreclosure thereof;
- B. Permit us to enter the Restaurant Location to protect our Trademarks or the System or to cure any default under this Agreement or the Lease, all at your expense; and
- C. Not amend the Lease in any way that is inconsistent with this Agreement.

4.04 You must execute and provide us an executed copy of the Lease (including an executed copy of the Conditional Assignment of Lease) or the purchase agreement for the selected and approved Location for your Restaurant within six (6) months from the date of execution of this Agreement. If you fail to provide us with evidence that the Location is secured under your control within six (6) months of the date of execution of this Agreement, we have the right to terminate this Agreement.

5. RESTAURANT CONSTRUCTION; APPROVED SUPPLIES AND APPROVED SUPPLIERS

5.01 You shall ensure that (a) materials satisfying our System and Approved Supplies are utilized in construction, and (b) such materials are purchased from Approved Suppliers.

5.02 We will provide to you a copy of sample and generic plans and specifications on the construction of a typical Restaurant. These plans and specifications may be of an existing Restaurant or the current prototype that will need to be altered or modified to meet your space requirements, which modifications will be at your cost and expense. To that end, you shall (a) employ a qualified architect and kitchen design consultant that we approve; (b) employ a licensed general contractor to whom we have the right to consent, and (c) provide us upon request copies of architectural or construction contracts applicable to the Restaurant Location. Upon request by you, we will make available to you, at your expense (a) architectural consultation or advice; (b) preparation of conceptual drawings; and (c) consultation and advice on the purchase, display and installation of Approved Supplies.

5.03 You shall (a) submit conceptual drawings, incorporating proposed adaptations to the local market for our consent; (b) modify the drawings as reasonably required by us; and (c) submit the modified drawings to us for our final consent. Following our consent to the final drawings, you shall, pursuant to the Operations Manuals, (a) submit for our review, construction plans and specifications based upon the standard construction plans provided to you, adapted by you pursuant to the conceptual drawings listed above to which we have consented; (b) modify such construction plans and specifications as reasonably required by us; (c) submit the modified construction plans and specifications to us for final consent; and (d) construct the Restaurant pursuant to the plans and specifications to which we have consented. Conceptual drawings and construction plans and specifications to which we have consented shall not be modified without our approval and consent. Prior to the commencement of construction, you shall deliver a construction schedule and thereafter shall deliver monthly revisions to us indicating construction progress.

5.04 You shall obtain all zoning classifications, clearances, consents, permits, licenses, and variances, required in connection with the construction of the Restaurant. Upon request, copies of such permits and licenses shall be provided to us.

5.05 You shall commence construction within two (2) months from the date of the date we provide you with preliminary Location consent and shall complete construction no later than three (3) months thereafter. Construction shall be deemed to have been commenced upon the commencement the construction-related work at the Location. You shall, within ten (10) days after commencement of construction, advise us of such Commencement Date. We may inspect construction at the Location. You shall make all necessary arrangements to ensure our access to the Location.

5.06 We may periodically provide you with an approved suppliers list (the “Approved Suppliers List”) and approved supplies list (the “Approved Supplies List”). Such lists may specify, without limitation, the approved architects, contractors, kitchen design consultants, manufacturers, suppliers and distributors and the inventory, Menu Items, products, fixtures, furniture, equipment, signs, stationery, supplies, uniforms, proprietary apparel, proprietary promotional items, small wares, paper products, grocery items (including without limitations, vegetables, fruits, meats, oils, spices, sauces, salad dressings, soups, desserts, coffee), non-alcoholic beverages, cash registers, computer hardware and software, and services that we have approved to be carried or used in the Restaurant. We may revise the Approved Suppliers List and the Approved Supplies List from time to time in our sole discretion. Such approved lists will be given to you as we deem advisable or at your request. You shall acquire Approved Supplies from Approved Suppliers satisfying the requirements of this Agreement and the Operations Manuals. We or one of our affiliates may be the only Approved Supplier of some Approved Supplies. In other cases, there may be only one

Approved or Designated Supplier. ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND AFFILIATES MAKE NO REPRESENTATION OR WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS AND EQUIPMENT (INCLUDING WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED SUPPLIES. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIES, SUPPLIERS OR ANY OTHER INDIVIDUAL, ENTITY OR ITEM SHALL NOT CREATE ANY LIABILITY TO US.

If you want to (i) offer for sale at the Restaurant any brand of product, not then-approved by us, (ii) use any brand of food ingredient or other material or supply in the operation of the Restaurant that is not then-approved by us as meeting our minimum specifications and quality standards, or (iii) purchase any product from a supplier that is not then-designated by us as an Approved Supplier, you must first notify us in writing and, if requested by us, submit samples and such other information as we require for examination and/or testing or to otherwise determine whether such product, material or supply, or such proposed supplier meets our specifications and quality standards. You must pay a charge not to exceed Five Thousand and 00/100 Dollars (\$5,000.00) for the inspection and evaluation and the actual cost of the test and approval of the proposed supplier. We reserve the right, at our option, to re-examine or re-test the facilities and products of any supplier of an approved item and to revoke such approval if such item fails to continue to meet any of our criteria. We will send written notice of any revocation of an Approved Supplier.

All equipment, signs, fixtures, inventory, products and materials, and other items and supplies used in the construction and operation of the Restaurant that are not specifically required to be purchased in accordance with our Approved Supplies List and Approved Suppliers List must conform to the specifications and quality standards established by us from time to time. The signage and decorating materials at your Restaurant must comply with our then-current specifications, which we may modify and change from time to time due to modifications in the System, including changes to the Trademarks. You must make such changes to the signage and decorating materials as we require at your sole cost and expense. Any upgrades to the type or size of your signage and decorating materials will be at your sole cost and expense. You must post a prominent sign in the Restaurant identifying you as a franchisee in a format that we deem acceptable, including statements (i) that you independently own and operate the Restaurant, (ii) that the Trademarks are owned by us, and (iii) that we use the Trademarks pursuant to a license we have issued to you.

We approve suppliers who can match the exact ingredients, blend, freshness standards, overall quality and appearance standards required by the System. We apply the following general criteria in approving a proposed supplier: (i) ability to make products in conformity with our specifications and standards; (ii) willingness to protect the trade secrets of a product without dissemination to others; (iii) production and delivery capability; (iv) reputation and integrity of supplier; (v) financial condition and insurance coverage of the supplier; (vi) adherence to food safety standards; and (vii) Hazard Analysis and Critical Control Points (HACCP) approved.

We reserve the right to re-inspect any supplier and revoke our consent upon such supplier's failure to continue to meet any of the foregoing criteria.

We have the right to retain rebates, markups and other benefits from suppliers or in connection with the furnishing of Approved Supplies by suppliers that are furnished to our Company-owned or affiliate-owned Restaurants. You shall have no entitlement to or interest in any such benefits.

We reserve the right to negotiate rebates, markups and other benefits from suppliers in connection with the furnishing of Approved Supplies by suppliers that are furnished to you and paid for by you. If we negotiate rebates from suppliers based upon purchases you make, we reserve the right to retain all rebates from suppliers based upon purchases by you for our benefit to use in our sole and absolute discretion. We reserve the right to amend, change, or modify the rebate policy at any time.

5.07 You shall provide us with a current list of your suppliers prior to the commencement of construction of the Restaurant (current supplier lists shall thereafter be provided upon request).

5.08 We reserve the right to consent to, or require, limited variations from the Standards and Specifications with respect to the development of other Restaurants in the System.

6. RESTAURANT OPERATIONS; MANUALS

6.01 You acknowledge that the reputation and goodwill of the System is based in large part on offering high quality products and services to its customers. Accordingly, you shall provide or offer for sale or use at the Restaurant only those Menu Items, products, supplies, uniforms, proprietary apparel, proprietary promotional items, small wares, paper products, grocery items (including without limitations, vegetables, fruits, meats, oils, spices, sauces, salad dressings, soups, desserts, tea and coffee), non-alcoholic beverages, supplies, and other items, products and services that we from time to time approve (and which are not thereafter disapproved) and that comply with our Specifications and Standards. We will from time to time provide you with a list of these Approved Supplies and Approved Suppliers. If required by us, any such items or services shall be purchased only from "Approved Suppliers" that we designate or approve (which might include, or be limited to, us or an Affiliate). You shall not offer for sale, sell or provide through the Restaurant or from the Location any products or services that we have not approved. We have the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as we determine including, but not limited to, franchisee qualifications, test marketing and regional or local differences. We have the right to give our consent to one (1) or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 5.06 and shall not create any rights to you to provide the same products or services.

EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING, WE AND OUR AFFILIATES MAKE NO WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS OR SERVICES SOLD BY OR THROUGH US OR OUR AFFILIATES, INCLUDING THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WE WILL NOT BE LIABLE FOR PERSONAL INJURY OR PROPERTY DAMAGE, LOSS OF PROFIT, OR OTHER INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ARISING OUT OF THE USE OR INABILITY TO USE THE PRODUCTS AND SERVICES SOLD BY OR THROUGH US OR OUR AFFILIATES OR FOR ANY DAMAGES (REGARDLESS OF THEIR NATURE) CAUSED BY OUR FAILURE TO FULFILL OUR RESPONSIBILITIES UNDER THIS AGREEMENT. OUR AND OUR AFFILIATES' SOLE LIABILITY FOR ANY WARRANTIES GRANTED IS TO REPAIR OR REPLACE, AT OUR OR OUR AFFILIATES' OPTION, ANY PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES THAT ARE NOT IN COMPLIANCE WITH THE WARRANTY. WE AND OUR AFFILIATES LIABILITY RELATING TO PRODUCTS AND SERVICES SOLD BY OR THROUGH US AND OUR AFFILIATES WILL IN NO EVENT EXCEED THE STATED SELLING PRICE OF THE PRODUCTS AND SERVICES TO YOU. ANY WARRANTIES GRANTED WILL BE VOID AND OF NO FORCE AND EFFECT WITH RESPECT TO ANY PRODUCTS THAT ARE DAMAGED AS A RESULT OF (A) NEGLIGENCE, ALTERATION OR

ACCIDENT OR (B) IMPROPER USE, INCLUDING FAILURE TO FOLLOW OPERATING AND MAINTENANCE PROCEDURES SPECIFIED BY US AND OUR AFFILIATES.

6.02 The Restaurant shall open for business (a) only with our consent and (b) promptly after completion of appropriate training pursuant to the System, as we determine in our sole discretion. You shall be open for business within six to twelve (6 – 12) months of executing this Agreement; and no later than twelve (12) months after executing this Agreement.

6.03 You acknowledge that (a) every component of the System is material to (i) us, (ii) other Franchisees in the System, and (iii) the operation of the Restaurant; and (b) compliance by all System Franchisees with the Operations Manuals is (i) fundamental to the value of the System and to this Agreement and (ii) the basis for the broad public acceptance of the System and the goodwill associated therewith. Accordingly, you promise, during the term of this Agreement, to not:

A. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other restaurant concept or any other restaurant that is the same as, similar to, or competitive with, the services sold by the Restaurant (except for other Franchises under Franchise Agreements we enter into with you);

B. Use our Confidential Information, System, Operations Manuals, Trademarks, customer lists, trade secrets, Trade Dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business whether or not similar to, competitive with or the same as that conducted by the Restaurant;

C. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any business offering any other restaurant concept.

6.04 You shall employ continuously during the Term the requisite number of Restaurant Managers as we determine, each of whom shall have successfully completed appropriate training as described in this Agreement.

6.05 Except as otherwise provided herein, you shall:

A. Use the Restaurant Location solely for the operation of the Restaurant pursuant to the terms of this Agreement and the Operations Manuals. Specifically, your Restaurant must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time. You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. We have the right to make modifications to these Menu Items from time to time through revisions to the Operations Manual and you agree to comply with these modifications. You may not offer or sell any other product or service at the Location without our prior written consent. You are not permitted to offer catering or delivery services without our prior written approval;

B. Keep the Restaurant operating pursuant to the terms of this Agreement and the Operations Manuals for such minimum hours and days as from time to time are prescribed in the Operations Manuals or otherwise in writing except as restricted by local law. You acknowledge and agree that the hours of operation are integral to the value of the System and the Marks, and any failure by you to operate during the designated hours of operation is detrimental to the System and the Marks. You further acknowledge and agree that the day-to-day operational decisions relating to the opening and closing procedures of the Franchised Business, including any security, staffing, and other similar matters, shall be made solely by you;

C. Obtain and maintain all permits and licenses required for Restaurant operations and comply with all applicable laws and regulations;

D. Permit us to enter upon the Restaurant Location at any time to inspect the Restaurant and the products and materials used by you, cooperate with such inspection and take such steps as may be necessary to correct any deficiencies discovered during such inspection (you acknowledge that we may re-inspect the Restaurant and such products or materials and revoke our consent to any product or material (or the supplier thereof) or the condition of the Restaurant should the Restaurant, products or materials fail to meet the Standards and Specifications of the System);

E. Permit us or an authorized representative to enter upon the Restaurant at all reasonable times during the Business Day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you; to inspect and evaluate your building, land and equipment; and to inspect and evaluate the storage, preparation and formulation and conditions of sanitation and cleanliness in the storage, preparation, handling and serving. If we determine that any condition in the Restaurant presents a threat to customer or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction. Other than requiring you to follow the mandatory requirements of our System, any guidance, suggestions, or advice provided to you in the course of such consultation shall be deemed suggestions only, and the decision to follow any such guidance, suggestions, or advice will be made by you in your sole discretion. In particular, and not in limitation of the foregoing, you will be solely responsible for all policies and decisions concerning your employees and will consult with your own independent advisors with respect to those policies and decisions.

F. Participate in any mystery shopping or quality assurance program and implement the program consistent with our Operations Manuals;

G. Participate in a web-based marketing program that may consist of activities such as, without limitation, email database marketing programs, or other programs implemented in our Operations Manuals;

H. Participate in any and all marketing programs we deem necessary for the System, such as, without limitation, a system-wide gift card or guest loyalty program, and pay all costs associated with your implementation of such program.

I. Attend at your expense national or regional meetings we may organize and implement for the System and stay at the hotel we designate for the meeting.

J. Maintain a representative inventory of special promotional items to meet public demand as we develop from time to time;

K. Operate the Restaurant at all times consistent with and in compliance with the System as revised by us in our discretion from time to time, in writing through revisions of the Operations Manuals. The Operations Manuals will, among other things, set forth our operating systems, procedures, policies, methods, standards, specifications, and requirements for operating your Restaurant designed to protect and maintain the value of the Trademarks and the System. You must comply with specifications, standards, procedures, and rules prescribed from time to time in the Operations Manuals that we designate as mandatory. We will revise the manuals for the System periodically to meet changing conditions of retail operation in the best interest of the Restaurants operating under the Trademarks and the System. Any required standards (such as, without limitation, the System as implemented through the Operations Manuals) exist to protect our interests in the System and Trademarks and not for the purpose of establishing any control or

duty to take control over matters that are reserved to you. You agree and acknowledge that full compliance with the Operations Manuals is essential to preserve, maintain and enhance the reputation, trade demand, and goodwill of the System and the Trademarks and that your failure to operate the Franchised Business in accordance with the Operations Manuals can cause damage to us and all other franchisees within the System as well as to you. Notwithstanding the foregoing, and consistent with the goals of the System, you shall be responsible for the day-to-day operation of the Franchised Business. You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area in implementing the System and all standards of operation as contained in the Operations Manuals.

L. Purchase and use any computer system that we develop or select for the Restaurant, including all future updates, supplements and modifications (the "Computer System"). The Computer System may include all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and back office programs used to record, analyze and report Net Sales, inventory, labor, and tax information. The computer software package may include proprietary software. You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. The computer hardware component of the Computer System must conform to the specifications we develop from time to time. We reserve the right to designate a single source from whom you must purchase some or all of the Computer System. If you choose to use a POS different from our required POS, you may do so only with our prior approval, which may be conditioned upon your payment of the full integration costs of, among other things, on-line ordering, digital menu boards, digital signage, self-order kiosk, mobile ordering applications, customer paging and financial security systems, and your assignment of this integration for our use going forward, and any other conditions in our sole and absolute discretion. If we require that you upgrade, update or purchase a new Computer System and/or implement a System-wide POS, you shall implement such Computer System at your sole cost and expense and we may change the Computer System and/or POS throughout the term of this Agreement at our discretion. If we modify the Computer System and/or POS during the term of this Agreement you will have six (6) months to install and commence using the modified or new Computer System and/or POS at your sole cost and expense. This does not affect your obligation to maintain and routinely update Computer System and/or POS that you use in your day-to-day operations. You acknowledge and agree that we will have full and complete and independent access to information and data entered and produced by the Computer System. We have the right to have independent electronic access to this information. There are no contractual limits on our right to independently access the data. You must record all sales at the Restaurant on this Computer System includes an information interface capability to communicate electronically with our computer system to provide us with continuous transaction level point of sale data. You are responsible for the annual maintenance and repairs for the cash register and Computer System. The technology configuration is frequently subject to change due to technology and service advancements, as updated in the Operations Manual. THE COMPUTER SYSTEM AND ITS CONTENTS ARE PROVIDED "AS-IS." WE AND OUR AGENTS DISCLAIM ANY AND ALL WARRANTIES RELATING TO THE COMPUTER SYSTEM, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, REGARDING ANY CONTENT AND YOUR ABILITY OR INABILITY TO USE THE COMPUTER SYSTEM AND ITS CONTENT. USE OF THE COMPUTER SYSTEM IS AT YOUR SOLE RISK. WE WILL NOT BE LIABLE TO YOU FOR ANY PERSON CLAIMING THROUGH YOU FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL OR OTHER DAMAGES UNDER ANY THEORY OR LAW FOR ANY ERRORS IN OR THE USE OF OR INABILITY TO USE THE COMPUTER SYSTEM AND ITS CONTENT INCLUDING DAMAGES FOR LOST PROFITS, BUSINESS DATA, OR DAMAGE TO ANY COMPUTER SYSTEM. You must provide such assistance as may be required to connect your Computer System to our computer system. We shall have the

right to retrieve transaction level data through your Computer System, and such other information from your Computer System as we deem necessary or desirable, and you agree to fully cooperate with us to accomplish such interface. You must provide us with all of the data required by us in the Operations Manual in a format readily usable by us. All data pertaining to, derived from, or displayed at the Restaurant (including without limitation, data pertaining to or otherwise about Restaurant customers) is and shall be our exclusive property, and we hereby grant you with a royalty-free non-exclusive license to use that data during the Term of this Agreement and any renewal term. You agree that all data collected from customers and potential customers in connection with the Restaurant (“Customer Data”) is deemed to be owned exclusively by us, and you agree to provide Customer Data to us at any time that we request. You have the right to use Customer Data while this Agreement is in effect, but only in connection with operating the Restaurant and only in accordance with the policies established by us from time to time. You shall not sell, assign, transfer or use Customer Data for any purpose other than operating the Restaurant and marketing Neehee’s® services and products. You agree to abide by all applicable laws pertaining to the privacy of customer, employee and transactional information (“Privacy Laws”). You agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards pertaining to the Privacy Laws and the requirements of any applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately provide written notice to us of said conflict; and (c) promptly and fully cooperate with us and counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law. You must at all times have at the Location internet access with a form of high speed connection as we require and you must maintain: (i) an email account for our direct correspondence with you, your Control Person and Franchisee Designate; and (ii) a separate email account for the Restaurant. We reserve the right to require that you use an email address and account that we designate. You shall, at your expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as we may designate, from time to time, to enable the Restaurant to accept such methods of payment from customers. You shall also accept debit cards, stored value gift cards or other non-cash payment systems specified by us to enable customers to purchase authorized products and services. You shall obtain all necessary hardware and/or software used in connection with these non-cash payment systems. At all times, you shall maintain credit card relationships with the credit and debit card issuers or sponsors, check or credit verification services, financial center services, and electronic funds transfer systems (together, “Credit Card Vendors”) that we designate as mandatory. The term Credit Card Vendors includes among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, “Apple Pay” and “Google Wallet”). You may not use any Credit Card Vendors that we have not approved in writing or for which we have revoked approval. We have the right to modify the requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke approval of any such service provider. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved supplier to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You will be required to enter into a contractual relationship directly with an approved managed firewall supplier, if we so determine.

M. Permit us to remove from the Restaurant samples of any inventory items (without payment) in amounts reasonably necessary for testing to determine if such samples meet the

Standards and Specifications of the System. We may require you to bear the cost of such testing if we have not given consent to the supplier or if the sample fails to conform to our Standards and Specifications.

6.06 You shall forward to us within five (5) days of your receipt thereof copies of all inspection reports, citations, complaints, warnings, certificates and ratings issued by any governmental entity during the Term of this Agreement in connection with the conduct of the Restaurant which indicate less than full compliance by you with any applicable law, rule or regulation.

6.07 You acknowledge that a material aspect of the System is the (a) breadth of palate range and (b) quality of, and Standards and Specifications related to, food and beverage. Therefore, you shall (i) sell or offer only such products and services to which we have consented (which products and services shall be prepared, offered and served or delivered in accordance with the Standards and Specifications of the System); (ii) sell or offer for sale all products and services required by us; (iii) refrain from any deviation from the Standards and Specifications of the System without our consent; and (iv) discontinue selling or offering any products and services to which we may, in our sole discretion, fail to consent or revoke our consent, in writing.

6.08 You shall purchase our proprietary products from us or our designated supplier at a reasonable price established by us or our supplier. You acknowledge that we may profit from the sale of proprietary products to you and receive consideration from the supplier with respect to your purchases of such proprietary products by you.

6.09 During the term of the Agreement, you shall undertake the following specific to your Restaurant Location:

A. Continually repair, maintain and keep the interior and exterior of the Restaurant (and all fixtures, furnishings, signs, equipment, sidewalks, walkways and parking lots) in good order and first-class condition and repair and in compliance with the Standards and Specifications of the System and all applicable laws, rules and regulations and ordinances,

B. Purchase any equipment, fixtures or new technology that we require from time-to-time, and

C. Upgrade the Restaurant to the then-current Standards and Specifications of the System. Such upgrade to renovate and modernize the Restaurant's building and premises shall be done at our request, but not more than once every five years to conform to the building design, Trade Dress, color scheme, and presentation of our Trademarks consistent with the current image of Restaurants using the Neehee's System, provided that the cost of each renovation and modernization shall not exceed two percent (2%) of the sum of the annual Net Sales for the preceding five (5) years. You must renovate, repair and alter the exterior and interior of your premises at your own expense as reasonably directed by us. If you fail to make such required renovations within thirty (30) days after your receipt of written notice from us setting forth the specific repairs or alterations that are required, then we, without being guilty in any manner of trespass, fault or negligence, and without prejudice to any of the other remedies we have, may have such repairs or alterations completed to maintain your Restaurant in accordance with our required standards. If this occurs, you must immediately reimburse us for all costs we incur to make such renovations, repairs, or alterations. You will indemnify and hold us, our Franchisees and affiliates harmless from all fines, suits, proceedings, claims, demands, damages, liabilities or costs, including, without limitation, reasonable attorney fees, arising out of any Action or proceeding of any kind or nature that arises or grows out of or is in any way connected to the construction, renovation, or operation by you of the Restaurant. This renovation and remodeling obligation is separate and apart from any remodeling required as a condition of your renewal of this Agreement under Section 16.

6.10 You shall acquire all inventory, supplies and other products, materials required for the operation and maintenance of the Restaurant, and all other Approved Supplies solely from Approved Suppliers. If you want to do otherwise, you must comply with section 5.06 of this Agreement and the Operations Manuals. We may, in the exercise of our business judgment, enter into supply contracts for all Restaurants or a subset of Restaurants situated within one or more geographic regions (each, a “system-wide supply contract”). We may enter into system-wide supply contracts with one or more suppliers of products, services, equipment that all affiliate-owned and franchised Restaurants in a geographic area will be required to purchase, use or sell. If we do so, then immediately upon notification, you, us and all other franchise Restaurants in the geographic area must purchase the specified product, service or equipment only from the designated supplier. However, if at the time of our notification, you are already a party to a non-terminable supply contract with another supplier or vendor for the product, service or equipment, then your obligation to purchase from our designated supplier under the system-wide supply contract will not begin until the scheduled expiration (or earlier termination) of your pre-existing supply contract. We make no representation that we will enter into any system-wide supply contracts or other exclusive supply arrangements or, if we do so, that you would not otherwise be able to purchase the same products and/or services at a lower price from another supplier. We may add to, modify, substitute or discontinue system-wide supply contracts or exclusive supply arrangements in the exercise of our business judgment.

6.11 We will provide you with one (1) set of the Operations Manuals “on loan.” You acknowledge our ownership of these Operations Manuals and any copyright rights in or to the Operations Manuals. The Operations Manuals may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; on-line postings; e-mail and/or other electronic communications; facsimiles; intra-net or secure internet posting; or any other medium capable of conveying the Operations Manuals contents. You shall observe such reasonable requirements concerning copyright notices as we request. Replacement Operations Manuals will be made available to you at an additional cost.

6.12 You shall operate the Restaurant in accordance with the System, the Operations Manuals, the Standards and Specifications contained in the Operations Manuals, this Agreement, written directives (whether or not such directives are made part of the Operations Manuals) and other manuals prepared for use in Restaurant operations. The Operations Manuals, Standards and Specifications, other manuals, and written directives may be revised from time to time by us in our sole discretion through the use of supplements to the Operations Manuals, all of which will be considered a part of the Operations Manuals. All references to the Operations Manuals in this Agreement shall include all supplements to the Operations Manuals. Supplements to the Operations Manuals will become binding upon you as if originally set forth in the Operations Manuals, upon being delivered to you.

6.13 The Operations Manuals, other manuals, such written directives and any other Confidential Information shall be kept in a secure location in the Restaurant Location and returned to us immediately upon request or upon termination or expiration of this Agreement.

6.14 You shall keep the Operations Manuals, other manuals and such written directives up to date. In the event of any dispute as to the contents of the Operations Manuals, other manuals or written directives, the copy thereof maintained by us shall control.

6.15 You shall establish prices charged for products or services sold in your Restaurant, provided, however, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by the then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge

customers for the products and services offered and sold at your Restaurant. You must honor the terms of all promotional or discount programs that we may offer to the public for System Restaurants and comply with any pricing policies we may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. You must also provide those services and other items we specify on such terms and at such rates, including free-of-charge, as we may specify.

6.16 You shall obtain such copyright licenses as may be necessary to authorize the playing of recorded music in the Restaurant. You shall change such recorded music as required from time to time in the Operations Manuals or otherwise in writing.

6.17 We will provide to you:

A. Access, together with other System Franchisees, to new System developments. You may be required to attend meetings at your expense to discuss such developments.

B. Access to and written materials concerning improvements to the System which may include, without limitation, new products, recipes, equipment, specifications and menu formats. At your request, we will provide training or demonstrations at the Restaurant of new products or other changes to the System. You shall bear or reimburse our expenses for such demonstrations, including without limitation, our staff's wages, benefits, travel, living and other expenses related to such demonstration.

C. Periodic inspection and evaluation of the Restaurant as reasonably required by us. You will pay for such inspections as provided in the Operations Manuals. Following each inspection, we will provide you an inspection report listing your score on the inspection and those conditions at the Restaurant that must be rectified. If you fail to achieve a passing score on an inspection, the inspection report shall constitute notice of default.

6.18 We reserve the right to consent to, or require, limited variation from the Standards and Specifications in the Operations Manuals with respect to the operation of the Restaurant and other Restaurants in the System.

6.19 We reserve the right to establish a franchise advisory council at some time in the future. If we create a franchise advisory council, it will be governed by bylaws that we draft. Franchisees may be required to participate in council activities and pay any costs or dues that might apply.

7. CONFIDENTIAL INFORMATION

7.01 Neither you nor any Principal Owner shall, at any time during the term of this Agreement or after this Agreement has expired or been terminated, communicate, disclose or use any Confidential Information for your benefit, or the benefit of any Principal Owner or any third party, nor will you nor any Principal Owner directly or indirectly aid any third party to imitate, duplicate or "reverse engineer" any of our Confidential Information. You and each Principal Owner agree to use and permit the use of Confidential Information solely in connection with the operation of the Restaurant. Neither you nor any Principal Owner shall, without our prior consent, copy, duplicate, record or otherwise reproduce any Confidential Information. Confidential Information may be provided to employees, agents, consultants, and contractors only to the extent necessary for such parties to provide services to you. Prior to such disclosure of any Confidential Information each of such employees, agents, consultants and contractors shall (i) be advised by you of the confidential and proprietary nature of the Confidential Information and (ii) agree to be bound by the terms and conditions of Section 7 of this Agreement. Notwithstanding such agreement, you shall indemnify us and Our Indemnities from any damages, costs or expenses resulting from or related to any disclosure or use of Confidential Information by your agents, employees,

consultants, and contractors. You and each Principal Owner agree never to copy, duplicate, record or otherwise reproduce any of the Confidential Information, in whole or part, share it with any other third party individual or entity (except as provided herein), store it in a computer or other electronic format, or otherwise make it available to any third party by any other means whatsoever.

7.02 In the event that you or your employees, agents, consultants or contractors receive notice of any request, demand, or order to transfer or disclose all or any portion of the Confidential Information, you shall immediately notify us thereof, and shall fully cooperate with and assist us in prohibiting or denying any such transfer or disclosure. Should such transfer or disclosure be required by a valid, final, non-appealable court order, you shall fully cooperate with and assist us in protecting the confidentiality of the Confidential Information to the maximum extent permitted by law.

7.03 You and each Principal Owner acknowledge our exclusive ownership of the Confidential Information and the System and our exclusive ownership and our license with respect to the Trademarks. Neither you nor any Principal Owner shall, directly or indirectly, contest or impair our exclusive ownership of, and/or license with respect to, the Confidential Information, the System or the Trademarks.

7.04 If you develop improvements (as determined by us) to the Confidential Information, you and the Principal Owners shall each, without additional consideration, execute such agreements and other documentation as shall be deemed necessary by us, granting exclusive ownership thereof to us as if you developed such improvements as work for hire for us. All such improvements shall be Confidential Information.

7.05 Each Principal Owner shall execute and deliver to us a covenant in the form prescribed by us. You shall cause your Control Person, your Franchisee Designate, each Manager and such other employees of yours whom we designate to execute and (if requested) deliver to us a covenant in the form prescribed by us. You agree to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of any Confidentiality and Nondisclosure Agreement and Covenant not to Compete executed by any of the individuals referenced in the section, and you acknowledge our right, to be exercised as we alone determine, to ourselves and to enforce the terms of any such executed Confidentiality and Nondisclosure Agreement and Covenant not to Compete.

7.06 Immediately upon any termination or expiration hereof, you and each Principal Owner, Control Person, Franchisee Designate, Manager or employee shall return the Confidential Information, including without limitation, that portion of the Confidential Information which consists of analyses, compilations, studies or other documents containing or referring to any part of the Confidential Information, prepared by you or such Principal Owner, Control Person, Franchisee Designate, Manager or employee, or their respective agents, representatives or employees, and all copies thereof.

7.07 Notwithstanding the confidentiality of data we poll from your point-of-sale system, you authorize us to use the data for our purposes, including without limitation, use for any financial performance representation in our future franchise disclosure documents.

8. TRADEMARKS

8.01 We grant to you the non-exclusive right and licensee to use the Trademarks (subject to the terms hereof) during the Term in accordance with the System, the Operations Manuals and as prescribed by us from time to time. In connection therewith, you agree that:

A. You shall use (i) only such of the Trademarks as we designate and (ii) such marks only in the manner specified by us in writing. Any other use of any Trademark shall constitute an infringement of our rights therein.

B. You shall use the Trademarks only (i) for the operation of a single Restaurant at a single Location, (ii) at the Location or in advertising related to the Restaurant, and (iii) during the Term. You shall immediately cease (a) any unauthorized use of any Trademark upon demand and (b) all use upon the termination or expiration of this Agreement.

C. We reserve the right to substitute different trade names, service marks, trademarks, logos, Trade Dress, emblems, symbols and indicia of origin for the Trademarks for use in identifying the System and the business operated thereunder, as deemed reasonable and necessary in our sole discretion. If we substitute any or all of the Trademarks, you shall implement such new Trademarks when we deem reasonable in our sole discretion, at your sole cost and expense.

D. You acknowledge that Trade Dress is essential to us and the System. In order to protect the System, you shall comply with all mandatory specifications, standards and procedures relating to (i) the type and quality of the products and services offered by the Restaurant; (ii) the appearance, color, indicia, and signage of the Restaurant premises; (iii) appearance of employees; (iv) cleanliness, standards of services, and operation of the Restaurant; (v) submission of requests for approval of materials, supplies, distributors, and suppliers; and (vi) safety procedures and programs prescribed by us. You also agree to use all equipment, signage, and services as have been approved for the System from time to time by us. Mandatory specifications, standards, and procedures may be prescribed from time to time by us in the Operations Manual, or otherwise communicated to you in writing.

E. During the Term, you shall identify yourself as a “licensed Franchisee” of ours (i) in conjunction with any use of the Trademarks including, without limitation, invoices, order forms, receipts, contracts, stationary and business cards; (ii) in a notice of such content and form and at conspicuous locations in the Restaurant as we may designate consistent with Section 5.06 of this Agreement; and (iii) on any authorized delivery vehicles.

F. You shall not assign, pledge, mortgage, or otherwise encumber your rights to use any of the Trademarks.

G. You shall not use any of the Trademarks as part of your corporate or other name. You shall comply with our instructions, and shall execute any documents deemed necessary by us, or our counsel, in filing and maintaining any requisite trade name or fictitious name registrations in connection with the Trademarks.

H. You shall immediately notify us of any (i) infringement of the Trademarks or challenge to the use of any thereof or (ii) claim by any person of any rights in or to any of the Trademarks. You and each Principal Owner shall not communicate with any person except us or our counsel in connection with any such infringement, challenge or claim. We, in our sole discretion, may take such action as we deem appropriate, and shall exclusively control any litigation or proceeding arising from any infringement, challenge, or claim or otherwise relating to any of the Trademarks. You shall execute any and all instruments and documents, render such assistance and do such acts and things as may, in our opinion or in the opinion of our counsel, be necessary or advisable in any such litigation or proceeding or to otherwise protect or maintain our rights and interest in the Trademarks.

I. Neither you nor any Principal Owner shall, directly or indirectly, apply for, register, attempt to obtain or obtain control of the Trademarks or any marks or other indicia of ownership or origin which resemble, or are deceptively or confusingly similar to, the Trademarks, in any

country or political sub-division thereof. Neither you nor any Principal Owner shall interfere with our efforts to obtain registration or ownership of any name, trademark, service mark or other identifying name anywhere in the world.

J. You shall cooperate with us to prove the continuous and effective use of the Trademarks, including without limitation, in connection with any registration or any renewal thereof.

8.02 Franchisee and each Principal Owner agree and acknowledge that:

A. We are the exclusive owner of all right, title and interest in and to the Trademarks and the goodwill associated therewith. If our right to use the principal trademark is challenged, you may have to change to an alternative trademark;

B. The Trademarks identify us as the source or origin of goods and services provided under such marks and the System;

C. Neither you nor any Principal Owner shall directly or indirectly contest our ownership, or the validity of the Trademarks;

D. You do not have, and shall not acquire by use pursuant to this Agreement, any ownership or other interest in or to the Trademarks, except the right and license granted herein, subject in all respects to the terms hereof;

E. Any and all goodwill arising from your use of the Trademarks shall inure exclusively to us without compensation; and

F. Your right and license to use the Trademarks is non-exclusive and, subject to this Agreement. We have and retain all rights relating to the Trademarks and the use thereof including, without limitation, the right to:

(1) Grant other licenses to use the Trademarks;

(2) Develop and establish Other Concepts using the Trademarks or other names or marks and to grant licenses thereto without providing any rights therein to you; and

(3) Engage, directly or indirectly, at wholesale, retail or otherwise, in (i) the production, distribution, license and/or sale of products and services under the Trademarks or other names or marks and (ii) the use, in connection with such production, distribution and sale, of any and all trademarks, trade names, service marks, logos, insignia, Trade Dress, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

9. ADVERTISING

9.01 You recognize the value of advertising and that standardized advertising programs enhance the goodwill and public image of the System.

A. You shall expend not less than one percent (1%) of Net Sales per month for local advertising. Your local advertising may utilize media to which we have granted consent including:

(1) Newspapers, magazines and other periodicals;

(2) Radio/television;

- (3) Outdoor advertising (e.g., billboards or signs);
- (4) Transit advertising and direct mail;
- (5) Social media; and
- (6) Such other media to which we consent.

On a monthly basis, you will report to us your local advertising in a form we require. If you fail to spend one percent (1%) of Net Sales per month on local advertising, you shall pay the difference to us as additional Royalty. We have no obligation to spend this money in your territory.

B. You, at your expense, shall obtain listings in bold type in the white pages directory of the local public telephone company under the name “Neehee’s®.” You shall also participate in and pay your pro-rata share of the cost of yellow pages advertising placed by us on behalf of all other local System Franchisees and our or our affiliate’s locations. If no other Restaurants are located within your local area, you, at your sole cost and expense, shall obtain and display type advertisements in the yellow pages directory of the local public telephone company.

C. We may, in our sole discretion, require you to spend a minimum amount of Ten Thousand and 00/100 Dollars (\$10,000.00) and up to Fifteen Thousand and 00/100 Dollars (\$15,000.00) on the advertising and promotion of the Restaurant including, without limitation, newspaper, direct mail, promotional items, and other media during the first ninety (90) days of the operation of the Restaurant (“Grand Opening Advertising”). You shall conduct the Grand Opening Advertising in accordance with the specifications set forth in the Operations Manuals. You shall submit to us a Grand Opening marketing plan, in accordance with the requirements set forth in the Operations Manuals or as otherwise required by us, ninety (90) days prior to the Restaurant being open for business. All Grand Opening Advertising expenditures must obtain our prior approval. We may, in our sole discretion, require you to pay the Grand Opening Advertising expenses directly to us, in which event we will spend such amounts on your behalf. During the first ninety (90) days of the operation of the Restaurant, you shall expend funds on Grand Opening Advertising in lieu of the local advertising. You must pay the Marketing Fee at all times. On the date of the completion of the first ninety (90) days of operation of the Restaurant, you shall begin to spend one percent (1%) of Net Sales per month on local advertising in accordance with this Agreement.

9.02 You shall pay us on a weekly basis, in addition to any Payments required under this Advertising Section of this Agreement and other fees required to be paid to us under this Agreement, a fee for the National Marketing Fund (“Marketing Fee”) in the amount of three percent (3%) of weekly Net Sales. We shall collect the Marketing Fees in the same manner we collect Royalty. You shall report your Net Sales to us on a weekly basis in a form we prescribe.

We or our designate shall administer the funds in the national and/or regional marketing fund and direct all national and regional advertising and marketing programs. We or our designate shall have the sole discretion to consent to or reject all creative concepts, materials and media and the placement and allocation thereof. THE MARKETING FUND IS ESTABLISHED AS A SEPARATE BANKING ACCOUNT AND MONIES RECEIVED FOR THE MARKETING FUND ARE ACCOUNTED FOR SEPARATELY FROM OUR OTHER FUNDS. THERE IS NO FIDUCIARY OR TRUST RELATIONSHIP CREATED BY OUR ADMINISTERING THE MARKETING FUND. WE MAY CAUSE THE MARKETING FUND TO BE INCORPORATED OR OPERATED THROUGH A SEPARATE ENTITY IF WE DEEM APPROPRIATE. WE ANTICIPATE ALL OF OUR FRANCHISEES WILL CONTRIBUTE TO THE MARKETING FUND, ALTHOUGH THERE IS NO PROHIBITION AGAINST US CHARGING HIGHER OR LOWER RATES FOR FUTURE FRANCHISEES. WE ALSO MAY

FORGIVE, WAIVE, SETTLE OR COMPROMISE CLAIMS BY OR AGAINST THE MARKETING FUND. WE MAY DEFER OR REDUCE A FRANCHISEE'S CONTRIBUTION BASED ON THE PECULIARITIES OF A PARTICULAR TERRITORY OR CIRCUMSTANCE, EXISTING BUSINESS PRACTICES OR OTHER FACTORS THAT WE DEEM TO BE IMPORTANT TO THE OPERATION OF ANY NEEHEE'S® RESTAURANT OR THE SYSTEM. IF WE TERMINATE THE MARKETING FUND, WE WILL DISTRIBUTE ALL UNUSED MONIES TO THE CONTRIBUTORS IN PROPORTION TO THEIR RESPECTIVE CONTRIBUTIONS DURING A PRE-DETERMINED PERIOD. We and our designate undertake no obligation to make expenditures in the area where your Restaurant Location is located which are equivalent or proportionate to your contribution or ensure that any particular Franchisee benefits directly or *pro rata* from the placement of such advertising. Such funds may be applied to our costs of maintaining, administering, directing and preparing national or regional advertising (including without limitation, our staff's salaries, benefits, and other costs associated with their employment for performing services on behalf of the Marketing Fund, marketing research, public relations activities, marketing programs and initiatives including but not limited to guest membership programs, and employing advertising agencies to assist therein); provided however, that such funds shall not be used to defray our general operating expenses (except reasonable administrative costs and overhead related to the administration or direction of such funds and programs such as, without limitation, our staff's salaries, benefits, and other costs associated with their employment). An annual statement of fund expenditures shall be delivered to you upon request. We will prepare an annual, unaudited statement of the operations of the Fund that is made available to you within six months of the end of our fiscal year. We are not required to have the Fund statements audited. These statements will be made available to you upon request. We anticipate all of our franchisees will contribute to the Marketing Fund, but there is no prohibition against us charging higher or lower rates to future franchisees. We also may forgive, waive, settle, or compromise claims by or against the Marketing Fund. We may defer or reduce a franchisee's contribution based on the particularities of a particular territory or circumstance, existing business practices or other factors that we deem important in the operations of any Restaurant or the System.

9.03 In addition to the national marketing described in Section 9.02, we may from time to time develop and administer advertising, marketing and sales promotion programs in which you shall participate upon such terms and conditions as established by us. Such programs may include, without limitation, guest membership programs, gift card programs, guest loyalty programs, seasonal System-wide specials and the like. All phases of such advertising and promotion, including without limitation, type, quantity, timing, placement, choice of media, market areas, promotional programs and advertising or public relations agencies, shall be determined by us in our sole discretion.

9.04 All of your advertising and promotion shall conform to the Standards and Specifications in the Operations Manuals. You shall submit all advertising and promotional plans and materials to us for consent prior to use (unless prepared or provided by us). We must consent to or reject such plans and materials within thirty (30) days of receipt. You shall not use such plans or materials until our consent is received. You shall promptly discontinue any advertising or promotional plans or materials, whether or not previously consented to, upon notice from us.

9.05 We may designate any geographic area in which two (2) or more Restaurants are located and owned by different parties as a region for purposes of establishing an advertising Cooperative. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or franchised. We will determine in advance how each Cooperative will be organized and governed and when it must start operation. Once established, we do not have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in Local Advertising. If a

Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the Term on the Franchise Agreement, you must sign all documents we request and become a member of the Cooperative according to the terms of the documents. We will provide to you a copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located if you request it.

You must contribute to the Cooperative the amounts required by the documents governing the Cooperative. You may apply your Payments to the Cooperative toward satisfaction of your Local Advertising requirement. We may allocate your contributions to a Cooperative to the Fund, as describes above. All contributions to the Cooperative will be maintained and administered according to the Cooperative governing documents. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the Cooperative or services furnished to its members without first obtaining our approval. Each Cooperative will be obligated to prepare an annual financial statement reporting its expenditures for the previous year to its members.

9.06 We also may maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com, or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may periodically designate regional or territory-specific user names/handles to be maintained by you. You must adhere to the social media policies established by us and you will require all of your employees to do so as well.

10. INSURANCE

10.01 At this time, you must obtain insurance that meets the following minimum requirements. We reserve the right to change these insurance requirements through our Operations Manual. You are reminded that the requirement that you meet these minimum standards in no way limits your liability for claims or suits in excess of these limits or claims or suits outside of the scope of the listed coverage:

A. Comprehensive General Liability Insurance including premises liability, products liability, and contractual liability coverage for bodily injury and property damage for an amount not less than \$1,000,000 per occurrence with \$2,000,000 aggregate. Coverage will also extend to cover personal/advertising liability for an amount not less than \$1,000,000 per occurrence. You must include Nihi Franchising, Inc. at the address listed in this Agreement as an additional named insured to protect us from any liability by reason of ownership, maintenance, or operation by you of the Restaurant.

B. Owned, Non-Owned and Hired Automobile Liability Insurance for an amount not less than \$1,000,000 combined single limit.

C. Workers' Compensation Insurance as required by law; Employers' Liability Insurance for amounts not less than \$500,000 per accident, \$500,000 per employee, and \$500,000 policy limit.

D. Umbrella liability coverage in an additional \$5,000,000 per occurrence/aggregate; the umbrella must sit over the General Liability, Auto Liability and Employers Liability policies. You must include Nihi Franchising, Inc. at the address listed in this Agreement as an additional named insured to protect us from any liability by reason of ownership, maintenance, or operation by you of the Restaurant.

E. Building, Personal Property, and Leasehold Improvements Insurance if applicable, under an “all risk” property form with replacement costs endorsement in an amount equal to 100% of the values of these items. Your deductible shall be no more than \$10,000 per occurrence.

F. Business Interruption Insurance covering royalty and Marketing fee payments to Nihl Franchising, Inc. at the address listed in this Agreement and earnings on an “actual loss sustained basis” for a minimum of 12 months; or, if “actual loss sustained” coverage is not obtainable, you must obtain Business Insurance (and extra expense) coverage (utilizing a valuation that shall include the equivalent of net income before taxes).

G. Cyber security coverage for an amount of not less than \$100,000 per occurrence.

H. Any other insurance coverages we may require in the future.

You must provide us with evidence of insurance in the amounts and coverages we specify. Evidence of this insurance must be initially provided to us at least ten (10) days before you begin operation of the Restaurant. We shall have the continuing absolute right to inspect all certificates, additional insured endorsements, binders, and any and all other policy documents you receive from the insurance provider. You must evidence that you have obtained all required insurance by providing us with: (1) Certificate of Insurance naming us, Our Indemnitees, and all specified affiliates as “additional insureds” on each policy specified by us; (2) an endorsement form listing us, Our Indemnitees, and designated affiliates as an additional insured, which endorsement form shall not limit our coverage under the policy to liability caused by the Named Insured’s acts or omissions but shall include coverage for liability from our own negligent acts or omissions; and (3) any and all Policy Documents and any other documents and forms describing or relating to all terms and conditions of the insurance Policy. You must provide us with evidence of renewal no later than fourteen days before the expiration date of each policy. You must instruct your insurance agent or provider to automatically send us evidence of your insurance coverages and our status as an additional insured at the time of renewal of each insurance policy. If you do not provide us with evidence of any required insurance policies at any due date, we may (but are not obligated to) purchase that insurance at your expense. You must immediately pay us for any insurance we obtain for you. You acknowledge that the insurance coverages and amounts specified by us reflect minimum required amounts and are not meant to reflect your actual insurance coverage needs. It is your responsibility to carefully evaluate your insurance needs and to obtain the insurance coverages and amounts necessary to satisfy those insurance needs and all insurance required under this Section, including all minimally acceptable additional insured endorsements.

You must obtain this insurance coverage from a reputable insurance company (with at least an A.M. Best analytical rating of “A” and the financial size category of VIII). All policies of insurance procured by Franchisee shall be written as primary policies and not be excess of coverage that Franchisor may carry. You must annually provide us with evidence of the required insurance coverage by proper certificates of insurance, and such insurance policies must require the insurer to provide us with not less than 30 days prior written notice of any cancellation, non-renewal, or material changes in such policy.

10.02 Such insurance shall also:

A. Name Our Indemnitees as additional insured on an endorsement form acceptable to us and provide that coverage applies separately to each insured and additional insured against whom a claim is brought as though a separate policy had been issued to each of Our Indemnitees;

B. The insurance policy and endorsement must cover our and Our Indemnitee’s own acts or omissions and must not be limited to our vicarious liability or liability arising solely from the granting of a franchise;

C. The policy must not be subject to cancellation, modification, or amendment except after 30 days written notice to us;

D. The policy must provide that failure by you to comply with any term, condition, or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded to us and Our Indemnitees (e.g., we, although named as an additional insured, will nevertheless be entitled to recover under such policies on any loss occasioned to us or Our Indemnitees by reason of the negligence of you or your agents or employees);

E. The policies must cover your contractual liability, including without limitation, your indemnification obligations under this Agreement;

F. The policies will be primary to and without right of contribution from any insurance purchased by us;

G. The policies must contain a waiver of subrogation in our favor for casualty losses. Contain no provision which limits or reduces coverage in the event of a claim by any one (1) or more of the insured or additional insured parties; and

H. Have deductibles in amounts deemed reasonable by us.

10.03 A certificate of insurance and endorsements shall be submitted for our consent prior to the commencement of construction and additional certificates of insurance and endorsements shall be submitted to us thereafter, evidencing uninterrupted coverage. You shall deliver complete copies of all insurance policies within fourteen (14) days of our request.

10.04 If a claim is made by any one or more of Our Indemnities against you, you shall, upon our request, assign to us any and all rights which you then have or thereafter may have with respect to such claim against the insurer(s) providing the coverage under this Section. Your obligation to obtain and maintain the policy or policies of insurance in the minimum amounts specified by us will not be limited in any way by reason of any insurance that may be maintained by us nor will your obligation to obtain insurance relieve you of your liability for indemnification as provided in this Agreement.

10.05 Your obligation to obtain and maintain insurance or to indemnify any of Our Indemnities shall not be limited by reason of any insurance which may be maintained by any of Our Indemnities, nor shall such insurance relieve you of any liability under this Agreement. Your insurance shall be primary to any policies maintained by any of Our Indemnities.

10.06 If you fail to obtain or maintain the insurance required by this Agreement, as such requirements may be revised from time to time, we may acquire such insurance and the cost thereof, together with a reasonable fee for our expenses in so acting and interest at eighteen percent (18%) per annum from the date acquired, shall be payable by you upon notice from us.

11. ACCOUNTING AND RECORDS

11.01 You shall prepare in accordance with the System and generally accepted accounting principles, and preserve for the periods specified in the Operations Manuals, complete and accurate books, records and accounts with respect to the Restaurant and all other reports or disclosures required or permitted herein and in the Operations Manuals including, without limitation, sales slips, coupons, purchase orders, invoices, payroll records, check stubs, bank statements, sales tax

records and returns, cash receipts and disbursements, journals and ledgers, in a form and manner prescribed in the Operations Manuals or otherwise in writing. You shall adopt such accounting periods as we prescribe.

11.02 Each Monday, you shall submit to us your weekly Net Sales for the previous week, upon which we will base your Royalty, Marketing Fee, and other Payments due to us. You shall submit to us a monthly accounting of Net Sales within ten (10) days of the end of the accounting month and an annual accounting of Net Sales within thirty (30) days after the end of each accounting year.

11.03 You shall submit to us such additional reports, records, data, information, financial statements, (including, without limitation, periodic guest counts, weekly and monthly sales reports and quarterly and annual statements of profit and loss for the Restaurant and quarterly and annual financial statements and statements of your Net Sales, showing itemized deductions and exclusions from Net Sales for the Restaurant) as we may reasonably require or as specified from time to time in the Operations Manuals in a form reasonably required. We may inspect, copy and audit all of the documents and information specified in this Section and your books, records and tax returns at any time during normal business hours upon five (5) days prior notice.

11.04 If any audit discloses an understatement of Net Sales for the period subject to audit of one percent (1%) or more, or an underpayment of the Royalty for the period subject to the audit of three percent (3%) or more, you shall reimburse us (in addition to payment of such Royalty and Marketing Fee and interest as provided in this Agreement) any and all costs and expenses incurred in connection with such audit, including without limitation, reasonable attorney fees, auditor fees, and expenses related to our staff to conduct the audit, including without limitation, wages, benefits, lodging, travel and meal expenses related to the conduct of the audit.

11.05 The annual accounting of Net Sales, and other financial statements required by this Section or as we request shall be accompanied by a certificate signed by your chief financial officer to the effect that such statements or reports fairly and accurately reflect the matters reported therein and are complete and correct. You acknowledge that the financial information you supply to us may be used by us in the preparation of, and may be disclosed by us in, our future Franchise Disclosure Documents.

11.06 You shall use the professional services of an accountant or accounting firm. You shall provide to us copies of your books, records, and tax returns as we may request from time to time. You hereby waive any accountant-client privilege to allow your accountant to disclose to us information required to be disclosed under this Agreement. We reserve the right to make a financial performance representation in the future Franchise Disclosure Documents that may be based in part upon the actual performance of your Restaurant. To that end, you agree and consent to our use of the financial information of your Restaurant and financial statements you provide to us in future franchise disclosure documents.

12. YOUR REPRESENTATIONS AND WARRANTIES; AFFIRMATIVE AND NEGATIVE COVENANTS

12.01 If you are a corporation, partnership, limited partnership or limited liability company, you represent and warrant to us as follows:

A. You are duly organized, validly existing and in good standing under the laws of the jurisdiction of your organization with all requisite power and authority to own, operate and Lease your assets (real and personal), to carry on your business, and to enter into this Agreement and perform its obligations hereunder. You are duly qualified to do business and are in good standing

in each jurisdiction in which you do business. The information and documentation contained in Attachment 2 and the documents attached thereto are true and correct;

B. The execution, delivery and performance of this Agreement and all other agreements contemplated herein have been duly authorized by all requisite action and no further action is necessary to make this Agreement or such other agreement valid and binding upon you and enforceable against you in accordance with their respective terms. Neither the execution, delivery nor performance by you of this Agreement or any other agreement contemplated hereby will conflict with, or result in a breach of any term or provision of your articles of incorporation or organization, bylaws, operating agreement, partnership agreement or other governing documents or under any mortgage, deed of trust, or other contract or agreement to which you are a party or by which you or any of your assets are bound, or breach any order, writ, injunction or decree of any court, administrative agency or governmental body;

C. Any certificate representing an equity interest in your business shall bear a legend indicating that any transfer is subject to this Agreement; and

D. You represent, warrant and covenant to us that (1) neither you, nor any individual or entity owning directly or indirectly any of your equity interest (if you are a business entity) or their respective affiliates or the funding sources for any of the foregoing is an individual or entity whose property or interests are subject to being blocked under Executive Order 13224 issued by the President of the United States of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and the Cuban Assets Control Regulations (Title 31 Part 515 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies, lists (including, without limitation, the Specially Designated Nationals and Blocked Persons List) and any other requirements of any Governmental Authority (including, without limitation, the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies or requirements of other states or localities (“OFAC Laws and Regulations”) or is otherwise in violation of any of the OFAC Laws and Regulations; (2) neither you nor any individual or entity owning directly or indirectly any of your equity interest or their respective affiliates or the funding sources for any of the foregoing, (a) is under investigation by any government authority form, or has been charged with, or convicted of, OFAC Laws and Regulations, (b) has been assessed any penalties under these laws, or (c) has had any of its funds seized or forfeited in any Action under these laws; (3) neither you nor any individual or entity owning directly or indirectly any of your equity interest or their respective affiliates or the funding sources for the foregoing is directly or indirectly owned or controlled by the government of a county that is subject to an embargo imposed by the United States Government, nor acting on behalf of a government; (4) has taken all reasonable measures to ensure compliance with all OFAC Laws and Regulations ; and (5) you shall take all reasonable measures to continue compliance with all OFAC Laws and Regulations during the term of this Agreement.

12.02 You affirmatively covenant with us as follows:

A. You shall perform your duties and obligations under this Agreement and shall require your Control Person, Franchisee Designate, Managers, and other managerial personnel to dedicate their respective full time and attention and best efforts to the development, construction, management, operation, supervision and promotion of the Restaurant in accordance with the terms and conditions of this Agreement;

B. You shall promptly provide us with all information concerning any new process or improvement in the development, construction, management, operation, supervision or promotion of the Restaurant developed by you or any Principal Owner without compensation. You and the Principal Owners shall each execute such agreements and other documentation as we shall deem necessary, granting us exclusive ownership thereof;

C. You shall comply with all requirements of applicable rules, regulations, statutes, laws and ordinances, including without limitation, any and all applicable health and sanitary standards prescribed by any governmental authority, federal, state and local business licensing or restaurant operation laws or regulations. In addition to complying with such standards, if the Restaurant is subject to any sanitary or health inspection by any governmental authority under which it may be rated in one (1) or more than one (1) classification, the Restaurant must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event that you fail to be rated in the highest classification or receive notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance;

D. You shall maintain a current list of all Principal Owners and deliver a certified copy to us upon any transfer or our request;

E. Any certificate representing an equity interest in your business shall bear a legend indicating that any transfer is subject to this Agreement;

F. You shall, at your expense, participate in our website on the internet, our intranet system or other online communication as we may require from time to time as implemented through the Operations Manuals. You may not maintain a World Wide Web site or otherwise maintain a presence on the internet other than as we provide through our website. You may not separately register any domain name containing any of the Trademarks nor participate in any web site that markets goods and services similar to a Restaurant. We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and if we do, we may design and provide for the benefit of your Restaurant a “click through” sub-page at each such website for the promotion of your Restaurant. If we establish one or more such website or other modes of electronic commerce and if we provide a “click through” sub-page at each such website for the promotion of your Restaurant, you agree to routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your Restaurant’s “click through” sub-page, the content, frequency and procedure of which will be specified in our Operations Manuals. Any websites or other modes of electronic commerce that we establish or maintain may, in addition to advertising and promoting the products and services available at the System’s Restaurants, also be devoted in part to offering Neehee’s® franchises for sale and be utilized by us to exploit the electronic commerce rights which we alone reserve. We retain all rights relating to our web site and intranet system and may alter or terminate our web site or intranet system. In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be effected. Your conduct on our web site and intranet system or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our web site or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our web site and intranet system or otherwise use the Trademarks or System on the intranet, or other online communication, will terminate when this Agreement expires or terminates. We alone will be, and

at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us as provided above.

G. You acknowledge and agree that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our standards or franchise agreement terms for any franchised business, based upon the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of the franchised business. You will have no right to require us to disclose any variation or to grant the same or similar variation to you.

H. You acknowledge and agree that we, in the exercise of our sole business judgment, have the right to modify, add to or rescind any requirement, standard or specification, any components of the System and requirements applicable to you that we prescribe under this Agreement so that we can adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate in our sole discretion. We may communicate these System modifications to you by means of supplements to the Operations Manual or otherwise, including the right to alter the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; add to, or delete from or modify the products and services which you are authorized and required to offer; modify or substitute the equipment, signs, Trade Dress and other Restaurant characteristics that you are required to adhere to (subject to the limitations set forth in this Agreement); and change, improve, modify or substitute the Trademarks. You must comply with these modifications, additions or rescissions at your expense, except as otherwise limited by express provisions of this Agreement.

12.03 You acknowledge and/or negatively covenant with us as follows:

A. You shall not amend your articles of incorporation or organization, bylaws, operating agreement, partnership agreement or other governing documents in a manner which is inconsistent with this Agreement;

B. You shall not remove or allow the removal from any certificate the legend described in this Section; and

C. You and each Principal Owner shall receive valuable, unique training, trade secrets and the Confidential Information which are beyond your present skills, experience and knowledge or the present skills, experience and knowledge of each Principal Owner and your employees. You and each Principal Owner acknowledge that such training, trade secrets and the Confidential Information are essential to the development of the Restaurant and provide a competitive advantage to you and that access to such training, trade secrets and the Confidential Information is a primary reason for your execution of this Agreement. In consideration thereof, you and each Principal Owner covenant that during the term or any renewal term of this Agreement, neither you nor any Principal Owner shall, directly or indirectly:

- (1) Own, maintain, operate or have any interest in a Competing Business;
- (2) Own, maintain, operate or have any interest in a Competing Business which business is, or is intended to be, located in the county in which the Restaurant is located; or
- (3) Own, maintain, operate or have any interest in any Competing Business which business is, or is intended to be located within a twenty five (25) mile radius of any

Restaurant Location of ours or which is part of any concept or system owned, operated or franchised by us or one of our affiliates.

D. Sections 12.03 C shall not apply to an interest for investment purposes only in any Publicly-Held Entity, so long as such owner is not a director, officer or manager thereof, or consultant thereto.

12.04 Each of the covenants contained in this Section are independent of each other covenant or agreement contained in this Agreement.

12.05 Your representations, warranties, covenants and agreements herein are continuing, each of which shall survive the expiration or termination of this Agreement.

13. TRANSFER

13.01 We may assign this Agreement, or any of its rights or obligations herein, to any person or entity without your or your Principal Owners' consent. However, our obligations that are assigned shall be fully assumed by the party to whom we assign such obligations.

13.02 A. You and each Principal Owner acknowledge that your rights and obligations herein are personal as to you and that we have entered into this Agreement relying upon your business skills, expertise and aptitude, financial resources, and reputation and the same qualities of each Principal Owner. Therefore, neither you nor any Principal Owner, your respective successors or permitted assigns, shall complete, or allow to be completed, any transfer without our consent. Any purported transfer, by operation of law or otherwise, without our consent shall be null and void and constitute a default. For purposes of this Agreement a transfer shall mean the sale, assignment, conveyance, license, devise, bequest, pledge, mortgage or other encumbrance, whether direct or indirect of this Agreement, any or all of your rights or obligations herein or any equity interest, including the issuance on new equity interests.

B. We may require satisfaction of the following conditions and such other conditions we reasonably require prior to consenting to any transfer, each of which you acknowledge as being reasonable and necessary:

(1) There is no default that has occurred, continuing or outstanding and no event which, with the giving of notice or lapse of time, or both, would constitute a default;

(2) Our satisfaction with the character, business experience and credit rating of the proposed assignee (and its partners, officers, controlling stockholders or members if it is a partnership, corporation or limited liability company);

(3) Your payment of all outstanding debts owed to us;

(4) The satisfactory completion of our initial training program by the proposed new Franchisee and its Managers;

(5) Your and each Principal Owner's execution of a release of any and all claims against us, our officers, directors, agents, and employees arising out of or related to this Agreement or to any other aspect of the relationship between you, on the one hand, and us, our officers, directors, agents and employees, on the other hand. The release shall be on a form prepared by us;

(6) Payment by you to us of a nonrefundable transfer fee equal to seventy-five percent (75%) of the then-current Initial Franchise Fee if transferred to a franchisee that is new to the System, or forty percent (40%) of the then-current Initial Franchise Fee if transferred to a

franchisee that is currently part of the System; which amount may be waived by us, in our discretion if you transfer this Agreement to a business entity that you control;

(7) Execution by the assignee or transferee of our then-current Franchise Agreement, which shall include, without limitation, Royalty and Marketing Fees at the same rates as are applicable to our new Franchisees at the time of the assignment or transfer;

(8) Execution by the assignee or transferee, its shareholders, officers, directors, members, Managers, employees and other persons associated with assignee or transferee as required by us, of any agreements related to the franchise relationship in the form required to be executed by new Franchisees at the time of assignment or transfer including without limitation the Guaranty of Franchisee's performance;

(9) The transferee, at its expense, shall repair or replace equipment, signs, interior or exterior décor items, fixtures, furnishings and shall offer such products and services such that the Restaurant appearance and operations reflect the then-current Standards and Specifications of the System; and

(10) Your and each Principal Owner's execution of a guaranty of assignee's or transferee's performance of their respective transfer obligations.

13.03 We shall have the right of first refusal with respect to all bona fide written offers to purchase that you receive for the Restaurant or any transfer under this Section. Any time that you receive a bona fide offer to purchase, you shall inform us in writing of all the terms and conditions of the offer and provide us with a copy of any written offer to purchase. Any such offer must be in writing and signed by the offeree to be considered bona fide. We may, within ninety (90) days after receiving the notice of the bona fide offer, notify you, in writing, of our election to exercise its right to purchase the Restaurant or the transfer under this Section on the same terms and conditions as are contained in that offer. If the offer provides for any Payments in the form of property other than cash, we can substitute cash for the fair market value of such property or services. If we waive or fail to exercise our option, and subject to the conditions contained in this Agreement, you can complete the proposed sale or transfer, but only to the bona fide offeree, and only on the same terms and conditions as were disclosed to us. Such sale must be completed within ninety (90) days after the expiration of our option period or, if earlier, the date on which we waived its option rights in writing.

13.04 In the event you or any Principal Owner is a natural person, you or your administrator, executor, guardian or personal representative shall promptly notify us of your death or the death of any Principal Owner. Any transfer upon the death shall be subject to the terms and conditions described in this Section and shall be completed within one (1) year of the date of death.

13.05 Our consent to any transfer shall not constitute a waiver of any claims we may have against the transferor or the transferee's compliance with the terms and conditions of this Agreement.

14. CONSENT AND WAIVER

14.01 When required, you or any Principal Owner shall make a written request for our consent in advance and such consent shall be obtained in writing. Our consent shall not be unreasonably withheld. The foregoing notwithstanding, where either party's consent is expressly reserved to such party's sole discretion, the exercise of such discretion shall not be subject to contest.

14.02 WE MAKE NO REPRESENTATIONS OR WARRANTIES UPON WHICH YOU OR ANY PRINCIPAL OWNER MAY RELY AND ASSUME NO LIABILITY OR OBLIGATION TO YOU, ANY PRINCIPAL OWNER OR ANY THIRD PARTY BY PROVIDING ANY

WAIVER, ADVICE, CONSENT OR SERVICES TO YOU OR DUE TO ANY DELAY OR DENIAL THEREOF.

15. DEFAULT AND REMEDIES

15.01 A. The following shall constitute Events of Default by you or any Principal Owner for which there shall be no opportunity to cure and for which notice of termination is not required: (i) failure to commence construction of the Restaurant or open and thereafter continually operate the Restaurant as described herein; (ii) failure to complete the management training program to our satisfaction, in our sole and unfettered judgment; (iii) the breach or falsity of any representation, covenant or warranty herein; (iv) failure to deliver executed covenants as required in Section 7.05; (v) failure to comply with or perform its covenants, obligations and agreements herein; (vi) any Transfer that (a) occurs other than as provided in Section 13 or (b) fails to occur within the time periods described in Section 13 (notwithstanding any lack of, or limits upon, the enforceability of any term or provision of Sections 12 or 13); (vii) you (a) are adjudicated, or are, bankrupt or insolvent, (b) make an assignment for the benefit of creditors, or (c) seek protection from creditors by petition in bankruptcy or otherwise or there is filed against you a similar petition which is not dismissed within thirty (30) days; (viii) the appointment of a liquidator or receiver for (a) all or substantially all of your assets or (b) any Restaurant owned by you or an Affiliate is sought which is not dismissed within thirty (30) days; (ix) breach or failure to perform any other term or condition of this Agreement; (x) an Event of Default shall arise under any other agreement between you and us in which you have no opportunity to cure; (xi) you or any Principal Owner pleads guilty or no contest to or is convicted of a felony or a crime involving moral turpitude or any other crime or offense that we reasonably believe is likely to adversely affect the Trademarks, the System or the goodwill associated therewith (whether in the Designated Area or elsewhere) or our interest therein; (xii) evidence of substance abuse, sexual harassment, or abusive behavior by you, a Principal Owner, the Franchisee Designate, the Control Person, or a Manager; or (xiii) any (a) two (2) or more Events of Default shall arise under any single subsection of Section 15.01.B or (b) three (3) or more Events of Default shall arise under this Section 15.01.B in any continuous twelve (12) month period notwithstanding the previous cure of such Events of Default.

B. The following shall constitute Events of Default by you or any Principal Owner for which there shall be a cure period of fifteen (15) days after written notification from us: (i) failure to make any payment on or before the date payable; (ii) failure to meet and/or maintain the Standards and Specifications; (iii) failure to meet and/or maintain the requirements of the Operations Manuals; and (iv) an Event of Default shall arise under any other agreement you have with us in which you have an opportunity to cure, in which case, the cure period under this Agreement shall be extended to coincide with the cure period of the other agreement; (v) you understate your Royalty by five percent (5%) or more; (vi) you engage in any dishonest or unethical conduct which may adversely affect the reputation of the Restaurant, or the general goodwill associated with the Trademarks; (vii) you fail, for a period of ten (10) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Restaurant; (viii) you violate any covenant of confidentiality or non-disclosure provision contained in this Agreement or you otherwise disclose, use, or permit the use of copies, duplicates, records, transmits, or otherwise reproduce any Operations Manuals, business forms, videos, DVD/CD-ROMS, audiotapes, material or proprietary information, knowledge or know-how created or used by us and designated for confidential use within the System, without our prior written approval; (ix) you abandon or cease to operate all or any part of the Restaurant for more than ten (10) days; (x) you fail to comply with modifications to System Standards and Specifications within the required time period; (xi) you fail to carry the insurance we require; and do not correct within ten (10) days of receipt of written notice to you; (xii) you fail to receive our prior written approval and use products or materials that do not meet our Standards and Specifications and do not promptly discontinue use after written notice from us; (xiii) you fail to timely provide us with any report, statement, or return required by this Agreement.

If you cannot reasonably cure the Event of Default within fifteen (15) days, you shall provide us notice thereof (together with your best estimate of the time period required to complete such cure) and immediately undertake efforts to cure such default within the fifteen (15) day cure period, and continue such efforts with diligence to completion. In no event, however, shall such cure period be extended without our prior written consent; or (xiv) you fail two (2) or more inspections in any twelve (12) month period.

15.02 Among the remedies we have for breach of this Agreement, upon the occurrences of any Event of Default under Section 15.01, we may: (a) terminate this Agreement and all rights granted hereunder without waiving, (i) any claim for damages suffered by us, or (ii) other rights, remedies or claims; (b) exercise our option to acquire the real estate associated with the Restaurant Location either through purchase pursuant to the Real Estate Option to Purchase or by assuming the occupancy contract pursuant to the Conditional Assignment of Lease. Should this Agreement terminate due to a material breach by you, you shall pay us immediately the greater amount of (i) as liquidated damages, two (2) times the amount of Royalty and Marketing Fees paid by you for the 52 weeks preceding the termination, or if there is less than two (2) years in the remainder of the Term of the Agreement, then the amount due shall be the amount of Royalty and Marketing Fees for the remaining term of the Agreement, prorated based on the previous 52 weeks' payments; or (ii) as liquidated damages, \$240,000. If the Restaurant was open fewer than 52 weeks, then the average of all weeks for which the Restaurant was open shall be used. Payment of the liquidated damages payment to us shall be in addition to other amounts to which we are entitled to recover, including without limitation, attorney fees and other costs and expenses of collection. Payment of the liquidated damages payment shall not affect our right to obtain appropriate injunctive relief and other remedies to enforce this Agreement. Further, if we exercise our option to acquire the immediate right to occupy the premises and require you to vacate, you hereby grant to us an option to acquire all rights and assume all obligations remaining under any equipment Leases, and purchase any or all of the other equipment not covered by equipment Leases and any inventory or other property of yours at its then-current fair market value. This option shall be exercised in the same manner that we are required to exercise our option as to the real estate, with possession to be transferred at the time possession of the real estate is transferred. In light of the poor market for used restaurant equipment, it is hereby agreed that equipment Leases assumed by us, if we exercise our option, have a fair market value of \$0.00.

15.03 Subject to the provisions of Section 15.06, all rights and remedies of either party shall be cumulative, and not exclusive, of any other right or remedy described herein or available at law or in equity. The expiration or termination of this Agreement shall not release any party from any liability or obligation then accrued or any liability or obligation continuing beyond, or arising from, such expiration or termination. Nothing in this Agreement shall impair either party's right to obtain injunctive or other equitable relief.

15.04 The failure of any party to exercise any right or remedy or to enforce any obligation, covenant or agreement herein shall not constitute a waiver by, or estoppel of, that party's right to any of the remedies described herein including, without limitation, to enforce strict compliance with any such obligation, covenant or agreement. No custom or practice shall modify or amend this Agreement. The waiver of, or failure or inability of, any party to enforce, any right or remedy shall not impair that party's rights or remedies with respect to subsequent Events of Default of the same, similar or different nature. The delay, forbearance or failure of any party to exercise any right or remedy in connection with any Event of Default or default by any other Franchisees shall not affect, impair or constitute a waiver of such party's rights or remedies herein. Acceptance of any Payment shall not waive any Event of Default.

15.05 You and each Principal Owner shall, jointly and severally, pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by us in successfully enforcing, or obtaining any remedy arising from the breach of this Agreement. The

existence of any claims, demands or Actions which you or any Principal Owner may have against us, whether arising from this Agreement or otherwise, shall not constitute a defense to our enforcement of your or any Principal Owner's representations, warranties, covenants, obligations or agreements herein.

15.06 IN THE EVENT OF A DISPUTE BETWEEN THEM WHICH IS NOT SUBJECT TO, NOR ARISES UNDER, SECTION 17, WE, YOU, AND EACH PRINCIPAL OWNER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, BUT SPECIFICALLY EXCLUDING, HOWEVER, DAMAGES TO THE REPUTATION AND GOODWILL ASSOCIATED WITH AND/OR SYMBOLIZED BY THE TRADEMARKS) AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION SHALL CONTINUE IN FULL FORCE AND EFFECT.

15.07 You and each Principal Owner agree that our exercise of the rights and remedies set forth herein are reasonable. We may, in addition to pursuing any other remedies, specifically enforce such obligations, covenants and agreements or obtain injunctive or other equitable relief in connection with the violation or anticipated violation of such obligations, covenants and agreements.

15.08 You may terminate this Agreement as a result of a breach of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within thirty (30) days after our receipt of your written notice. If we fail to cure the breach, the termination will be effective sixty (60) days after our receipt of your written notice of breach. Your termination of this Agreement will not release or modify your post-term obligations upon termination as provided in this Agreement.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION; RENEWAL OPTION

16.01 Upon any termination or expiration of this Agreement (or any renewal franchise agreement if the renewal option described in Section 16.09 has been exercised), and subject to the other terms of this Agreement, we may establish, or authorize others to establish Restaurants in the Designated Area.

16.02 Upon any termination or expiration of this Agreement, (or any renewal franchise agreement, if the renewal option is exercised), all rights granted to you herein shall terminate and you shall:

- A. Immediately cease to operate the Restaurant under the System;
- B. Immediately cease to use any Confidential Information, the System, the Standards and Specifications, the Operations Manuals, and the Trademarks and other distinctive signs, symbols and devices associated with the System;
- C. Immediately deliver to us all Confidential Information and all copies thereof (without regard to form or format), and all records, files, instructions, correspondence, and all other materials related to operating the Restaurant;

D. Cancel any assumed name or equivalent registration which contains any of the Trademarks or parts of Trademarks or any other name, service mark or trademark of ours;

E. Immediately pay to us within seven (7) days of the effective date of the termination or expiration of this Agreement all Royalties, Marketing Fund fees, and any other fee payable to us, with late payment charges, interest and any other fees due to us;

F. Immediately pay to us the actual and consequential damages, costs, and expenses (including without limitation attorney fees and expert fees) incurred by us as a result of your default;

G. Strictly comply with, observe and abide by all of the provisions and covenants contained in this Section;

H. Neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System;

I. Not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a Restaurant or any confusingly-similar business;

J. Transfer to us all telephone, telecopy, facsimile or other numbers and email addresses, website addresses, domain names, and other electronic media and electronic communication assets associated with any Trademark, and notify the telephone company and all telephone directory publishers or other companies of the transfer of your use of any telephone, telecopy, or other numbers or electronic media and any telephone directory listings associated with any Trademark, as provided for us in the Telephone Number and Electronic Media Assignment in a form we prescribe. If you fail to do so, we can take whatever action is necessary, on your behalf consistent with this Agreement and Telephone Number and Electronic Media Assignment, to affect these events; and

K. Immediately de-identify the Location and Restaurant under Section 16.04.

16.03 A. You grant to us the option, exercisable by giving written notice within sixty (60) days after any termination or expiration of this Agreement (or any renewal franchise agreement if the renewal option is exercised), to acquire (i) your rights and obligations under the Lease, or (ii) your right, title and interest in or to the Location (if you own or possess such right, title and interest other than rights as a tenant), together (in each instance) with the furniture, fixtures and equipment, at fair market value (based on the going-concern value as a Restaurant), free and clear of all liens, encumbrances or claims, and subject to such other terms and conditions as are usual and customary for such acquisitions.

B. Without regard to whether we exercise our option set for the in Section 16.03A, you grant to us the further option, to be exercised by giving written notice within thirty (30) days after termination or expiration of this Agreement, (or any renewal franchise agreement if the renewal option is exercised), to purchase all or any portion of the items described in Section 16.04A at fair market value, free and clear of all liens, encumbrances or claims, and subject to such other terms and conditions as are usual and customary for such acquisitions.

C. If we do not exercise our option under Section 16.03A, we shall have and are hereby granted a right of first refusal with respect to the sale by you of all or any portion of the furnishings, fixtures or equipment. You shall promptly notify us of any proposed sale and shall provide such information and documents relating thereto as we may require. Within thirty (30) days after receipt of such notice, information and documents, we may notify you that we intend to exercise our right

of first refusal with regard to such furnishings, fixtures and equipment upon the same terms and conditions. If such transaction shall not be consummated within a reasonable period of time after we have given such notice, then our right of first refusal under this Section shall be a continuing right and failure to exercise such right shall not constitute a waiver of any other provision of this Agreement, including such right of first refusal with respect to future offers.

D. If we exercise our option under Section 16.03A but the parties cannot agree on the fair market value of your right, title, or interest in and to the Location and the furniture, fixtures or equipment within fifteen (15) days of the exercise of such option(s), we shall notify you of our designation of an Appraiser to determine such fair market value and a copy of said appraisal will be provided to you. If the value is not agreed to by the parties within ten (10) days after your receipt of the appraisal, you shall select and pay for the services of a qualified Appraiser to appraise the property within fifteen (15) days after the expiration of such ten (10) day period. You shall provide us with a copy of your appraisal. If the value of all of the property is still not agreed to within ten (10) days after the receipt of that appraisal from you, then the two (2) Appraisers shall select a third Appraiser within the fifteen (15) days thereafter whose determination of fair market value as to the property to which a value has not yet been agreed to shall be final and binding. The cost of the third Appraiser shall be paid equally by you and us. The purchase price, less any sums otherwise due to us from you shall be paid to you at closing which shall take place at our offices, or such other location as is mutually agreed by the parties. At such closing, the parties shall execute such instruments of conveyance and/or transfer as reasonably required by us and payment shall be made. If we exercise our option under Section 16.03A, possession of the Location shall transfer pursuant to Section 16.03A and the Conditional Lease Assignment in a form we prescribe, even though the purchase price for the furnishings, fixtures and equipment is not closed.

16.04 If we do not exercise our option to acquire the Lease or your right, title and interest in and to the Location, you shall within sixty (60) days after the expiration of our option make such alterations to the Restaurant as may be necessary, in our reasonable judgment, to distinguish the appearance of the Location from that of other Restaurants in the System, including without limitation:

- A. Removal of all decorative memorabilia, including wall hangings;
- B. Removal of all Trade Dress;
- C. Removal of all proprietary decorative items as may be required by the Operations Manuals;
- D. Removal or painting of all interior awnings and exterior and interior walls to a solid color other than the color specified in the Operations Manuals;
- E. Removal of all interior and exterior signage.

If we do not elect to purchase all or any portion of the furnishings, fixtures or equipment which bear any Trademark or otherwise proprietary in nature, you shall dispose of such furnishings, fixtures and equipment only in a manner to which we have given our consent within the same period of time as required in this Section for removal of all other furnishings, fixtures or equipment.

16.05 Subsequent to any termination or expiration of this Agreement (or any renewal franchise agreement if the renewal option is exercised), you shall not:

- A. Use the Trademarks or any reproduction, counterfeit, copy or colorable imitation of any of the Trademarks that could cause confusion, mistake or deception as to source of origin or which could dilute our rights in and to any of the Trademarks;

B. Utilize any designation of origin, description or representation which suggests an association or connection with us;

C. Utilize the System or any part thereof; and

D. For a period of five (5) years engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent of, in any other capacity, in any Competing Business within:

(1) The Designated Area as defined in Attachment 1 of this Agreement;

(2) The geographic area encompassed by the Designated Area of any of our Franchisees as of the date of termination or expiration of this Agreement; or

(3) A geographic area that is contained in a circle having a radius of twenty five (25) miles outward from the borders of the Designated Area as defined in Attachment 2 of this Agreement or any other of our Franchisees' or corporate or affiliate-owned restaurants as of the date of the termination or expiration of this Agreement.

E. Use in any way any Confidential Information.

16.06 Until all Payments are made and any damages, costs and expenses incurred or suffered by us have been paid, we shall have, and you shall be deemed to have granted, a lien against any and all of the furnishings, fixtures and equipment, and your interest in the Lease and Location.

16.07 You and each Principal Owner shall, jointly and severally, pay all costs and expenses, (including without limitation, reasonable attorney fees and expert fees) incurred by us in connection with the successful enforcement of this Section 16. In the event that you fail to comply with this Section 16, we may enter the Location, without being guilty of trespass or otherwise liable, for the purpose of carrying out your obligations under this Section 16 at your expense.

16.08 You, at our option, shall assign to us all rights to the telephone numbers and facsimile numbers, email addresses, website addresses, domain names, and other electronic communication assets and electronic media of the Restaurant consistent with the Telephone Number and Electronic Media Assignment.

16.09 So long as you are not in default of this Agreement, You shall have the option to renew the Term of this Agreement for one renewal term of ten (10) years if, and only if, each of the following terms and conditions has been fully met to our satisfaction. If your compliance is not achieved prior to the time provided in the respective conditions, you shall not be entitled to continue the operation of the Restaurant beyond the expiration of the Term, it being understood that your compliance is a condition to the effectiveness of any renewal franchise agreement and the renewal term.

A. You must give us written notice of your election to renew the Term of this Agreement no later than one (1) year, but no earlier than three (3) years, prior to the expiration of the Term of this Agreement.

B. You must deliver evidence of control of the Location for the renewal term.

C. You must satisfy all of our then-current financial requirements (including the analysis of net worth, debt-to-equity ratios and capitalization) for a new Franchisee. You must deliver certified financial statements for the fiscal year preceding the date that you give us notice

of your election to exercise your renewal option, prepared by a Certified Public Accountant, supported by income tax returns and such other documentation as we reasonably request. If a Principal Owner's net worth is used to satisfy all or a portion of the financial requirements for you, the Principal Owner must submit a current certified financial statement.

D. You must have satisfied all monetary obligations owed to us and our affiliates.

E. You must not be in default of and must have operated the Restaurant in compliance with the Operations Manuals and the terms of this Agreement.

F. The Location must be brought up to the then-current System Standards and Specifications and reflect an acceptable System image. As part of these upgrades, you must (i) repair, upgrade or replace, at your expense, such equipment, signage, interior and exterior décor items, fixtures, furnishings, supplies, computers and other technology-driven systems, including hardware and software, products and materials, required for the operation of the Restaurant as we may reasonably require, (ii) obtain any new or additional equipment we reasonably require in order for you to meet the then-current System Standards and Specifications or to provide the Restaurant's services by alternative means such as through carry-out or delivery, and (iii) otherwise modernize the Restaurant Location to reflect the then-current System Standards and Specifications and image.

G. You must submit to us all standard form information and documentation reasonably requested by us as a basis for the issuance and consummation of a franchise. You, each of your Principal Owners and we must execute a Mutual Release related to this Agreement.

H. You must pay a franchise fee for the renewal term equal to Ten Thousand Dollars (\$10,000).

I. You must satisfy all of our then-current training and certification requirements.

J. You must execute and deliver to us, prior to the expiration of the term, the then-current form of franchise agreement for the renewal term. The renewal franchise agreement shall be on the standard form of franchise agreement being issued to new Franchisees entering the System. The terms of the renewal franchise agreement may be different than those terms included in this Agreement, including without limitation, higher Royalty and Marketing Fund fees, higher local advertising requirements and a modification to the Designated Area.

17. INDEMNIFICATION

17.01 You and each Principal Owner will, at all times and at your sole cost and expense, indemnify and hold harmless, to the fullest extent permitted by law, Our Indemnities from all "Losses and Expenses" incurred in connection with any Action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or Action has been instituted or reduced to judgment) which actually or allegedly, directly or indirectly, arises out of, is based upon, is a result of, or is related in any way to any of the following:

A. The infringement, alleged infringement, or any other violation or alleged violation by you or any Principal Owner of any patent, mark or copyright or other proprietary right owned or controlled by third parties.

B. The violation, breach or asserted violation or breach by you or any Principal Owner of any contract, federal, state or local law, regulation, ruling, standard or directive or any industry standard.

C. Libel, slander or any other form of defamation of us or the System, by you or any Principal Owner.

D. The violation or breach by you or any Principal Owner of any warranty, representation, agreement or obligation in this Agreement.

E. Acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, affiliates or representatives.

F. Any and all liability that may arise as a result of your development, establishment, construction, opening, or operation of the Restaurant, or any employment related liability, including without limitation, any liability that may arise under any federal, state, or local labor or employment law, rule, regulation, ordinance, including without limitation, joint employer liability, or any data breaches or cyber security breaches related to data in your possession.

G. Any personal injury, death or property damage suffered by any customer, visitor, operator, employee or guest of the Restaurant; crimes committed on or near any of the premises, facilities of the Restaurant or vehicles used in the operation of your Restaurant; all acts, errors, neglects or omissions engaged in by you, your contractors or subcontractors, as well as any third party, arising out of or related to the design, construction, conversion, build-out, outfitting, remodeling, renovation or upgrading of your Restaurant, whether or not any of the foregoing was approved by us; defects in any Restaurant you construct and/or operate, whether or not discoverable by you or by us; all acts, errors, neglects or omissions of you or the Restaurant and/or the Principal Owners, officers, directors, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of you or the Restaurant (or any third party acting on your behalf or at your direction), whether in connection with the Restaurant or otherwise, including without limitation, any property damage, injury or death suffered or caused by any delivery person or vehicle serving your Restaurant; all liabilities arising from or related to your offer, sale and/or delivery of products and/or services as contemplated by this Agreement; and any action by any customer of yours or visitor to your Restaurant or any other facility of your business.

17.02 You and each Principal Owner agree to give us written notice of any such Action, suit, proceeding, claim, demand, inquiry or investigation immediately upon your actual or constructive knowledge of it.

17.03 We shall at all times have the absolute right to retain counsel of our own choosing in connection with any Action, suit, proceeding, claim, demand, inquiry or investigation. We shall at all times have the absolute right to investigate any Action, suit, proceeding, claim or demand itself.

17.04 You and each Principal Owner shall indemnify Our Indemnities for actual attorney fees, expenses, and costs incurred in connection with the enforcement of our rights under Section 17. This provision shall not be construed so as to limit or in any way affect your indemnity obligations pursuant to the other provisions of Section 17.

17.05 In the event that the exercise of our rights under Section 17 actually results in your insurer with respect to insurance required to be maintained by you pursuant to Section 10 (hereinafter, the "Insurer") refusing to pay on a third-party claim, all causes of Action and legal remedies which you might have against the Insurer shall be automatically assigned to us without the need for any further action on our or your part. For the purposes of Section 17, "actually results" means that, but for the exercise of our rights under Section 17, the Insurer would not have refused to pay on said third-party claim.

17.06 In the event that the exercise of our rights under Section 17 actually results in the Insurer refusing to pay on a third-party claim, you shall be required to indemnify us for our attorney fees, expenses and costs incurred in connection with that claim.

17.07 In the event that you encourage, request, or suggest that the Insurer deny a claim, you shall indemnify us for our attorney fees, expenses and costs in connection with that claim.

17.08 Subject to the provisions of Section 17.02. above, in order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as in our judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the Action, suit, proceeding, claim, demand, inquiry or investigation if, in our sole judgment, there are reasonable grounds to believe that:

A. Any of the acts or circumstances enumerated in Section 17.01 above have occurred;
or

B. Any act, error, or omission of you or any Principal Owner may result directly or indirectly in damage, injury or harm to any person or any property.

17.09 In addition to your indemnity obligations under Section 17.04., you and each Principal Owner shall indemnify us for any and all losses, compensatory damages, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described, which result from any of the items set forth in Section 17.

17.10 We do not assume any liability whatsoever for acts, errors, or omissions of those with whom you or any Principal Owner may contract, regardless of the purpose. You and each Principal Owner shall hold harmless and indemnify us for all Losses and Expenses which may arise out of any acts, errors or omissions of these third parties.

17.11 Under no circumstances shall we be required or obligated to seek recovery from third parties or otherwise mitigate its losses in order to maintain a claim against you or any Principal Owner. You and each Principal Owner agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by us from you or any Principal Owner. The indemnification obligations of this section will survive the expiration or sooner termination of this Agreement.

17.12 All such Losses and Expenses incurred under this indemnification provision will be chargeable to and paid by you pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense.

18. NOTICES

All notices required or desired to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, facsimile, reputable overnight courier, or certified mail, return receipt requested to the addresses identified in Attachment 1 to the Franchise Agreement (or such other addresses as designated pursuant to this Section 18).

Notices posted by personal delivery, next day or same day expedited service or given by facsimile shall be deemed given the next Business Day after transmission. Notices posted by certified mail

shall be deemed received three (3) Business Days after the date of posting. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other party.

19. FORCE MAJEURE

No party shall be liable for any inability to perform resulting from acts of God or other causes (other than financial inability or insolvency) beyond their reasonable control; provided, however, that nothing herein shall excuse or permit any delay or failure (i) to remit any Payment on the date due; or (ii) for more than one hundred eighty (180) days. The party whose performance is affected by an event of force majeure shall, within three (3) days of the occurrence of such event, give notice thereof to the other party setting forth the nature thereof and an estimate of its duration. Notwithstanding the foregoing, if, through no fault of yours, the Restaurant is damaged or destroyed by an event such that it cannot, in our judgment, reasonably be restored within ninety (90) days thereafter, then you may, within sixty (60) days after such event, apply for our consent to relocate and/or reconstruct the Restaurant, which consent shall not be unreasonably withheld. If you fail to make such application, this Agreement shall be deemed terminated for cause.

20. SEVERABILITY

20.01 Should any term, covenant or provision hereof, or the application thereof, be determined by a valid, final, non-appealable order to be invalid or unenforceable, the remaining terms, covenants or provisions hereof shall continue in full force and effect without regard to the invalid or unenforceable provision. In such event, such term, covenant or provision shall be deemed modified to impose the maximum duty permitted by law and such term, covenant or provision shall be valid and enforceable in such modified form as if separately stated in and made a part of this Agreement. Notwithstanding the foregoing, if any term hereof is so determined to be invalid or unenforceable and such determination adversely affects, in our reasonable judgment, our ability to realize the principal purpose of the Agreement or preserve its or our rights in, or the goodwill underlying, the Trademarks, the System, or the Confidential Information, we may terminate this Agreement upon notice to you.

20.02 Captions in this Agreement are for convenience only and shall not affect the meaning or construction of any provision hereof.

21. INDEPENDENT CONTRACTOR

21.01 You are an independent contractor. We do not operate your business, or otherwise have direct or indirect control of, or the right or authority to control, your day-to-day operations or employment related decisions. Nothing herein shall create the relationship of principal and agent, legal representative, joint ventures, joint employer, partners, employee and employer or master and servant between the parties. No fiduciary duty is owed by, or exists between, the parties. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. Your business is, and shall be kept, totally separate and apart from any that may be operated by us. In all public records, in relationships with other persons, and on letterhead and business forms, you shall indicate your independent ownership of the Restaurant and that you are solely a franchisee of Nihi Franchising, Inc.

21.02 You are your own independent business with permission, consistent with this Agreement, to operate our System and shall conduct such business solely in accordance with its own judgment and discretion, subject only to the provisions of this Agreement.. You are exclusively responsible for hiring, retention, and firing decisions related to all employees of the Restaurant. You are

exclusively responsible for establishing the terms, conditions, and benefits of employment for all employees, including without limitation, scheduling, employee discipline, employee performance evaluations, awards, promotions, demotions, work assignments, wages, benefits, vacation time, and sick time policies, the compensation rates for all employees, and for ensuring that all employees are properly trained in the operation of the Restaurant consistently with the Operations Manual. You acknowledge that we do not have direct or indirect control, including through the implementation of our System, of your employment decisions. You agree to establish at the Restaurant a training program for all employees using our Operations Manual. You agree to require all employees to maintain a neat and clean appearance and to conform to the standards of dress and/or uniforms we specify from time to time. All employees shall render prompt, efficient and courteous service to all customers of the Restaurant. We will not have the power to hire or fire your employees, or otherwise establish any terms and conditions of your employees. We will not have the power to hire or fire your employees. You expressly agree and will never contest otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Restaurant does not directly or indirectly vest in us the power to hire, fire, or control any such employee. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Restaurant and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Operations Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Restaurant.

21.03 Nothing herein authorizes you or any Principal Owner to make any contract, agreement, warranty or representation or to incur any debt or obligation in our name. You do not have any power or authority to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. You shall have no right or power to, and shall not, bind or obligate us or our affiliates in any way or manner, nor represent that you have any right to do so. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Restaurant, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Restaurant is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Restaurant violates any law, ordinance or regulation.

21.04 Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over the Restaurant. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or in behalf of the other party, or represent that the relationship between us is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Restaurant.

22. DUE DILIGENCE AND ASSUMPTION OF RISK

22.01 You and each Principal Owner (i) have conducted such due diligence and investigation as each desire; (ii) recognize that the business venture described herein involves risks; and (iii) acknowledge that the success of such business venture is dependent upon the abilities of you and

Principal Owners. **WE, INCLUDING OUR SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS AND FRANCHISEES EXPRESSLY DISCLAIM THE MAKING OF, AND YOU AND EACH PRINCIPAL OWNER ACKNOWLEDGE THAT THEY HAVE NOT RECEIVED OR RELIED UPON, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL PERFORMANCE OR VIABILITY OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR OTHERWISE ARE CONTRARY TO THE TERMS SET FORTH IN THIS AGREEMENT OR ANY FRANCHISE DISCLOSURE DOCUMENT REQUIRED OR PERMITTED TO BE GIVEN TO YOU PURSUANT TO APPLICABLE LAW.**

22.02 You and each Principal Owner have received, read and understand this Agreement, the documents referred to herein and the Exhibits and Schedules hereto. You and each Principal Owner had ample time and opportunity to consult with their advisors concerning the potential benefits and risks of entering into this Agreement.

23. ENFORCEMENT

23.01 We shall have the right to enforce by judicial process our right to terminate this Agreement for the causes enumerated in Section 15, to prevent or remedy a material breach of this Agreement by you or a Principal Owner if such breach could materially impair the goodwill associated with our Trademarks (including Actions with respect to the servicing of wholesale accounts), to enforce our rights under the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 *et. seq.*), as amended, to enforce the confidentiality provisions of this Agreement, to collect unpaid Royalties, Marketing Fees and any other fees due and owing to us, and to enforce the Non-Competition provisions of this Agreement. We shall be entitled without bond to the entry of temporary restraining orders and temporary and permanent injunctions enforcing the aforementioned provisions. If a court determines a bond is necessary, you or Principal Owner agree that the bond shall be limited to not more than Five Thousand Dollars (\$5,000). If we are successful in obtaining an injunction or any other relief against you or Principal Owner, you or Principal Owner shall pay us an amount equal to the aggregate of our costs of commencing and prosecuting the Action, including, without limitation, reasonable attorney fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

23.02 Except insofar as we elect to enforce this Agreement by judicial process and injunction as provided above, all disputes and claims relating to any provision hereof, to any specification, standard, operating procedure or other obligation of us or our agents or the breach thereof (including, without limitation, any claim that this Agreement, any provision thereof, any specification, standard, operating procedure or any other obligation of you or Principal Owner or us is illegal, unenforceable or voidable under any law, ordinance or ruling) shall be settled by binding arbitration in the county of our principal office at the time the action is filed. Arbitration will be held in accordance with the United States Arbitration Act (9 U.S.C. § 1 *et. seq.*), if applicable, and the JAMS Comprehensive Arbitration Rules and Procedures (or such rules relating to the arbitration of disputes arising under Franchise Agreements).

23.03 Except with respect to matters for which we believe it necessary to seek equitable relief or to collect Royalties or other amounts owing to us, you or Principal Owner and us shall be required to enter into mediation of all disputes involving this Agreement or any aspect of the relationship between them for a minimum of four (4) hours prior to the initiation of any arbitration or other Action or proceeding against the other party or any agent or affiliate of the other party. Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and Franchisees to serve as mediator in the proceeding. If the party receiving the

notice of intent to mediate does not provide the name of such an organization within ten (10) Business Days from the date the notice of intention to mediate is received, then the other party, at its option, may (i) forego mediation of the issue(s) and commence legal Action, or (ii) select the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator, then the other party shall select an organization. Once the organization is designated and agrees to accept the appointment as mediator, or if the designated organization is unwilling to serve as mediator or does not meet the requirements of this subparagraph, then the initiating party may designate such an organization. Once the organization is designated, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to us and you or Principal Owner. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services shall be retained. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall either be a person who has had at least ten (10) years of experience as either Franchisee or franchisor (or as an officer of such an entity) or in franchise law. The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation. If you or Principal Owner fails or refuses to abide by the provisions of this subparagraph and to engage in mediation as required herein, and litigation or arbitration ensues between the parties, you or Principal Owner shall be liable for all attorney fees incurred by us in such proceeding, regardless of the outcome of the proceeding, and shall reimburse us on demand for such costs.

23.04 Any arbitrator appointed must have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement. We and you or Principal Owner acknowledge that judgment upon an arbitration award may be entered in any court of competent jurisdiction and shall be binding, final and non-appealable. During the pendency of any arbitration proceeding, you or Principal Owner and we shall fully perform this Agreement.

23.05 If, after we or you or Principal Owner institute an arbitration proceeding, one (1) or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or to proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction. The arbitration proceeding must be resolved on an individual basis and not joined as part of a class action or the claims of other parties, including any consolidation of any claims or parties. The arbitrators must follow the law and not disregard the terms of this Agreement.

23.06 TO THE EXTENT EITHER PARTY IS PERMITTED TO ENFORCE THIS AGREEMENT BY JUDICIAL PROCESS AND ELECTS TO DO SO, EACH OF THE PARTIES WAIVES ITS RIGHT TO A TRIAL BY JURY. THIS WAIVER SHALL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION INCLUDING, BUT NOT LIMITED TO, CLAIMS RELATED WITH RESPECT TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN US AND YOU OR PRINCIPAL OWNER (INCLUDING ANY PRINCIPAL OWNERS OR GUARANTORS, IF APPLICABLE, AND INCLUDING ACTIONS INVOLVING AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS OF OURS OR YOURS) FOR BREACH OF THE FRANCHISE AGREEMENT.

23.07 We and you or Principal Owner (and the respective owners, officers, affiliates and agents, if applicable) each agree to submit to the exclusive jurisdiction of the state and federal courts of the state of our principal place of business at the time that the litigation is commenced with respect to any litigation pertaining to this Agreement or to any aspect of the business relationship between the parties, even if additional persons are named as parties to such litigation. No Action or proceeding involving this Agreement or any aspect of the relationship between the parties or their agents or affiliates shall be commenced by any party except in the county of our principal place of business at the time that the litigation is commenced, nor shall any such Action be transferred to any other venue. Notwithstanding the foregoing, if we are permitted to seek injunctive relief under this Agreement, we may, at our option, bring such Action in the county in which the Restaurant is located.

23.08 The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between us and you or Principal Owner. We and you or Principal Owner therefore each agree that a decision of an arbitrator or court of law in litigation to which one of them is not a party shall not in any manner prevent the person that was a party to such Action from making similar arguments, or taking similar positions, in any Action between us and you or Principal Owner. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an Action between them as a result of such party having lost a similar claim or defense in another Action.

23.09 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 *et. seq*), as amended, this Agreement shall be governed by the laws of the state of Michigan. The parties agree, however, that if the Restaurant is not located in Michigan, and if you are not a resident of Michigan, the provisions of the Michigan Franchise Investment Law and the regulations promulgated thereunder shall not apply to this transaction or this Agreement. Notwithstanding the foregoing, the parties recognize that if you are a resident of a state that has a law specifically governing the sale and operation of franchises of the type granted hereby to you, or if the Restaurant is located in such a state, then while the foregoing paragraph shall still be applicable, the franchise law of such other states shall also apply to this transaction. In that event, to the extent that the provisions of this Agreement provide for periods of notice less than those required by such applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with such applicable law, such provisions shall, to the extent that such are not in accordance with such applicable law, be superseded by said law, and we shall comply with such applicable law in connection with each of these matters.

23.10 All claims, except for monies due to us or your performance under this Agreement, arising under this Agreement or from the relationship between the parties are barred unless an Action is filed and timely served on the opposing party within one (1) year from the date the party knew or should have known of the facts creating the claim, except to the extent any applicable law or statute provides for a shorter period of time to bring a claim or as otherwise required by law.

24. MISCELLANEOUS

24.01 Time is of the essence to this Agreement.

24.02 There are no third-party beneficiaries to this Agreement.

24.03 This Agreement and all its Attachments may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement and all its Attachments may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the

U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement and its Attachments.

24.04 All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, unless otherwise suggested by the text.

24.05 This Agreement will become effective only upon execution hereof by an Officer of ours.

24.06 You shall not use the word “Neehee’s®”, or any part thereof, as part of its corporate or other name.

24.07 You and each Principal Owner acknowledge that each has received a complete copy of this Agreement, the documents referred to herein and the Exhibits hereto at least five (5) Business Days prior to the date on which this Agreement was executed. You and each Principal Owner further acknowledge that each has received the Franchise Disclosure Document at least fourteen (14) days prior to the date on which this Agreement was executed.

24.08 You and each Principal Owner, jointly and severally, personally guarantee your performance of your obligations under this Agreement and must execute the form of Guaranty attached as Exhibit E to the Franchise Disclosure Document. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of this Agreement must execute the form Guaranty within ten (10) days from the date such person or entity becomes a Principal Owner, provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all of the obligations of a Principal Owner under this Agreement at the time that such person or entity becomes a Principal Owner.

24.09 In addition to all other references in this Agreement, you shall comply with all requirements of federal, state and local laws, rules, regulations, and orders related to the operation of your Restaurant, including but not limited to obtaining the appropriate licenses and permits required by your local or state government and any licenses or permits required to offer and sell alcoholic beverages and sell alcoholic beverages and operating the Restaurant in compliance with such requirements, all federal, state, and local laws, rules, regulations, or ordinances that govern food preparation and service and restaurant sanitary conditions, the federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation, all federal, state, and local laws, rules, regulations, and ordinances that govern your employment relationship with your employees, and other laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Fair Labor Standards Act, Family and Medical Leave Act, Affordable Care Act, Federal Wage and Hour Laws, Title VII of the Civil Rights Act, Age Discrimination in Employment Act, Employee Retirement Income Security Act, and the Occupational Safety and Health Act, also apply to restaurants.

25. ENTIRE AGREEMENT

This Agreement and the contemporaneously executed Exhibits, Addenda and Schedules hereto and the Franchise Disclosure Document constitute the entire agreement between us, you and the Principal Owners concerning the subject matter hereof. All prior agreements, discussions, negotiations, understandings, inducements, representations, warranties and covenants are merged herein and are superseded by this Agreement. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED,

BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER HEREOF, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING, EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. EXCEPT THOSE PERMITTED TO BE MADE UNILATERALLY BY US HEREUNDER, NO AMENDMENT, CHANGE OR MODIFICATION VARIANCE FROM THIS AGREEMENT SHALL BE BINDING ON EITHER PARTY UNLESS MUTUALLY AGREED TO BY US AND YOU AND EXECUTED IN WRITING.

26. DEFINITIONS

As used in this Agreement the following words and phrases shall have the meanings attributed to them in this Section:

Action - any cause of action, suit, proceeding, claim, demand, investigation or inquiry (whether a formal proceeding or otherwise) asserted or instituted by a third party with respect to which the indemnity described in Section 17 applies.

Agreement - this Franchise Agreement.

Appraiser(s) - one or more independent third parties selected by the parties to this Agreement in accordance with the terms and conditions hereof.

Business Days - Each day except Saturday, Sunday and United States Government legal holidays.

Commencement Date – as provided in Attachment 1.

Competing Business - a restaurant business offering the same or similar products, including Indian cuisine, or other Menu Items, including any casual/fast-casual, quick-serve, full-service, take-out, or delivery restaurant concept.

Confidential Information - any and all data or facts, not available to the public or which do not become available to the public, which data and facts shall include but not be limited to all information, knowledge, trade secrets or know-how utilized or embraced by the System or otherwise concerns your or our systems of operations, programs, services, products, customers, practices, books, records, manuals, computer files, databases or software, the System, all Operations Manuals, Training Manuals or other Manuals, the Standards and Specifications, written directives, equipment and equipment specifications, all proprietary software, computer and point-of-sale programs (and output from such programs), all pricing paradigms established by you or us, all of our and/or your sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the contents of sourcing agreements and the identity of suppliers), our specifications, and your final plans for the construction, buildout, design, renovation, décor, the identity of and all information relating to the computer and POS hardware and software utilized by you and/or us, internet protocols, procedures and content, all elements of your recommended staffing, staff training and staff certification policies and procedures, all communications between us (including financial and other reports you are required to submit to us under this Agreement), memoranda, notes, disks, cost analyses, financial statements, trademarks, Trade Dress, copyrights, logos, signage, blueprints, sketches, recipes, methods, processes, designs, plans, property, reports, documents, analytical tools, business plans, business contacts, information regarding operations, manufacturing, administration, merchandising, marketing, costing, and production information and all extracts and copies thereof prepared by either party or its officers, agents, employees, attorneys, representatives, or consultants, which when used together as they relate to the System reasonably represent an entity employing the System, which is disclosed to or acquired by you directly or indirectly from us in the course of activities related to the development of a business relationship between you and us, or which is

obtained by you through an inspection or tour of our offices, facilities, or restaurants or the restaurants of our Franchisees, and any other information, know-how, techniques, material and data imparted or made available by us which is (a) designated as confidential, (b) known by you to be considered confidential by us, or (c) by its nature inherently or reasonably considered confidential.

Control Person - an individual person designated and described in Attachment 1 who shall devote his or her full time and attention to the franchise relationship and who is designated to bind the Franchisee.

Designated Area - the geographical area described in Attachment 1; provided, however, the Designated Area shall not include any enclosed malls, institutions (such as hospitals or schools), airports, airport properties, parks (including theme, entertainment or amusement parks), casinos, military bases and sports arenas otherwise located within the Designated Area, nor a specifically identified restricted area surrounding any Restaurant located within the Designated Area as of the date of this Agreement nor shall it be deemed to convey any exclusivity with respect to the use of the Trademarks.

Development Materials - a description of the Location, a feasibility study (including, without limitation, demographic data, photographs, maps, artists' renderings, site plans, a copy of the Lease, and documentation indicating your prospects to acquire the Location) and such other information related to the development of the Location as we reasonably request.

Event of Default - as defined in Section 15.

Franchisee - if not the individual executing this Agreement, the business entity executing this Agreement, which should be the business entity disclosed in Attachment 2.

Franchisee Designate - an individual person designated as described in Attachment 1 who shall devote his or her full time and best efforts to the management and supervision of (i) your duties and obligations hereunder; and (ii) the operation of the Restaurant.

Net Sales – For the purposes of this Agreement, “Net Sales” shall mean:

a. The entire amount of the actual sales price before any discount (*e.g.*, employee discount promotional or “comp” sales), whether for cash or other consideration, of all sales of food, beverages, merchandise, and services in or from the Restaurant, or pursuant to your rights under this Agreement, including but not limited to revenues derived from catering food shows, if approved by Franchisor, fairs, offsite deliveries, or orders;

b. All deposits not refunded to purchasers;

c. Orders taken, although such orders may be filled elsewhere; and

d. Payments to you by a concessionaire, Franchisee or person otherwise in the Restaurant with our consent.

Net Sales shall not include:

a. The amount of returns to shippers or manufacturers;

b. The amount of any cash or credit refunds made upon any sale where part or all of the food, beverages, merchandise or service sold is later returned by the customer and accepted by you;

c. Receipts from sales of furniture, trade fixtures or other extraordinary sales (unless bearing any Trademarks) not made in the ordinary course of business; and

d. Any sales or value added tax required by and duly constituted taxing authority which are separately accounted for and collected on behalf of the taxing authority by you directly from your customers and paid by you to the taxing authority.

Lease - the proposed agreement or document (including, without limitation, any Lease, deed, contract for sale, contract for deed, land contract, management contract, license, or other agreement purporting to grant any right, title, or interest in or to the Location) pursuant to which you shall occupy or acquire rights in any Location.

Location - the proposed location of the Restaurant.

Losses and Expenses - all claims, causes of action, fines, penalties, liabilities, losses, compensatory, exemplary, statutory or punitive damages, costs of investigation, charges, costs, expenses, lost profits, reasonable fees of attorneys and other engaged professionals including without limitation, experts' fees and disbursements, court costs, settlement amounts, judgments, costs of or resulting from delays, financing, compensation for damage to our reputation and goodwill, costs of or resulting from delays, travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-government entities (including those incurred by Our Indemnitees' attorneys and/or experts), costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described in Section 17.

Manager(s) - managers, the individual persons other than the Franchisee Designate, required for the management, operation, supervision and promotion of the Restaurant pursuant to the terms hereof and the Franchise Agreement under which the Restaurant is operated.

Menu Items – Any and all food and beverage products required to be provided to customers as provided by the Operations Manual and prepared in accordance with specified recipes, cooking techniques and procedures pursuant to the System.

Operations Manuals – Our confidential operating manuals, as amended from time to time in our sole discretion, which contain the instructions, requirements, standards, specifications, methods and procedures for the operation of the Restaurant including without limitation, (i) those relating to the selection, purchase, service and sale of all products and services sold at the Restaurant; (ii) those relating to the maintenance and repair of the Restaurant, buildings, grounds, equipment, signs, interior and exterior décor items, fixtures and furnishings; (iii) those relating to employee apparel and dress, accounting, bookkeeping, record retention and other business systems, procedures and operations and other brand protection standards; and (iv) the purchase, storage, and preparation of all Menu Items. The Operations Manuals may be revised from time to time by us in our sole discretion through the use of supplements to the Operations Manuals, all of which will be considered a part of the Operations Manuals. All references to the Operations Manuals in this Agreement shall include all supplements to the Operations Manuals. Supplements to the Operations Manuals will become binding upon you as if originally set forth in the Operations Manuals, upon being delivered to you. The Operations Manuals may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS and/or other electronic media; on-line postings; e-mail and/or other electronic communications; facsimiles; intra-net or secure internet posting; or any other medium capable of conveying the Operations Manuals contents.

Our Indemnities – Us, our directors, officers, employees, agents, members, affiliates, successors and assigns, affiliates, subsidiaries, and the respective directors, officers, employees, agents, shareholders, members, affiliates, and successors and assigns of each.

Other Concepts - Retail, wholesale, restaurant, bar, tavern, take-out or any other type of business involving the production, distribution or sale of food products, beverages, services, merchandise or other items that do not use one, some or all of the Trademarks or other names or markets but may utilize some part of or similar components of the System pursuant to which a Neehee's® Restaurant is operated.

Payments - all transfers of funds from you to us, including, without limitation, the Franchise Fee, Royalty, Marketing Fund fee and reimbursement of expenses.

Principal Owner(s) - the persons listed on Attachment 2, who are (and such other persons or entities to whom we shall consent from time to time) the record and beneficial owners of, and have the right to vote their respective interests (collectively 100%) of your equity interests or the securities or partnership interest of any person or entity designated by us which owns or controls a direct or indirect interest in your equity interests of the Franchisee.

Publicly - Held Entity - a corporation or other entity whose equity securities are (i) registered pursuant to applicable law; (ii) widely held by the public; and (iii) traded on a public securities exchange or over the counter pursuant to applicable law.

Restaurant - restaurants operated in accordance with the System under the registered service marks "Neehee's®".

Standards and Specifications - our Standards and Specifications, as amended from time to time by us, in our sole discretion, contained in, and being a part of, the Confidential Information pursuant to which you shall develop and operate the Restaurant in the Designated Area.

System - a unique, proprietary system developed and owned by us (which may be modified or further developed from time to time in our sole discretion) for the establishment and operation of full-service restaurants under the Trademarks, which includes, without limitation, a distinctive image consisting of exterior and interior design, decor, color scheme and furnishings; special recipes, Menu Items and full service bar; uniform standards, products, services and specifications; procedures with respect to operations, inventory and management control (including accounting procedures and policies); training and assistance; and advertising and promotional programs.

Trade Dress – including without limitation each and every detail of the design, layout, decor, color scheme, supplies utilized, services offered, appearance of the premises, personnel, and other elements of the Restaurant.

Trademarks - certain trademarks, trade names, Trade Dress, service marks, emblems and indicia of origin designated by us from time to time for use in connection with the operation of the Restaurant pursuant to the System in the Designated Area, including, without limitation, "Neehee's®".

Transfer - the sale, assignment, conveyance, license, devise, bequest, pledge, mortgage or other encumbrance, whether direct or indirect, of (i) this Agreement; (ii) any or all of your rights or obligations herein; or (iii) any interest in any equity interest, including the issuance of any new equity interests.

Transferee Owner(s) - the owner of any and all record or beneficial interest in the capital stock of, partner's interest in, or other equity or voting interest in any transferee of a Transfer occurring pursuant to the terms of Section 13.

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

FRANCHISEE (For a business entity)

NIHI FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FRANCHISEE (For an individual)

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

**ATTACHMENT 1
TO THE FRANCHISE AGREEMENT BETWEEN
NIHI FRANCHISING, INC.
AND**

DATED _____, 20__

FRANCHISEE'S DESIGNATED AREA AND LOCATION

A. **Description of Franchisee's Designated Area.** Franchisee's Designated Area shall be defined as that area within the following borders or as depicted in the attached map:

B. **Location of Restaurant.** We hereby accept the Location of the Restaurant as:

C. **Initial Franchise Fee.** The Initial Franchise Fee is _____.

D. **Franchisee Designate.** The Franchisee Designate and contact information for purposes of this Franchise Agreement is:

Name	
Address	
City, State, Zip code	
Phone Number	
Email Address	

E. **Control Person.** The Control Person and contact information for purposes of this Franchises Agreement is:

Name	
Address	
City, State, Zip code	
Phone Number	
Email Address	

F. **Notice.** Addresses for Notice pursuant to Section 18 of the Franchise Agreement shall be as follows:

if to You or any Principal Owner:

Facsimile No.: _____

if to Us:

Nihi Franchising, Inc.
6321 Commerce Drive
Westland, Michigan 48185
Facsimile No.: (734) 331-3658

with a copy to:
(does not constitute notice)

Mark J. Burzych
Fahey Schultz Burzych Rhodes PLC
4151 Okemos Road
Okemos, MI 48864
Facsimile No.: (517) 381-5051

G. **Commencement Date.** The Commencement Date of the Franchise Agreement is _____.

Signature Page to Follow

This Attachment 1 is current and complete as of _____, 20__.

FRANCHISEE (For a business entity)

NIHI FRANCHISING, INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

FRANCHISEE (For an individual)

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

ATTACHMENT 2

**TO THE FRANCHISE AGREEMENT
BETWEEN NIHI FRANCHISING, INC.**

AND _____

DATED _____, 20__

Franchisee and its Principal Owners

This form must be completed by you, if you have multiple owners or if you or your Restaurant is owned by a business organization (like a corporation, partnership or limited liability company). We are relying on its truth and accuracy in awarding the franchise to you.

1. Form of Owner. You are a (check one):

- (a) General Partnership
- (b) Corporation
- (c) Limited Partnership
- (d) Limited Liability Company
- (e) Other

Specify: _____

You are formed under the laws of _____.

2. Business Entity. You were incorporated or formed on _____, 20__ under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held

3. Owners. The following list includes the full name and mailing address of each person who is one of your owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Name	Address	Description and Quantity of Ownership Interest	Office Held

4. Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.) of _____.

5. Assumed Name Authorization. You are authorized to operate the Restaurant and your Business Entity under the following assumed name and you are authorized to file the appropriate business forms with the state or local governmental body consistent with this authorization.

This Attachment 2 is current and complete as of _____, 20____.

Signature Page to Follow

FRANCHISEE (For a business entity)

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE (For an individual)

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

**ATTACHMENT 3
TO THE FRANCHISE AGREEMENT BETWEEN
NIHI FRANCHISING, INC.
AND**

DATED: _____, 20__

FRANCHISEE ACKNOWLEDGEMENTS

Franchisee understands and agrees that it is unlawful and a criminal offense to duplicate or reproduce any copyrighted materials.

_____ Initials

Franchisee acknowledges that it has conducted an independent investigation of the business licensed by this Agreement, that it has had an adequate opportunity to be advised by advisors of its own choosing regarding all pertinent aspects of this Agreement and the franchise relation created by it, that the business venture contemplated by this Agreement involves business risks, and that the success of the business will be largely dependent upon the abilities and efforts of Franchisee as an independent businessperson or upon the abilities of the Principal Owners, if the Franchisee is a business entity. Franchisee understands that Franchisor makes no express or implied warranties or representations, guarantees or assurances that Franchisee will achieve any degree of success in operation of the Restaurant and, while Franchisor will provide Franchisee with training, advice, and consultation as provided in this Agreement, success in the operation depends ultimately on Franchisee and on other factors including, but not limited to, location, marketing, regional tastes and preferences, economic conditions, financial considerations and competition.

_____ Initials

FRANCHISEE RECOGNIZES THAT FRANCHISOR HAS ENTERED INTO THIS AGREEMENT IN RELIANCE UPON AND IN RECOGNITION OF THE FACT THAT FRANCHISEE AND ITS CONTROL PERSON AND FRANCHISEE DESIGNATE SHALL HAVE FULL RESPONSIBILITY FOR THE MANAGEMENT AND OPERATION OF THE BUSINESS LICENSED BY THIS AGREEMENT, AND THAT THE AMOUNT OF PROFIT OR LOSS RESULTING FROM THE OPERATION OF THE BUSINESS WILL BE DIRECTLY ATTRIBUTABLE TO THE PERFORMANCE OF FRANCHISEE.

_____ Initials

All information provided Franchisor in connection with the approval of Franchisee as a Franchisee and the Restaurant Location is truthful and accurate.

_____ Initials

Franchisee acknowledges that it received Franchisor's Franchise Disclosure Document and a standard form Franchise Agreement at least fourteen (14) days before the date of its execution by Franchisee and the payment of any fees to Franchisor. Franchisee further acknowledges that it received this Agreement in the form actually executed at least seven (7) days before the date of its execution by Franchisee.

_____ Initials

Franchisee acknowledges that this Agreement requires arbitration of disputes in the city in which Franchisor is headquartered at the time of initiation of the arbitration; that an exception to this requirement is Franchisor's right to bring a court Action for injunctive relief for specified matters; that the exclusive venue and jurisdiction for any court Action is the city in which Franchisor is headquartered at the time litigation is initiated; and that Franchisor and Franchisee waive the right to a jury, to punitive damages, to collateral estoppel, and to bring multi-plaintiff, consolidated, collective or class-wide Actions; and that a one-year statute of limitations applies to claims between the parties subject to specified exceptions.

_____ Initials

FRANCHISEE (For a business entity)

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE (For an individual)

Name: _____

Date: _____

Name: _____

Date: _____

Name: _____

Date: _____

**ATTACHMENT 4
TO THE FRANCHISE AGREEMENT BETWEEN
NIHI FRANCHISING, INC.
AND**

DATED: _____, 20__

STATE ADDENDA

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF CALIFORNIA

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the California Franchise Investment Law, Cal Corp Code §§31000-31516 and the California Franchise Relations Act, Cal Bus And Prof Code §§20000-20043, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:
 - The California Franchise Relations Act provides you rights concerning termination or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 13 and 16.
 - Section 15.01, which terminates the Franchise Agreement upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 USC Section 101, *et. seq*).
 - Section 16.05 contains a covenant not to compete that extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
 - The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of Action arising under California law.
 - The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.
 - Section 23 requires binding arbitration. The arbitration will occur at the forum indicated in Section 23.02, with the costs being borne by the non-prevailing party. Prospective Franchise Owners are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.
2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF HAWAII

The Nihl Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihl Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et. seq.*, the Franchise Agreement for Nihl Franchising, Inc. is amended as follows:

- The Hawaii Franchise Investment Law provides you rights concerning non-renewal, termination and transfer of the Franchise Agreement. If the Agreement, and more specifically Sections 13, 15 and 16 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Sections 13.02 and 16.09 require you to sign a general release as a condition of renewal or transfer of the Franchise. Such release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 15.01, which terminates the Franchise Agreement upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 USC Section 101, *et. seq.*).

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF ILLINOIS

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20__ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, Ill Rev Stat ch 815 para 705/1 - 705/44 (1994). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to You concerning non-renewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

d. Illinois law will govern this Agreement.

e. Illinois law requires Franchisor to provide you with its Franchise Disclosure Document at least 14 calendar days prior to you sending any money or signing any agreement.

f. If the Agreement requires a person to waive compliance with any provision of the Illinois Franchise Disclosure Act, that provision shall be deemed void.

g. Section 23.10 shall be amended as follows: “No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that the Franchisee may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.”

h. No statement, questionnaire or acknowledgement 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.

2. Due to Franchisor’s financial condition, the Illinois Attorney General’s Office has required and Franchisor has agreed to defer collection of the initial fees as described in Section 3.1 of the Franchise Agreement until Franchisor has completed all of its pre-opening obligations to Franchisee and Franchisee is open for business.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. 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.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its officers, directors, owners, agents and assigns acknowledges that it has read and understands the contents of this Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Addendum and be bound thereby. The parties have duly executed and delivered this Addendum to the Agreement on _____, 20__.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF INDIANA

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:

- Sections 13.02 and 16.09 provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
- Section 15 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
- Section 17 is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products which were required by us, if such procedures or products were utilized by you in the manner required by us.
- Section 23.02 is amended to provide that you may commence litigation in Indiana for any cause of Action under Indiana law.
- Section 23.02 is amended to provide that arbitration between us and you, shall be conducted at a mutually agreed upon location.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF MARYLAND

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md Code Ann, Bus Reg §§14-201-14-233, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:

- Sections 13.02 and 16.09 require you to sign a general release as a condition of renewal or transfer of the Franchise. Such release shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law.
- Section 15.01, which terminates the Franchise Agreement upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 USC Section 101, *et. seq*).
- Section 23.02 require litigation or arbitration to be conducted in the State of our principal place of business; the requirement shall not limit any rights you may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.
- Any Section of the Franchise Agreement requiring you to assent to any release, estoppel or waiver of liability as a condition of purchasing the Franchise are not intended to, nor shall they act as a, release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Any portion of the Franchise Agreement which requires prospective Franchise Owners to disclaim the occurrence and/or acknowledge the non-occurrence of acts would constitute a violation of the Maryland Franchise Registration and Disclosure Law. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF MINNESOTA

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the Minnesota Franchise Law, Minn Stat, Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, *et. seq*, the parties to the attached Franchise Agreement agree as follows:

- Section 15 is amended to comply with the Minnesota Franchise Law that requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Agreement.
- Sections 13.02 and 16.09 provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring you to assent to a general release.
- Section 17 is amended to add that as required by Minnesota Franchise Act, we will reimburse you for any costs incurred by you in the defense of your right to use the Trademarks, so long as you were using the Trademarks in the manner authorized by us, and so long as we are timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Minn Stat §80C.21 and Minn Rule 2860.4400J prohibit Franchisor from requiring litigation 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. However, Franchisor may seek such relief through the court system with or without a bond as determined by a court. Minn Rule Part 2860.4400J prohibits you from waiving its rights to a jury trial or waiving its 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. To the extent that the Franchise Agreement requires us to waive these rights, the Franchise Agreement will be considered amended to the extent necessary to comply with the Minnesota Rule.
- No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently of this

Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF NEW YORK

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:

- Sections 13.02 and 16.09 require you to sign a general release as a condition of renewal, transfer. Such release shall exclude claims arising under the General Business Laws.
- Under Section 13.01, Franchisor shall not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- Section 17 is amended to provide that you will not be required to indemnify us for any liability imposed upon us as a result of your reliance upon or use of procedures or products that were required by us, if such procedures or products were utilized by you in the manner required by us.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF NORTH DAKOTA

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 *et. seq.* Such provisions in the Agreement are hereby amended as follows:

- Sections 13.02 and 16.09 require the execution of a general release upon renewal or transfer. Such requirement shall be inapplicable to Franchises operating under the North Dakota Franchise Investment Law to the extent that such a release excludes claims arising under the North Dakota Franchise Investment Law.
- Section 16.05 is amended to add that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- Section 23.02 is amended to add that any Action may be brought in the appropriate state or federal court in North Dakota with respect to claims under North Dakota Law.
- Section 23.02 is amended to state that arbitration involving a Franchise purchased in North Dakota must be held either in a location mutually agreed upon prior to the arbitration, or if the parties cannot agree on a location, the arbitrator will determine the location.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF RHODE ISLAND

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of The Rhode Island Franchise Investment Act §19-28.1-14, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:

- Sections 13.02 and 16.09 require you to sign a general release as a condition of renewal, or transfer. Such release shall exclude claims arising under The Rhode Island Franchise Investment Act.
- Sections 23.02 and 23.09 are amended to state that restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under The Rhode Island Franchise Investment Act.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE COMMONWEALTH OF VIRGINIA

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20__ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

- Section 15.01, which terminates the Franchise Agreement upon your bankruptcy, may not be enforceable under federal bankruptcy law (11 USC Section 101, *et. seq.*).

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF WASHINGTON

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. In recognition of the requirements of the Washington Franchise Investment Protection Act, Washington Rev Code §§19.100.010 – 19.100.940, the Franchise Agreement for Nihi Franchising, Inc. is amended as follows:

- The Washington Franchise Investment Protection Act provides you rights concerning non-renewal and termination of the Franchise Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.
- Sections 13.02 and 16.09 require you to sign a general release as a condition of renewal or transfer. Such release shall exclude claims arising under the Washington Franchise Investment Protection Act.
- Section 23.02 requires litigation or arbitration to be conducted in the State of Washington; the requirement shall not limit any rights you may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.
- Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or restrict or limit rights or remedies available to you under the Act, such as a waiver of the right to a jury trial, may not be enforceable.
- Transfer fees are collectable to the extent that they reflect Franchisor’s reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Washington Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
NIHI FRANCHISING, INC.**

FOR THE STATE OF WISCONSIN

The Nihi Franchising, Inc. Franchise Agreement between _____ (“Franchisee” or “You”) and Nihi Franchising, Inc., a Michigan Corporation (“Franchisor,” “we” or “us”) dated _____, 20__ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

1. The Wisconsin Fair Dealership Law Title XIV-A Ch 135, Sec 135.01-135.07 shall supersede any conflicting terms of the Franchise Agreement.

2. This provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provisions are met independently of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

NIHI FRANCHISING, INC.

YOU

By: _____

Name: _____

By: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

EXHIBIT C

EXHIBIT C

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

Nihi Franchising, Inc.

Automatic Debit of Amount Due to Franchisor

Restaurant: _____

I, the authorized representative and agent for the Restaurant for the account identified below referenced, authorize NIHI FRANCHISING, INC. (referred to as "Franchisor") to debit on weekly basis, consistent with Franchisor's Operations Manual from Franchisee's bank account, the amount of Royalty and Marketing Fee due to the Franchisor based on Net Sales of the above referenced NEEHEE'S® Restaurant, and any Late Fees or Interest, for each and every preceding week, and any other fee that may be due and owing to Franchisor. I also authorize NIHI FRANCHISING, INC. to debit any other fees associated with the Restaurant including but not limited to the the required local advertising expenditures not incurred, as well as any other fees that may become due to Franchisor. I authorize Franchisor to assign part or all of the rights to debit the account identified to a successor or assign.

Franchisee Bank Information: Attach blank copy of check

Bank Name	
Bank Address	
Account Name	
Account Number	
ABA Routing Number	

FRANCHISEE:

By: _____

Date: _____

Its: Authorized Representative

By: _____

Date: _____

Its: Authorized Representative

EXHIBIT D

EXHIBIT D

PRINCIPAL OWNER'S GUARANTY AND ASSUMPTION OF OBLIGATIONS

This Guaranty must be signed by the principal owners (referred to as "Guarantor") of _____ (the "Franchisee") under the Franchise Agreement dated _____, 20____ (the "Franchise Agreement") with **Nihi Franchising, Inc.** ("NFI").

1. **Scope of Guaranty.** The shareholders, partners, or members ("Principal Owners") of any entity that signs a Franchise Agreement must personally jointly and severally guarantee the franchisee's performance under the Franchise Agreement. In consideration of and as an inducement to NFI signing and delivering the Franchise Agreement, each Guarantor signing this Guaranty personally and unconditionally: (a) guarantees to NFI and its successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement.

2. **Waivers.** Each Guarantor waives: (a) acceptance and notice of acceptance by NFI of Guarantor's obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by Guarantor; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by Guarantor; (d) any right Guarantor may have to require that an action be brought against the Franchisee or any other person as a condition of Guarantor's liability; (e) all rights to payments and claims for reimbursement or subrogation which Guarantor may have against the Franchisee arising as a result of Guarantor's execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which Guarantor may be entitled in Guarantor's capacity as guarantor.

3. **Consents and Agreements.** Each Guarantor consents and agrees that (a) Guarantor's direct and immediate liability under this Guaranty are joint and several; (b) Guarantor must render any payment or performance required under the Franchise Agreement upon demand if the Franchisee fails or refuses punctually to do so; (c) Guarantor's liability will not be contingent or conditioned upon NFI's pursuit of any remedies against the Franchisee or any other person; (d) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which NFI may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration.

4. **Enforcement Costs.** If NFI is required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor must reimburse NFI for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Guarantor's obligations under this Guaranty are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Franchise Agreement. This Guaranty is governed by Michigan law, and NFI may enforce its rights regarding it in the state or federal courts in the county in which NFI's principal place of business is located at the time that the litigation is commenced. Each Guarantor irrevocably submits to the jurisdiction and venue of such courts.

Each Guarantor now sign and deliver this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

GUARANTOR

_____ (print name)

_____ (print address)

_____ (city, state, zip)

_____ (phone)

_____ (% owned)

GUARANTOR

_____ (print name)

_____ (print address)

_____ (city, state, zip)

_____ (phone)

_____ (% owned)

GUARANTOR

_____ (print name)

_____ (print address)

_____ (city, state, zip)

_____ (phone)

_____ (% owned)

GUARANTOR

_____ (print name)

_____ (print address)

_____ (city, state, zip)

_____ (phone)

_____ (% owned)

DATE _____, 20____

EXHIBIT E

EXHIBIT E

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT AND COVENANT NOT TO COMPETE (Individual Owner)

This Confidentiality and Nondisclosure Agreement and Covenant Not to Compete is entered into as of the date or dates set forth below by and between _____ located at _____ (“Franchisee” or you) and **Nihi Franchising, Inc.**, located at 6321 Commerce Drive, Westland, Michigan 48185 (“NFI” or us), and _____, located at _____, owner of Franchisee (“Owner”).

WHEREAS, NFI is the Franchisor of “Neehee’s®” Restaurants and has the authority to disclose and discuss all information relating to the operations of a Restaurant (hereinafter referred to as “Neehee’s Business,” “Business,” or “Franchised Business”);

WHEREAS, confidential information will be disclosed to Franchisee and Owner; and

WHEREAS, such confidential information gives NFI and Franchisee and Owner a competitive advantage over those who do not know it and who may compete with NFI, its affiliates or its Franchisees by operating a full-service, casual/fast casual restaurant with liquor license that offers on-premises dining and carry out with a wide variety of menu items. The restaurant specializes in freshly made vegetarian Indian food with superior customer service to its clients (the “Restaurant”).

NOW, THEREFORE, in order to induce NFI to transmit the aforesaid Information to it, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee and Owner hereby agrees as follows:

1. The term “Information” shall mean, but shall not be limited to, any and all data or facts, not available to the public or which do not become available to the public, which data and facts shall include but not be limited to all information, knowledge, trade secrets or know-how utilized or embraced by the System or otherwise concerns your or our systems of operations, programs, services, products, customers, practices, books, records, manuals, computer files, databases or software, the System, all Operations Manuals, Training Manuals or other Manuals, the Standards and Specifications, written directives, equipment and equipment specifications, all proprietary software, computer and point-of-sale programs (and output from such programs), all pricing paradigms established by you or us, all of our and/or your sources (or prospective sources) of supply and all information pertaining to same (including wholesale pricing structures, the contents of sourcing agreements and the identity of suppliers), our specifications, and your final plans for the construction, buildout, design, renovation, décor, the identity of and all information relating to the computer and POS hardware and software utilized by you and/or us, internet protocols, procedures and content, all elements of your recommended staffing, staff training and staff certification policies and procedures, all communications between us (including financial and other reports you are required to submit to us under this Agreement), memoranda, notes, disks, cost analyses, financial statements, trademarks, trade dress,

copyrights, logos, signage, blueprints, sketches, recipes, methods, processes, designs, plans, property, reports, documents, analytical tools, business plans, business contacts, information regarding operations, manufacturing, administration, merchandising, marketing, costing, and production information and all extracts and copies thereof prepared by either party or its officers, agents, employees, attorneys, representatives, or consultants, which when used together as they relate to the System reasonably represent an entity employing the System, which is disclosed to or acquired by you directly or indirectly from us in the course of activities related to the development of a business relationship between you and us, or which is obtained by you through an inspection or tour of our offices, facilities, or restaurants or the restaurants of our Franchisees, and any other information, know-how, techniques, material and data imparted or made available by us which is (a) designated as confidential, (b) known by you to be considered confidential by us, or (c) by its nature inherently or reasonably considered confidential.

2. Owner shall not at any time during the term of this Agreement or after this Agreement has expired or been terminated, communicate, disclose or use any Information for your benefit, or the benefit of any third party, nor will Owner directly or indirectly aid any third party to imitate, duplicate or “reverse engineer” any of our Information. Owner agrees to use and permit the use of Information solely in connection with the operation of the Restaurant. Owner shall not, without our prior consent, copy, duplicate, record or otherwise reproduce any Information. Owner shall indemnify us and Our Indemnities from any damages, costs or expenses resulting from or related to any disclosure or use of Information by Owner or its agents, employees, consultants, and contractors. Owner agrees never to copy, duplicate, record or otherwise reproduce any of the Information, in whole or part, share it with any other third party individual or entity (except as provided herein), store it in a computer or other electronic format, or otherwise make it available to any third party by any other means whatsoever. Owner shall retain all Information in strict confidence and not use it except as otherwise provided herein and Owner agrees not to claim any right or interest in or to disclose Information to others.

3. In the event the relationship contemplated by the Franchise Agreement between Franchisee and NFI terminates or expires without renewal, then to such extent, Owner agrees not to use any of the Information to own, operate or develop any business, competitive with or similar to the Business. Owner shall also return to NFI all Information supplied to it by NFI pertaining to the business or Franchised Business, and shall not retain any copies or other reproductions, or extracts thereof, prepared by Franchisee or any of its officers, employees, attorneys, representatives or consultants or Owner, in connection with the Restaurant. Owner shall provide a certificate to NFI that all of the foregoing have in fact been destroyed.

4. (a) Owner acknowledges that the Information disclosed to Owner and all other aspects of the franchise system are highly valuable assets of NFI, and Owner agrees that it shall not, without the prior written consent of NFI (i) during the term of this Agreement, directly or indirectly, including, without limitation, individually or in partnership or jointly or in conjunction with any person, as principal, agent, shareholder or in any other manner whatsoever, carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person or entity engaged in or concerned with or interested in any business competitive with or similar to the Restaurant unless such other business is operated pursuant to a written license or

other agreement with NFI, and (ii) for a period of 5 years from the date of its termination or expiration without renewal, directly or indirectly, including, without limitation, individually or in partnership or jointly or in conjunction with any person, as principal agent, shareholder or in any other manner whatsoever, carry on, be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of, or permit its name or any part thereof to be used or employed by any person or entity engaged in or concerned with or interested in any business competitive with or similar to the Restaurant within 25 miles of the Restaurant Location or any other NFI franchised Restaurant or corporate or affiliate owned restaurant, unless such other business is operated pursuant to a written license or other agreement with NFI. Owner agrees to cause all persons to whom it has disclosed such Information to execute a written Covenant Not to Compete in a form prescribed by NFI.

(b) Owner also acknowledges and agrees that if Owner should violate the provisions of Section 6 of this Confidentiality and Nondisclosure Agreement and Covenant not to Compete with respect to the operation of a competing business following expiration or termination of this Confidentiality and Nondisclosure Agreement and Covenant not to Compete, then the period for which the prohibition stated therein shall be applicable shall be extended until five (5) years following the date Owner ceases all activities that are in violation of such provision.

5. Owner acknowledges that it will be difficult to measure accurately the damages to NFI from any breach of Owner of the covenants and restrictions set forth herein, that the injury to NFI from any such breach would be incalculable and irremediable and the damages would not, therefore in and of themselves, be an adequate remedy. Owner therefore agrees that in the event it shall breach or attempt to breach any of the terms of this Agreement, NFI shall be entitled as a matter of right to obtain from any court of competent jurisdiction an injunction (i) prohibiting Owner from any further breaches of this Agreement; (ii) rescinding any action taken by Owner contrary to the terms of this Agreement; and (iii) authorizing NFI to recover from Owner any and all salaries, fees, commissions, income, profits or other remuneration or gain which Owner may have received or to which it may have become entitled to receive from or by reason of the conducting of any activity in violation of the terms, conditions or covenants of this Agreement. The issuance of such an injunction will not prevent NFI from obtaining such other relief as is appropriate under the circumstances, such as the award of other monetary damages.

6. Franchisee agrees to vigorously and vigilantly prosecute to the fullest extent permitted by law breaches of this or any Confidentiality and Non-Disclosure Agreement and Covenant Not to Compete executed by any of the individuals to whom Franchisee has disclosed Confidential Information. Franchisee acknowledges NFI right, to be exercised as NFI alone determines, to enforce for itself the terms of such executed Confidentiality and Non-Disclosure Agreement and Covenant Not to Compete. If the substantive provisions of the Confidentiality and Non-Disclosure Agreement and Covenant Not to Compete have been breached by an individual employed, engaged or otherwise serving the Franchise Store who has not executed a Confidentiality and Non-Disclosure Agreement and Covenant Not to Compete, Franchisee shall nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law. If NFI prosecutes such Confidentiality and Non-Disclosure Agreement and Covenant Not

to Compete, Franchisee shall indemnify and hold NFI harmless from any and all losses and expenses as provided this Agreement, including without limitation, actual attorney fees.

7. Owner has carefully considered the nature and extent of the restrictions upon Owner set forth in this Agreement (including without limitation, the covenants not to compete, confidentiality restrictions and the restrictions on assignment) and the rights and remedies conferred upon you and us under this Agreement. Such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to us and the System; (c) are fully required to protect our legitimate business interests; and (d) do not confer benefits upon us that are disproportionate to your detriment. The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Owner, since Owner has other considerable skills, experience and education which afford Owner the opportunity to derive income from other endeavors.

8. Pursuant to the federal Defend Trade Secrets Act of 2016, Franchisee and Owner each acknowledge that they have been notified and understand that they will not be held criminally or civilly liable under any federal or state trade secrets law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise by the laws of the State of Michigan, and NFI may enforce its rights in this Agreement in the state or federal courts in the county in which PFI's principal place of business is located at the time that the litigation is commenced. Franchisee and Owner irrevocably submit to the jurisdiction and venue of such courts.

10. In the event any Paragraph or portion of any Paragraph in this Agreement shall be determined to be invalid or unenforceable for any reasons, such invalidity or unenforceability shall not affect the validity and enforceability of the remaining valid and enforceable Paragraphs hereof, which shall be construed as if such invalid or unenforceable Paragraph or Paragraphs had not been inserted.

11. This Agreement may be executed in any number of counterparts each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year written below.

FRANCHISEE:

By: _____

Title: _____

Dated: _____

OWNER:

Dated: _____

NFI:

NIHI FRANCHISING, INC.

By: _____

Rikesh Patel

Title: President

Dated: _____

EXHIBIT F

EXHIBIT F

TELEPHONE NUMBER AND ELECTRONIC MEDIA ASSIGNMENT

THIS ASSIGNMENT is made and entered into by and between Nihi Franchising, Inc., ("NFI") of 6321 Commerce Drive, Westland, Michigan 48185, and _____ located at _____, hereinafter referred to as "Franchisee."

WHEREAS, Franchisee has obtained a franchise from NFI for the operation of an "Neehee's®" Restaurant using NFI Trademarks and System as those terms are used in a Franchise Agreement dated the _____ day of _____, 20____ (hereinafter referred to as the "Franchise Agreement"); and

WHEREAS, in consideration of NFI granting the franchise to Franchisee, Franchisee agreed in the Franchise Agreement to execute an assignment to NFI of its telephone number and electronic communication assets and media upon the termination or expiration without renewal of the Franchise Agreement, or transfer of the Franchise Agreement.

NOW THEREFORE, it is hereby agreed as follows:

1. Telephone and Electronic Media Information. Franchisee represents and warrants that the telephone number(s) and electronic communication assets and media set forth in the attached Exhibit "A," from time to time, shall constitute all of the telephone numbers and electronic communication assets and media to be used in its advertising and marketing of its "Neehee's®" Restaurant licensed by the above referenced Franchise Agreement. It is hereby agreed that this assignment covers not only the telephone numbers and electronic communication assets and media set forth in Exhibit "A," but also any other telephone number or electronic communication asset or media used by Franchisee in its advertising or marketing of its "Neehee's®" Restaurant.

2. Assignment. Franchisee hereby assigns to NFI all of its right, title and interest in and to the telephone numbers and electronic communication assets and media described above in Paragraph 1 effective upon the expiration without renewal or termination of the Franchise Agreement.

3. Consent. Franchisee hereby consents and authorizes any and all telephone companies, telephone directory services, and other public or private business containing, using, or authorizing any of the telephone numbers or electronic communication assets and media described above in Paragraph 1 to immediately recognize this assignment upon receipt of written notice from NFI. Such companies and services shall construe this Assignment as Franchisee's immediate cancellation and surrender of the numbers and electronic communication assets and media in Exhibit A, thereby permitting the immediate re-assignment of the numbers and electronic communication assets and media by said companies and services to NFI. A copy of this Assignment, certified by an officer of NFI, is agreed to be as valid and binding as the original.

4. Notice. NFI shall give notice of its acceptance of the assignment of the telephone numbers and electronic communication assets and media pursuant to this agreement by either delivering them personally, sending them by first class, certified or registered mail with postage fully paid and depositing them in a depository of the United States Postal Service, or sending through a reputable overnight courier. Notices shall be given to Franchisee and to all other telephone companies and other businesses who are to recognize the assignment. All notices to Franchisee shall be addressed to the address indicated in this Agreement, or to any subsequent address of which NFI is notified in writing and shall be effective on the date sent by NFI. Any notice delivered by mail in the manner set forth above shall be deemed delivered and received 2 days after mailing.

5. Cooperation. Franchisee shall cooperate with NFI, including but not limited to, executing any and all documents reasonably necessary to effectuate this Assignment, and to cause the telephone company or companies to recognize this Assignment. Franchisee's failure to sign any required documents within 2 business days of Notice, Franchisee hereby appoints NFI as its lawful attorney in fact to sign on Franchisee's behalf any and all documents necessary to effectuate the assignment of the telephone numbers and electronic communication assets and media, including without limitation, the telephone numbers and electronic communication assets and media listed in Exhibit "A" to NFI. This power, coupled with an interest, is given as security for the rights and privileges given to Franchisee under the Franchise Agreement by NFI.

6. Proration. All telephone charges and electronic communication assets and media charges, including charges for classified advertising in the telephone directory, shall be prorated as of the time of Assignment, with Franchisee paying for all charges prior to the effectiveness of the assignment, and NFI paying for all charges incurred thereafter.

7. Counterparts. This Assignment may be executed in any number of counterparts, each of which when so executed shall be an original, but all of which together shall constitute one (1) and the same instrument. This Assignment may be executed on signature pages exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Copies of executed counterparts transmitted by such electronic transmission service shall be considered original executed counterparts for purposes of this Assignment.

IN WITNESS WHEREOF, the parties have entered into this agreement on the _____ day of _____, 20_____.

NIHI FRANCHISING, INC.

By: Rikesh Patel
Its: President

[FRANCHISEE]

By: _____
Its: _____

EXHIBIT A

EXHIBIT G

EXHIBIT G

CONDITIONAL ASSIGNMENT OF LEASE

THIS AGREEMENT is made and entered into between **Nihi Franchising, Inc.**, a Michigan corporation ("NFI"), located at 6321 Commerce Drive, Westland, Michigan 48185, and _____ located at _____, ("Franchisee").

WHEREAS, NFI and Franchisee have executed a Franchise Agreement on the _____ day of _____, 20____ ("Franchise Agreement") for the establishment of an Neehee's® Restaurant to be operated pursuant to NFI Trademarks as that term is defined in the Franchise Agreement.

WHEREAS, the Franchise Agreement requires the execution of this Conditional Assignment of Lease Rider if the real estate for the establishment of the Neehee's® Restaurant is leased by the Franchisee;

WHEREAS, Franchisee proposes to enter into a real estate lease for the premises of the Restaurant to be operated pursuant to the Franchise Agreement with _____ ("Landlord"), which lease is dated the _____ day of _____ 20____, a copy of which is attached hereto (as Exhibit "A") and which is incorporated herein by reference (hereinafter referred to as the "Real Estate Lease").

NOW THEREFORE, it is hereby agreed as follows:

1. Conditional Assignment. Franchisee hereby assigns to NFI all of Franchisee's right, title, and interest in and to the Real Estate Lease, including any and all rights or options of Franchisee to extend, renew, or purchase the leased property through a right of first refusal or otherwise upon the occurrence of any of the following:

A. Termination of Franchise Agreement. Upon termination or expiration without renewal of the Franchise Agreement, NFI shall have the option to accept the assignment of the Real Estate Lease pursuant to this Conditional Assignment of Lease by giving the notice prescribed by this Conditional Assignment of Lease, in which case it is agreed the Real Estate Lease shall remain in effect as to NFI.

B. Termination of Real Estate Lease. Upon termination of the Real Estate Lease as to Franchisee or termination of Franchisee's possession rights under the Real Estate Lease, whether by Franchisee's default under Real Estate Lease or otherwise, NFI shall have the option to accept the assignment of the Real Estate Lease pursuant to this Conditional Assignment of Lease by giving the notice prescribed by this Conditional Assignment of Lease, in which case it is agreed the Real Estate Lease shall remain in effect as to NFI.

C. Franchisee Right to Assign. At Franchisee's discretion, Franchisee may assign Real Estate Lease to NFI, and NFI may accept such assignment, at any time.

2. Effect of Assignment. Upon NFI's exercise of its option to take the above-described assignment:

A. Franchisee shall remain liable under the provisions of the Real Estate Lease, including without limitation, that Franchisee shall remain liable for any amounts owing, or any other

default occurring, prior to the effective date of assignment.

B. NFI shall succeed to all of Franchisee's rights, options, and obligations under the Real Estate Lease commencing with the effective date of the assignment and shall have the right to transfer or assign the Real Estate Lease to another Neehee's® franchisee without the need to seek consent from the Landlord. NFI's transfer to another Neehee's® franchisee relieves NFI from any further liability under the Real Estate Lease.

3. Notice of Franchisee's Default.

A. Landlord's Notice. Landlord shall provide NFI notice of any default under the Real Estate Lease. NFI shall have the option (but not obligation) to cure any default should Franchisee fail to cure the default within the period in which Franchisee has to cure the default. At the expiration of Franchisee's period within which Franchisee has to cure any default, NFI shall then have 15 days in which to make its decision to cure. NFI may cure Franchisee's default without exercising its option to accept assignment of the Real Estate Lease and, in such event, Landlord agrees to accept NFI cure as if made timely by Franchisee. Landlord shall give NFI written notice at least 30 days prior to the termination of the Real Estate Lease, termination of Franchisee's right of possession, expiration without renewal, or date of re-entry or repossession. NFI shall have 30 days after written notice from Landlord to exercise this option to accept assignment of the Real Estate Lease. NFI may exercise its option to accept assignment of the Real Estate Lease by written notice to the Landlord, and the assignment shall be effective on the date of written notice to the Landlord from NFI accepting assignment of the Real Estate Lease. It is hereby agreed that Landlord may rely solely upon the written notice received from NFI as to NFI acceptance of this assignment of the Real Estate Lease, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless from any and all liability to Lessee for any action Landlord may take in such reliance.

B. NFI Notice. NFI shall give Landlord copies of any or all notices of termination given to Franchisee pursuant to the Franchise Agreement, and if NFI desires to exercise its option to accept the assignment of the Lease in the event of Franchisee's failure to cure the default of the Franchise Agreement, NFI shall provide Landlord with a written notice on or before the date of termination of the Franchise Agreement. It is hereby agreed that Landlord may rely solely upon the written notice received from NFI as to the termination or expiration without renewal of the Franchise Agreement, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless from any and all liability to Lessee for any action Landlord may take in such reliance.

4. Notice. Notice required by this Agreement shall be sent by overnight, certified or registered mail to NFI at the following address:

Nihi Franchising, Inc.
6321 Commerce Drive
Westland, Michigan 48185

with a copy to (which shall not be deemed notice):

Mark J. Burzych
Fahey Schultz Burzych Rhodes, PLC
4151 Okemos Road
Okemos, Michigan 48864

Notice required by this Agreement shall be sent to Franchisee at the following address:

Notice required by this Agreement shall be sent to Landlord at the following address:

Notice shall be deemed effective on the date received, and regardless of whether the notice is signed for by the recipient, notice shall be deemed received 2 business days after mailing. Parties may change the notice address by providing written notice to the other parties of a change in such notice address.

5. Execution of the Documents. Franchisee hereby agrees to execute any and all documents requested by NFI in order to fully exercise any of the rights under the Real Estate Lease or this Conditional Assignment of Lease. If Franchisee shall not have executed any such document within the 3 days after having been so requested by NFI, Franchisee hereby appoints any member or officer of NFI as its attorney-in-fact with the full right and power to execute any and all such documents. This power, coupled with an interest, is given as security for the rights and privileges given to Franchisee under this Agreement and the Franchise Agreement.

6. Renewal, Extension or Amendment. Any renewal or extension of the Real Estate Lease, or any amendment to this Agreement or the Real Estate Lease of any type, can only be made by a writing executed by all three parties to this Agreement.

7. Indemnification. Franchisee shall indemnify and hold NFI harmless from any and all liability that NFI may incur after the effective date of the assignment of the Real Estate Lease arising under the terms of that Real Estate Lease from Franchisee's acts or omissions occurring prior to the effective date of the assignment, excluding only any liability prior to the assignment that NFI agrees in writing to assume and from which NFI agrees to hold Franchisee harmless.

8. Miscellaneous.

A. Use of Real Estate. Landlord hereby agrees to and acknowledges Franchisee's right to use and display NFI Trademarks as that term is used in the Franchise Agreement, subject only to any limitations imposed by NFI and any local, state or federal law. Landlord agrees that it will not limit Franchisee's right to use NFI Trademarks. Landlord further agrees to and acknowledges that the real estate subject to the Real Estate Lease shall be used solely for the operation of a NFI Restaurant. Landlord agrees to notify NFI in the event that Franchisee begins to use real estate in any other manner and Landlord shall consider such use as an event of default.

B. Applicable Law. This Agreement shall be construed according to the laws of the state in which the premises are located. If any provision, or portion of a provision, of this Agreement is or shall become in conflict with any applicable law, then the applicable law shall govern and such provision or portion of a provision shall be automatically deleted and shall not be effective to the extent that it is not in accordance with applicable law. However, the remaining terms and conditions of this Agreement shall remain in full force and effect and no provision shall be deemed dependent upon any other provision unless otherwise expressed in this Agreement.

C. Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties, except for: (i) the provisions of the Real Estate Lease which are incorporated herein, and (ii) as between NFI and Franchisee, the provisions of the Franchise Agreement and related agreements. The parties agree that all representations which have been made by other parties that in any way are to be given effect herein are set forth in this Agreement and the above-referenced documents.

D. New Real Estate Lease. It is hereby agreed that if the Real Estate Lease is terminated or expires without renewal, and the Franchisee and Landlord enter into a new lease arrangement, any such new real estate lease shall be deemed to be the Real Estate Lease for purposes of this Conditional Assignment of Lease thereby making it fully applicable to the new lease.

E. Option to Purchase. In the event Franchisee purchases the real estate, Franchisee agrees to execute the Real Estate Option to Purchase in the form then prescribed by NFI.

F. Disputes. Any dispute between the parties regarding this Conditional Assignment of Lease, and any claim by either party that cannot be amicably settled, shall be determined solely and exclusively in state or federal court in the county in which NFI's principal place of business is located at the time that the litigation is commenced.

This Conditional Assignment of Lease is executed this _____ day of _____, 20_____.

In the presence of:

NIHI FRANCHISING, INC.

By: _____
Its: _____

FRANCHISEE

By: _____
Its: _____

LANDLORD'S CONSENT

The undersigned Landlord hereby consents and agrees to the foregoing Conditional Assignment of Lease between Nihi Franchising, Inc., ("NFI") and _____ ("Franchisee").

Dated: _____

LANDLORD

_____ By: _____
_____ Its: _____

STATE OF _____)
))
COUNTY OF _____)

Subscribed and sworn to by the above named _____ and _____ on this _____ day of _____, 20____.

_____, Notary Public

_____ County
My Commission Expires: _____

EXHIBIT H

EXHIBIT H

REAL ESTATE OPTION TO PURCHASE

THIS AGREEMENT is entered into between **Nihi Franchising, Inc.**, of 6321 Commerce Drive, Westland, Michigan 48185 (hereinafter referred to as "NFI"), and _____ located at _____ (hereinafter referred to as "Franchisee").

WHEREAS, Franchisee and NFI have entered into a Franchise Agreement by which Franchisee acquired the right to establish and operate an "Neehee's®" Restaurant using the Trademarks and NFI System as those terms are defined in the Franchise Agreement, which Agreement is dated the _____ day of _____, 20____ (hereinafter referred to as the "Franchise Agreement");

WHEREAS, the Franchise Agreement requires that NFI approve the location for the Restaurant to be established pursuant to the above referenced Franchise Agreement, that approval being conditioned upon the execution of this Real Estate Option to Purchase in the event Franchisee owns or controls the real estate;

WHEREAS, Franchisee seeks NFI approval for particular real estate.

NOW THEREFORE, it is hereby agreed as follows:

1. Option. Franchisee hereby grants to NFI the option to purchase the real estate described in Exhibit "A" (and hereinafter referred to as the "Real Estate") upon the expiration without renewal or termination of the Franchise Agreement. Any transfer, renewal, extension, or amendment of the Franchise Agreement shall not affect this Option Agreement unless expressly provided. The terms of the Option rights are as follows:

A. Exercise of Option. Within 15 days following the termination or expiration without renewal of the Franchise Agreement as provided for in the Franchise Agreement, NFI may notify Franchisee in writing of its intention to exercise this option to purchase the Real Estate, and which notice shall constitute an agreement to purchase the Real Estate conditioned upon NFI obtaining any necessary financing and the real estate being inspected, the results are satisfactorily to NFI. The closing of the sale shall occur as soon as all documentation and other matters have been completed, including obtaining of any necessary financing and inspections, but in any event not later than 120 days after the date upon which the fair market value of the Real Estate is established, as provided in Paragraph B below, unless the parties hereto agree to a later closing date.

B. Fair Market Value. The parties will attempt to agree upon a fair price for the purchase of the Real Estate, but upon failing to do so within 30 days from the date of the exercise of this option by NFI, NFI shall select and pay for the services of a qualified appraiser to establish the fair market value of the Real Estate, and a copy of that appraisal shall be provided to Franchisee. Within 10 days after Franchisee receives the written appraisal, Franchisee shall advise NFI, in writing, as to whether Franchisee accepts the appraisal. If the appraisal is acceptable to both NFI and Franchisee, then the amount stated therein shall be the purchase price. If Franchisee rejects the

value stated in the appraisal, then Franchisee must notify NFI of its rejection within the 10 day period (failing to so notify shall be deemed to be an acceptance) and thereafter Franchisee shall select and pay for the services of a qualified appraiser to appraise the value of the property within 15 days thereafter. Franchisee shall provide NFI with a copy of the appraisal so obtained, within 30 days after its rejection of the appraisal obtained by NFI. If NFI accepts the value stated therein, then the amount stated therein shall be the purchase price. If NFI rejects the value stated in this appraisal, then two appraisers shall select a third appraiser within the 15 days thereafter, whose determination of fair market value as to the property shall be final and binding on the parties. The cost of the third appraiser shall be paid equally by both NFI and the Franchisee.

C. Possession. Upon receipt of NFI notice that it is exercising the option to purchase, Franchisee shall immediately vacate the premises and transfer possession of them to NFI. From the date of possession to the date of closing, NFI shall pay on or before Friday of each week a per diem rate equal to .002 of the assessed value on the property, with the final adjustment to be made at closing equal to .002 of the purchase price for the real estate. All utilities and taxes shall be prorated as of the date of possession. Taxes shall be deemed to cover the calendar year in which the taxes became a lien. Taxes that become a lien in years prior to the year of closing shall be paid by Franchisee without proration. Taxes that become a lien in the year of closing shall be prorated so that the Franchisee shall be charged with taxes from the first of the year to closing date and NFI shall be charged with taxes for the balance of the year. If any bill for taxes able to be prorated under this provision has not yet been issued, the corresponding tax bill for the last previous year shall be substituted therefore and used in proration. Franchisee shall provide an owner's policy of title insurance without exceptions covering the real estate at Franchisee's expense, or at NFI option, a complete abstract showing marketable title, together with a 10-year tax history, tax lien search, and financing statements search, all certified to the date of the transfer of possession to NFI, the cost of the abstract to be paid by Franchisee. Franchisee shall maintain insurance on the real estate to the date of closing, with NFI becoming responsible for insuring the property beginning with the date of closing.

2. Miscellaneous.

A. Applicable Law. This Agreement shall be construed according to the laws of the state in which the real estate is located.

B. Integration. This Agreement, together with the Franchise Agreement, and any addendums that are attached hereto and are executed on the date hereof which are hereby incorporated herein, contain all of the terms and conditions agreed upon by the parties. No promises or representations have been made by NFI other than herein set forth. No modifications of the terms of this Agreement shall be valid unless made in writing and executed by both NFI and the Franchisee.

C. Enforcement. Any dispute between the parties, and any claim by either party that cannot be amicably settled, shall be determined solely and exclusively in state or federal court in the county in which NFI's principal place of business is located at the time that the litigation is commenced.

This Agreement is executed this _____ day of _____ 20_____.

Signed in the presence of: NIHI FRANCHISING, INC.

By: _____
Rikesh Patel, President

Franchisee

By: _____

Its: _____

STATE OF _____)

_____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day
of _____, 20 _____ by _____ (if a corporation, to me known to be the _____
of that Corporation).

_____, Notary Public

County
My Commission Expires: _____

When recorded, return to Nihi Franchising, Inc., 6321 Commerce Drive, Westland, Michigan
48185.

Drafted by: Mark J. Burzych
Fahey Schultz Burzych Rhodes, PLC
4151 Okemos Road
Okemos, Michigan 48864

EXHIBIT I

EXHIBIT I
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this _____ day of _____, 20____ by _____, (“RELEASOR”) an individual/corporation/ limited liability company/partnership with a principal address of _____, in consideration of:

_____ the execution by Nih Franchising, Inc., a Michigan corporation (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or

_____ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: _____
(type/print name)

By: _____

Name: _____

Title: _____
(or, if an individual)

Signed: _____

Name printed: _____

ACKNOWLEDGMENT

State of _____)
) ss
County of _____)

On this _____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My Commission expires:

(NOTARIAL SEAL)

EXHIBIT J

Neehee's Franchise Operations Manual

Table of Contents

SECTION A: INTRODUCTION

WELCOME LETTER FROM THE FOUNDERS	1
MISSION STATEMENT	3
HISTORY OF NEEHEE'S	4
SERVICES PROVIDED TO NEEHEE'S FRANCHISEES	5
Site Selection ◀	5
Construction Assistance ◀	5
Initial Training ◀	5
Initial On-Site Assistance ◀	6
Ongoing Training and Support ◀	6
Use of Trademarks ◀	6
Protected Territory ◀	6
Approved Suppliers ◀	7
Design Assistance ◀	7
Advertising Materials and Sales Aids ◀	7
Corporate Website ◀	8
Management and Operations Advice ◀	8
Ongoing Research and Development ◀	8
Franchisee Advisory Councils ◀	8
RESPONSIBILITIES OF NEEHEE'S FRANCHISEE AND STAFF	9
Responsibilities to Guests ◀	9
Responsibilities to Your Employees ◀	9
Responsibilities to the Franchisor ◀	10
Responsibilities to Other Franchisees ◀	11
VISITS FROM THE CORPORATE OFFICE	12
PAYING OTHER FEES	13
Additional Training ◀	13
Additional On-Site Training ◀	13
Annual Meeting ◀	13
Interest on Late Payments ◀	13
Transfer Fee ◀	14
Renewal Fee ◀	14
Prohibited Product / Service Fine ◀	14
Management Fee ◀	14
Modernization or Replacement ◀	14
Costs and Attorneys' Fees ◀	14
Audit ◀	15
Insurance Fees ◀	15
Technology Maintenance and Upgrades ◀	15

Supplier/Product Testing ◀	15
Website Fee ◀	15
Mystery Shopper Fee ◀	16
Indemnification ◀	16

SECTION B: PRE-OPENING PROCEDURES

PRE-OPENING CHECKLIST	1
Pre-Opening Checklist ◀	3
ESTABLISHMENT OF BUSINESS FORM	11
SITE SELECTION PROCESS	12
Site Selection Criteria ◀	12
Market Analysis ◀	13
Gaining Site Selection Acceptance ◀	14
Lease Considerations ◀	15
Negotiating a Lease ◀	17
Gaining Lease Acceptance ◀	19
Working with an Architect ◀	19
Selecting a Contractor ◀	20
Final Inspection ◀	23
Building Out the Restaurant Facility ◀	24
REQUIRED LIST OF EQUIPMENT, FURNISHINGS, FIXTURES, AND SMALLWARES	27
INITIAL INVENTORY	28
ORGANIZING THE OFFICE	29
LOGO AND SIGNAGE SPECIFICATIONS	31
Business Cards and Letterhead ◀	31
Signage Requirements ◀	32
CONTRACTING WITH REQUIRED UTILITIES AND SERVICES	33
OBTAINING REQUIRED LICENSES AND PERMITS	35
Health Department Regulations ◀	36
SETTING UP BANK ACCOUNTS	38
Accounts to Open ◀	38
PROCURING REQUIRED INSURANCE POLICIES	39
MEETING YOUR TAX OBLIGATIONS	40
Employer Identification Number ◀	40
Federal Taxes ◀	40
State Taxes ◀	41
CONDUCTING A GRAND OPENING	42
Planning ◀	44

Neehee's Franchise Operations Manual

Table of Contents

SECTION C: HUMAN RESOURCES

EEOC GUIDELINES IN HIRING EMPLOYEES	1
Employers Covered by EEOC-Enforced Laws ◀.....	1
How Employees Are Counted ◀	1
Record Keeping Requirements ◀	2
Reporting Requirements ◀	2
Charge Processing Procedures ◀	2
Mediation ◀	3
Remedies ◀	4
Regulatory Enforcement Fairness Act ◀	4
Technical Assistance ◀	4
Informal Guidance ◀	5
Publications ◀	5
LAWS REGARDING HARASSMENT	6
Sexual Harassment ◀	6
Racial and Ethnic Harassment ◀	6
Pregnancy Discrimination ◀	7
Religious Accommodation ◀	7
IMMIGRATION REFORM/CONTROL ACT	8
WAGE AND LABOR LAWS	10
What the FLSA Requires ◀	10
What the FLSA Does Not Require ◀	12
FLSA Minimum Wage Poster ◀	12
CHAIN OF COMMAND	13
PROFILE OF THE IDEAL NEEHEE'S EMPLOYEE	14
RECRUITING EMPLOYEES	19
Getting the Word Out ◀	19
Employment Applications ◀	20
Evaluating the Application ◀	21
JOB DESCRIPTIONS	24
General Manager ◀	25
Manager ◀	27
Expo ◀	28
Service Line ◀	29
Line Cook ◀	31
Prep ◀	32
Cashier ◀	33
Dishwasher ◀	35
THE INTERVIEW PROCESS	36
Completing the Interview Rating Report ◀	44

Reference Check ◀	45
Testing Procedures ◀	46
Background Checks ◀	47
Job Offer ◀	47
HIRING ON A TRIAL BASIS	49
TRAINING EMPLOYEES	50
Training Tips ◀	50
Orienting New Employees ◀	51
Forms ◀	53
Policies, Procedures, and Benefits ◀	56
Overview of Operation ◀	56
Initial Training ◀	57
Training Tests ◀	60
Ongoing Training Process ◀	60
CONFIDENTIALITY AGREEMENT	62
PERSONNEL POLICIES	63
TIME TRACKING PROCEDURES	72
UNIFORM AND DRESS CODE	73
CONDUCTING PERFORMANCE EVALUATIONS	75
Preparation ◀	76
Procedure ◀	78
Review Meeting ◀	79
PROGRESSIVE DISCIPLINE	81
TERMINATION/SEPARATION	84
Termination ◀	84
Resignation ◀	86

SECTION D: DAILY OPERATING PROCEDURES

SUGGESTED HOURS OF OPERATION	1
DAILY ROUTINES	2
Management Duties ◀	2
Team Member Duties ◀	9
CUSTOMER SERVICE PROCEDURES	28
Neehee's Customer Service Philosophy ◀	28
Providing Excellent Customer Service ◀	29
Signs of Guest Dissatisfaction ◀	32
Obtaining Guest Feedback ◀	32
Handling Guest Complaints ◀	33
Handling Refund Requests ◀	35
SERVING GUESTS	36

Neehee's Franchise Operations Manual

Table of Contents

Answering the Phone/Taking Phoned-In Orders ◀	36	Temperatures for Food Safeness Food	
Packaging Carryout Orders ◀	37	Thermometers ◀	71
Greeting Guests Properly ◀	38	Preparing Procedures ◀	72
Taking Guest Orders ◀	38	Thawing Procedures ◀	73
Suggestive Selling ◀	40	Cooking Procedures ◀	73
Communication of Orders ◀	41	Cooling Procedures ◀	74
Using the POS System to Enter Orders ◀	41	Holding Procedures ◀	75
Transacting Sales ◀	41	Reheating Procedures ◀	75
The Farewell ◀	41	Serving Procedures ◀	75
BUSSING PROCEDURES	42	FOOD SAFETY AND SANITATION	77
MENU ITEM PREPARATION PROCEDURES	43	Using Food Thermometers ◀	77
Neehee's Recipes ◀	43	Preventing Contamination ◀	78
Preparing Menu Items/Food Production ◀	43	Personal Hygiene ◀	80
Plate Presentation ◀	43	Use of Gloves ◀	83
PREP PROCEDURES	44	Types of Contamination ◀	84
Kitchen Equipment & Terminology ◀	44	Cross-Contamination ◀	84
Planning Prep Work ◀	46	Biological Hazards ◀	84
Prepping Procedures ◀	48	Staphylococcus ◀	85
Line / Station Set Up ◀	49	Salmonellosis ◀	86
Controlling Waste and Spoilage ◀	51	Clostridium Perfringens (E. Coli) ◀	87
MONEY HANDLING PROCEDURES	53	Botulism ◀	87
Accepting Cash ◀	53	Hepatitis Virus A ◀	88
Accepting Checks ◀	54	Cooking Food ◀	89
Accepting Credit Cards ◀	54	Reheating Food ◀	89
Counters, Tables, Product Preparation		Cooling Food ◀	90
Surfaces ◀	65	FOODBORNE ILLNESS	91
Floors ◀	65	Contributing Factors to a Foodborne Illness ◀	93
Walls and Ceilings ◀	66	Top 5 Food Safety & Sanitation Issues ◀	94
Windows ◀	66	Recommended Manager Script ◀	95
Lighting and Air Vents ◀	66	EQUIPMENT AND FACILITY MAINTENANCE	97
Bric-a-Brac and Pictures ◀	66	Preventative Maintenance ◀	97
Waste Receptacles ◀	67	Maintenance Schedules ◀	98
Restrooms ◀	67	SAFETY AND SECURITY	100
Restroom Checklist ◀	67	Responsibility ◀	100
Sidewalks ◀	68	Orientation ◀	101
Dumpster Area ◀	69	Accident Reporting and Investigation ◀	103
Care of Cleaning Equipment ◀	69	Workers' Compensation Issues ◀	106
Fire Extinguishers ◀	69	OSHA Requirements ◀	107
COOKING PROCEDURES	70	Chemical Safety ◀	109
Meeting Time-Temperature Requirements ◀	70	MSDS (Material Safety Data Sheets) ◀	110

Neehee's Franchise Operations Manual

Table of Contents

Fire Safety ◀	113	Effective Scheduling and Labor Cost ◀	43
Robbery ◀	114	Calculating Labor Cost ◀	44
Burglary ◀	115	Ways to Control Labor Cost ◀	45
Power Failure ◀	116	HEALTH INSPECTION PROCESS	48
Preventing Electric Shock ◀	116	HACCP Based Inspections ◀	48
Preventing Falls ◀	117	OPERATIONAL & FINANCIAL REPORTING	49
Proper Lifting Techniques ◀	118	Features of the POS System ◀	49
Knife Handling ◀	118	Generating and Analyzing Necessary Reports ◀	49
Disorderly Guests ◀	119	Sample Reports ◀	50
		Accounting Systems ◀	50
SECTION E: MANAGING A NEEHEE'S BUSINESS		LOSS PREVENTION TECHNIQUES	51
ORGANIZING YOUR MANAGEMENT ACTIVITIES	1	Cash Control System ◀	51
Use of Checklists ◀	1	Threats to Cash Management ◀	52
Manager's Communication (Digital RedBook) ◀	6	Inventory Control System ◀	55
MANAGING PERSONNEL	8	FRANCHISE REPORTING REQUIREMENTS	56
Scheduling Employees ◀	8	Royalty Payment ◀	56
Communicating With Employees ◀	11	Advertising Contributions ◀	56
Hosting Employee Meetings ◀	15	Electronic Funds Transfer ◀	57
Motivating Employees ◀	16	Financial Statements ◀	57
MANAGING THE GUEST EXPERIENCE	19	Profit & Loss Statement Format ◀	58
Communicating with Guests ◀	19	Balance Sheet Format ◀	58
Maintaining a Positive Environment ◀	20	Chart of Account Format ◀	58
Mystery Shopper Program ◀	22	Financial Primer ◀	58
INVENTORY MANAGEMENT	24	SECTION F: MARKETING AND PROMOTION	
Product Ordering Procedures ◀	24	MARKETING PLAN	1
Establishing Par Levels ◀	28	Developing your Marketing Plan ◀	5
Ordering from Approved Suppliers ◀	28	PROMOTING NEEHEE'S IN YOUR AREA	6
Changing Approved Suppliers ◀	28	Use of Social Media ◀	6
Product Receiving Procedures ◀	29	Use of Media ◀	6
Labeling and Rotating Inventory ◀	32	Direct Mail ◀	8
Storage ◀	33	Canvass the Neighborhood ◀	8
Tracking Inventory ◀	35	Print ◀	11
Inventory Taking Considerations ◀	37	Billboards ◀	12
COST CONTROLS	39	Yellow Pages / White Pages ◀	12
Prime Cost Concept ◀	39	Email/Text Blasts ◀	12
Food Cost and Controls ◀	40	Internet ◀	13
How to Control Food Cost ◀	41	Sampling ◀	14
Tips for Investigating High Food Cost		Welcome Wagon ◀	14
Categories ◀	42	Guidelines for Using Neehee's Marks ◀	15
Portion Controls ◀	43		

Neehee's Franchise Operations Manual

Table of Contents

Using Referrals to Build Business ◀.....	16
REQUIRED ADVERTISING EXPENDITURES	17
Systemwide Marketing Fund ◀.....	17
Local Advertising Requirement ◀.....	17
Cooperative Advertising ◀.....	18
Grand Opening Advertising ◀.....	19
PUBLIC RELATIONS/COMMUNITY INVOLVEMENT.....	20
Community Involvement ◀.....	21
OBTAINING ADVERTISING APPROVAL.....	23

APPENDICES:

FORMS

PREP

TRAINING

EXHIBIT K

EXHIBIT K

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

California

California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Hawaii

Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan

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

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York

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

North Dakota

North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510

Rhode Island

Director of Rhode Island Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue
Building 69, 1st Floor
Cranston, Rhode Island 02920

South Dakota

Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Virginia

Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington

Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Tumwater, Washington 98501

Wisconsin

Department of Financial Institutions
Division of Securities 4th Floor
345 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT L

EXHIBIT L

ACKNOWLEDGMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Nihi Franchising, Inc. and you are preparing to enter into a Franchise Agreement for the operation of a Restaurant. In this Franchisee Disclosure Questionnaire, Nihi Franchising, Inc. will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed Nihi Franchising, Inc. Franchise Agreement and each exhibit, addendum and schedule attached to it?
Yes ___ No ___

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?
Yes ___ No ___

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Disclosure Document we provided to you?
Yes ___ No ___

4. Do you understand all of the information contained in the Disclosure Document?
Yes ___ No ___

If “No”, what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating the Restaurant with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ___ No ___

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Restaurant that we or our franchisees operate?
Yes ___ No ___

8. Has any employee or other person speaking on our behalf made any statement or promise concerning a Restaurant that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ___ No ___

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Restaurant?
Yes ___ No ___

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?
Yes ___ No ___

11. If you have answered "Yes" to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of these questions, please leave the following lines blank.

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?
Yes ___ No ___

13. Did you receive the Nihl Franchising, Inc. Franchise Disclosure Document at least 14 calendar days before this _____ day of _____, 20____, the day on which this Franchise Agreement was executed.

Yes ___ No ___

14. Do you acknowledge that at the time you received the Nihl Franchising, Inc. Franchise Disclosure Document, it was complete in all material respects, including all exhibits and attachments referenced therein.

Yes ___ No ___

15. Do you acknowledge that you received a completed copy of the Nihl Franchising, Inc. Franchise Agreement to which this Questionnaire is attached at least 7 calendar days before this date, there being no blanks or spaces not completed therein, except for the date and signatures of the parties.

Yes ___ No ___

16. Do you acknowledge that you are an independent contractor and responsible for running your own Restaurant business and that we do not have any authority to hire or fire your employees?

Yes ___ No ___

17. Do you expressly agree and will never contest otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Restaurant does not directly or indirectly vest in us the power to hire, fire, or control any such employee?

Yes ___ No ___

18. Do you acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Restaurant and that under no circumstance shall we do so or be deemed to do so.?

Yes ___ No ___

19. Do you further acknowledge and agree and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Operations Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Restaurant, but rather are to protect the Neehee's System and brand?

Yes ___ No ___

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date: _____, 20____

Signature

Name and Title of Person Signing

Subscribed and sworn to before me, a Notary Public, this _____ day of _____ ,
20_____.

_____, Notary Public

_____ County, State of _____

Acting in _____ County

My Commission Expires: _____

EXHIBIT M

EXHIBIT M

LIST OF EXISTING FRANCHISEE

ILLINOIS

Hanover Park, Illinois
RYS Food, LLC
1850 Army Trail
Hanover Park, Illinois 60133
(603) 852-3244
Yogesh78@hotmail.com

MICHIGAN

Canton, Michigan
Nihi Foods, Inc.*
45656 Ford Road
Canton, MI 48187
Rikesh Patel
(734) 737-9777
rikesh@neehees.com

Troy, Michigan
SAI Foods Troy, Inc.
4924 Rochester Road
Troy, MI 48085
(248) 250-6335
Chintan Patel
Chintan198@gmail.com

OHIO

Dublin, Ohio
Wisdom 99, LLC
6080 Sawmill Road
Dublin, Ohio 43017
(614) 389-6304
Selco79@hotmail.com

*Affiliate operated franchise

EXHIBIT N

EXHIBIT N
LIST OF FORMER FRANCHISEES

None

EXHIBIT O

EXHIBIT O

SELECT LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104

Department of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, California 90013

Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834
(866) 275-2677 Toll Free

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, Florida 32399-6500

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

Maine

Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, Maine 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan

Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909

Minnesota

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

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, Nebraska 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
New York, NY 10005
212-416-8285

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, North Carolina 27603-5909

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Division of Securities
John O. Pastore Complex
1511 Pontiac Avenue
Building 69, 1st Floor
Cranston, Rhode Island 02920

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, South Carolina 29201

EXHIBIT P

NIHI FRANCHISING, INC.

MULTI-STATE ADDENDA

EXHIBIT P TO THE DISCLOSURE DOCUMENT

**ADDENDUM TO THE
NIHI FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT**

FOR THE STATE OF CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES, AND WAIVER OF JURY TRIAL.

3. Spousal liability: Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

- 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).

- Neither the franchisor, any person or franchise broker 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 these persons from membership in the association or exchange.

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

6. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

8. The Franchise Agreement requires litigation to be conducted in a court located in Oakland County, Michigan. This provision might not be enforceable for any cause of action arising under California law.

9. The Franchise Agreement requires application of the laws of the state Michigan apply, with some restrictions. This provision might not be enforceable under California law.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. The Franchise Agreement requires binding arbitration. The arbitration will occur in Oakland County, Michigan with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

12. The following URL address is for the franchisor's website:

www.neehees.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

FOR THE STATE OF CONNECTICUT

1. ITEM 3 is amended to read as follows:
 - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.
 - Neither the Franchisor nor any other person identified in ITEMS 1 or 2 above has during the ten (10) year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.
 - Neither the Franchisor nor any person identified in ITEMS 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.
 - Neither Company nor any person identified in ITEM 2 above 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) suspending or expelling these persons from membership in the association or exchange.
2. ITEM 4 is amended to read as follows:
 - During the 10 year period immediately before the date of the Disclosure Document neither Company nor Affiliate, or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of Company held this position in the debtor company.

FOR THE STATE OF HAWAII

1. The following list reflects the status of our franchise registrations in the states that have franchise registration and/or disclosure laws:

- This proposed registration is on file with or will shortly be on file with the States of Illinois, Indiana and Michigan.
- There are no states that have refused, by order or otherwise, to register these franchises.
- There are no states that have revoked or suspended the right to offer these franchises.

2. The Franchise Agreement has been amended as follows:

- The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement, and more specifically, Sections 13, 15, and 16, contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.
- Section 16.09 of the Franchise Agreement require franchisee to sign a general release as a condition of renewal or transfer of the franchise. This release shall exclude claims arising under the Hawaii Franchise Investment Law.
- Section 15.01 of the Franchise Agreement, which terminates the Franchise Agreement upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. The Receipt Pages are amended to add the following:

- THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
- THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
- THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

FOR THE STATE OF ILLINOIS

- For choice of law purposes and for the interpretation and construction of the Franchise Agreement, regulations and law contained within the Illinois Franchise Disclosure Act (815 ILCS 705) governs.
- Illinois law governs the Franchise Agreement (without regard to conflict of laws), and jurisdiction and venue for court litigation shall be in Illinois.
- Any provision in the Franchise Agreement requiring a general release is void if the provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.
- Any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void.
- No statement, questionnaire or acknowledgement 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.

ITEM 5 of the Disclosure Document is amended to add the following:

- Due to our financial condition, the Illinois Attorney General's Office has required, and we have agreed, to defer collection of the initial fees as described in Item 5 of the Disclosure Document until we have completed all of our pre-opening obligations to you and you are open for business.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20, including without limitation, a 30 day cure period for termination of the Franchise Agreement for "good cause."
- The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:
 - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.
2. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:
 - The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.
3. ITEM 17 of the Disclosure Document is amended to add the following:
 - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
 - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
 - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
 - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
 - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

1. ITEM 17 of the Disclosure Document is amended to add the following:
 - Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims under the Maryland Franchise Registration and Disclosure Law.
 - Any litigation between Franchisee and Franchisor may be instituted in any court of competent jurisdiction, including a court in the State of 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.
 - In the event of a conflict of laws if required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
2. ITEM 23 is amended to add the following:
 - The State of Maryland requires the delivery of the Disclosure Document to be at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

FOR THE STATE OF MICHIGAN

1. 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 prohibition of your right to join an association of Franchisees.
- A requirement that you assent to a release, assignment, novation, waiver or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- A provision that permits us to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Swim School are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than 5 years, and (b) you are prohibited by the franchise agreement 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 you do not receive at least 6 months advance notice of our intent not to renew the franchise.
- A provision that permits us 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.
- A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.
- A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
 - The fact that the proposed transferee is our or Subfranchisor's competitor.
 - The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us 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 us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in ITEM 17 (g).

- A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than \$100,000.00, you may request that we arrange for the escrow of initial investment and other funds you paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

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

4. Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Bureau
P. O. Box 30213
Lansing, MI 48909
(517) 373-7561

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:
 - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:
 - 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 of non-renewal of the Agreement.
 - ITEM 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
 - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation 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.

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

FOR THE STATE OF NEW YORK

1. All references made herein to a “Disclosure Document” shall be replaced with the term “Offering Prospectus” as used under New York Law.

2. The FDD Cover Page is amended as follows:

- **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

3. ITEM 3 is amended by the addition of the following language:

- 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 or financial condition of the franchise system or its business operations.
 - C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
 - D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act 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.

4. ITEM 4 is amended to state that:

- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

5. ITEM 5 of the Disclosure Document is amended to add the following:

- The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

6. ITEM 17 of the Disclosure Document is amended to add the following:

- The following language is added to the end of the “Summary” sections of ITEM 17(c), titled “**Requirements for franchisee to renew or extend,**” and ITEM 17(m), entitled “**Conditions for franchisor approval of transfer**”:

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

- The following language replaces the “Summary” section of ITEM 17(d), titled “**Termination by franchisee**”:

You may terminate the Agreement on any grounds available by law.

- The following language is added to the end of the “Summary” section of ITEM 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who, in the good faith judgment of Franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

- The following language is added to the end of the “Summary” sections of ITEM 17(v), titled “**Choice of forum,**” and ITEM 17(w), titled “**Choice of law**”:

The forgoing 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.

FOR THE STATE OF NORTH DAKOTA

1. ITEM 5 of the Disclosure Document is amended by the addition of the following language to the original language:

- Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. ITEM 17 of the Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer that is intended to exclude claims arising under North Dakota Law.
- In the case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
- The Franchise Agreement is amended to state that the statute of limitations under North Dakota Law will apply.
- ITEMS 17(i) and 17(q) are amended to state that covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- ITEM 17(v) is amended to state a provision requiring litigation to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- ITEM 17(w) is amended to state in the event of a conflict of laws, North Dakota Law will control.

FOR THE STATE OF RHODE ISLAND

ITEM 17 of the Disclosure Document is amended to add the following:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.
- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

FOR THE STATE OF WASHINGTON

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- A general release or waiver of rights signed by you will not include rights under the Washington Franchise Investment Protection Act.
- Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, including the right to a jury trial may not be enforceable.
- Transfer fees are collectable if they reflect our reasonable estimated or actual costs in effecting a transfer.
- The Franchise Agreement requires any litigation to be conducted in a state other than Washington; the requirement shall not limit any rights Franchisee may have under the Washington Franchise Investment Protection Act to bring suit in the State of Washington.

FOR THE STATE OF WISCONSIN

ITEM 17 of the Disclosure Document is amended to add the following:

- The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.

EXHIBIT Q

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:

<u>State</u>	<u>Effective Date or Status</u>
California	
Hawaii	
Illinois	Pending
Indiana	
Maryland	
Michigan	January 21, 2023
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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 other seller-assisted marketing plans.

EXHIBIT R

EXHIBIT R
Item 23
RECEIPT

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

If Nihi Franchising, Inc. offers you a franchise, Nihi Franchising, Inc. must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state’s addendum. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with us or make any payment to us. Michigan, Oregon, Washington, and Wisconsin require us to give you this disclosure document at least 10 business days before signing a binding agreement or paying any consideration, whichever is first to occur.

If Nihi Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit P.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Rikesh Patel	Vrijesh Patel	Darshan Patel
6321 Commerce Drive	6321 Commerce Drive	6321 Commerce Drive
Westland, MI 48185	Westland, MI 48185	Westland, MI 48185
(734) 331-3658	(734) 331-3658	(734) 331-3658

The issuance date of this Disclosure Document is April 30, 2023 or the effective date in your state, whichever is later.

I have received a Uniform Franchise Disclosure Document including the following exhibits on the date listed below:

- A. Financials
- B. Franchise Agreement
- C. Electronic Funds Transfer Authorization
- D. Principal Owner’s Guaranty and Assumption of Obligations
- E. Confidentiality and Nondisclosure Agreement and Covenant Not to Compete
- F. Telephone Number and Electronic Media Assignment

- G. Conditional Assignment of Lease
- H. Real Estate Option to Purchase
- I. General Release
- J. Operations Manual Table of Contents
- K. List of Agents for Service of Process
- L. Acknowledgment
- M. List of Existing Franchisees and Developers
- N. List of Former Franchisees
- O. Select List of State Administrators
- P. FDD State Addenda
- Q. State Effective Dates
- R. Receipt

Please sign and print your name below, date and return one copy of this receipt to Nihi Franchising, Inc. and keep the other for your records. This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

Date of Receipt

Print Name

Signature

(individually or as an officer, member or partner of)

(Name of corporation, limited liability company or partnership)

a _____ corporation
(State of incorporation)

a _____ limited liability
company
(State of organization)

a _____ partnership
(State where partnership formed)

Return to:

Nihi Franchising, Inc.
6321 Commerce Drive
Westland, MI 48185

Item 23
RECEIPT

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

If Nihi Franchising, Inc. offers you a franchise, Nihi Franchising, Inc. must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale unless otherwise stated in your state’s addendum. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with us or make any payment to us. Michigan, Oregon, Washington, and Wisconsin require us to give you this disclosure document at least 10 business days before signing a binding agreement or paying any consideration, whichever is first to occur.

If Nihi Franchising, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit P.

The following are the names, principal business addresses, and telephone numbers of each franchise seller offering the franchise:

Rikesh Patel	Vrijesh Patel	Darshan Patel
6321 Commerce Drive	6321 Commerce Drive	6321 Commerce Drive
Westland, MI 48185	Westland, MI 48185	Westland, MI 48185
(734) 737-9777	(734) 737-7999	(734) 737-7999

The issuance date of this Disclosure Document is April 30, 2023 or the effective date in your state, whichever is later.

I have received a Uniform Franchise Disclosure Document including the following exhibits on the date listed below:

- A. Financials
- B. Franchise Agreement
- C. Electronic Funds Transfer Authorization
- D. Principal Owner’s Guaranty and Assumption of Obligations
- E. Confidentiality and Nondisclosure Agreement and Covenant Not to Compete
- F. Telephone Number and Electronic Media Assignment
- G. Conditional Assignment of Lease

- H. Real Estate Option to Purchase
- I. General Release
- J. Operations Manual Table of Contents
- K. List of Agents for Service of Process
- L. Acknowledgment
- M. List of Existing Franchisees and Developers
- N. List of Former Franchisees
- O. Select List of State Administrators
- P. FDD State Addenda
- Q. State Effective Dates
- R. Receipt

Please sign and print your name below, date and return one copy of this receipt to Nihi Franchising, Inc. and keep the other for your records. This receipt may also be signed by signature exchanged by electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and this receipt so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This receipt transmitted by such electronic transmission service shall be considered original executed counterparts for all purposes.

Date of Receipt

Print Name

Signature

(individually or as an officer, member or partner of)

(Name of corporation, limited liability company or partnership)

a _____ corporation
(State of incorporation)

a _____ limited liability
company
(State of organization)

a _____ partnership
(State where partnership formed)

Keep for your records