



HUDDLE HOUSE, INC.
A GEORGIA CORPORATION
5901-B PEACHTREE DUNWOODY ROAD, SUITE 450
SANDY SPRINGS, GEORGIA 30328

FRANCHISE DISCLOSURE DOCUMENT

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A GEORGIA CORPORATION
5901-B PEACHTREE DUNWOODY ROAD,
SUITE 450
SANDY SPRINGS, GEORGIA 30328
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franchiseinfo@huddlehouse.com

Huddle House, Inc. offers franchises for the operation of full service restaurants that serve all meals, including breakfast foods, during all hours of operation.

The total investment necessary to begin operation of a Huddle House restaurant franchise is \$576,310 to \$1,383,675 for a New Development Unit when leasing the land and building and purchasing the equipment and signs. This amount includes \$89,000 to \$119,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Huddle House at a Non-Traditional Unit ranges from \$556,310 to \$1,363,675. This amount includes \$69,000 to \$91,500 that is payable to us. If you sign a Market Development Agreement for the opportunity to develop multiple Huddle House franchises (we do not specify a minimum number to be eligible for a Market Development Agreement), you will pay a development fee for the rights to those development opportunities. The development fee will vary depending on the number of Huddle House Restaurants you are committed to develop, and is calculated as the total of the \$35,000 for your first franchise and \$17,500 for each additional franchise to be developed (the development fee is separate from the initial franchise fee). The total investment necessary under a Market Development Agreement (based on a commitment of two to three Huddle House Restaurants) ranges from \$55,000 to \$72,500. This includes \$52,500 to \$70,000 that must be paid to the franchisor.

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 the Franchise Department at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, or at (800) 418-9555.

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

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

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

The issuance date is: August 20, 2021.

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 Exhibit D.
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 E 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 Huddle House Restaurant 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 Huddle House Restaurants franchisee?	Item 20 or Exhibit D 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 C.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Georgia. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Georgia than in your own state.
2. **Spousal Guarantee.** If you are married, your spouse may be required to sign a personal guarantee document that makes your spouse jointly and severally liable for all financial obligations under the franchise agreement and development agreement, whether or not your spouse has any ownership in the franchise or is involved in the operation of the franchised business. This guarantee requirement will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

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

To simplify language in this Franchise Disclosure Document, we will refer to Huddle House, Inc., the franchisor, as “**HHI**” or “**Franchisor**” and the person or company considering the purchase of a franchise from HHI as “**You**” or “**Your**.”

The Franchisor

HHI’s principal place of business is at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. HHI was incorporated as a Georgia corporation on April 22, 1964. A list of HHI’s registered agents for service of process is included in **Exhibit B** to this Disclosure Document. HHI does business under the names “Huddle House, Inc.” and “Huddle House.”

HHI has developed a plan and system (the “**Huddle House System**”) for retail food sales and restaurant operations, which includes recipe formulation and food preparation techniques, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of restaurants.

HHI also operates a food division that sells food, supplies, smallwares, parts and equipment to restaurants operating under the Huddle House System and the Marks, as defined below (“**Huddle House Restaurants**”). HHI also leases and sub-leases restaurant facilities and equipment to some franchisees under the Huddle House System, as well as to others. HHI also operates as a for-hire carrier. In addition to deliveries to Huddle House Restaurants, HHI contracts with various 3rd parties to haul freight to designated points. HHI may also develop and test additional business operations, which may include new fast casual and quick serve restaurants, non-traditional restaurants, virtual brands, and other forms of operations.

HHI has operated Huddle House Restaurants since April 22, 1964, and has offered franchises since 1966. HHI does not offer, nor has it previously offered, franchises in any other line of business for Huddle House Restaurants.

Parents, Predecessors and Certain Affiliates

HHI is a direct wholly-owned subsidiary of Griddle Holdings, Inc. (“**Griddle Holdings**”), which is a direct wholly-owned subsidiary of Huddle House Holdings, Inc. (“**Huddle House Holdings**”) (together, the “**Huddle House Entities**”). The Huddle House Entities were previously owned by affiliates of Sentinel Capital Partners, LLC, a private equity firm with its principal business address at 330 Madison Avenue, 27th Floor, New York, NY 10017.

On January 31, 2018, Sentinel Capital Partners, LLC completed a transaction with Peachtree Parentco, Inc. (“**Peachtree Parentco**”), a corporation with its principal business address at 5901-B Peachtree Dunwoody Road, Suite 450 Sandy Springs, GA 30328, by which Peachtree Parentco acquired the Huddle House Entities (the “**Transaction**”). Peachtree Parentco is indirectly owned, through various holding companies, by Elysium Investments (Second) LLC (“**Elysium Second**”), an investment vehicle whose principal business address is 445 Park Avenue, Suite 1401, New York, NY 10022, and is ultimately managed and controlled by Elysium Management LLC (“**Elysium Management**”), a family office whose principal business address is 445 Park Avenue, Suite 1401, New York, NY 10022. As a consequence of the Transaction, Elysium Management effectively ultimately controls HHI and Peachtree Parentco is directly responsible for control of HHI and the Huddle House Entities.

The Huddle House Entities, Peachtree Parentco, Elysium Second and Elysium Management have never previously operated businesses of the type being franchised under this Disclosure Document or offered franchises in any line of business and, other than HHI, do not currently provide products or services to HHI franchisees.

Elysium Second and/or affiliates of it or its owners may invest in other companies that offer franchises and/or own restaurant enterprises that may compete with the type business being franchised under this Disclosure Document.

Huddle House Marketing Fund, Inc. (“**HH Marketing Fund**”), which is an affiliate of HHI, is a Georgia non-profit corporation with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. HHI established the HH Marketing Fund to operate and administer advertising and promotional funds designed to promote and benefit the Huddle House System. The HH Marketing Fund is not engaged in any other line of business and has never engaged in the sale of franchises.

The Franchise Offered

Huddle House Restaurants. A Huddle House Restaurant is a full-service restaurant that serves all meals and menu items at all times to customers for on-premises and personal carry out consumption and for off-site catering services (“**Catering**”) and delivery service within the “Territory” of the restaurant or other pre-approved geographic areas conducted in accordance with HHI’s standards and specifications (a “**Franchise**”). Huddle House Restaurant’s menu features steaks, sandwiches, hamburgers, chicken, shrimp, potatoes, vegetables, desserts, beverages and a full breakfast menu.

HHI offers and sells franchises under which you may develop and operate a new Huddle House Restaurant (a “**New Development Unit**”), and also offers franchises in connection with the sale of existing Huddle House Restaurants where HHI has a property interest in the location and will lease or sell (under limited circumstances, such as when extensive remodeling is needed or to assist the franchisee with obtaining financing) the property to the franchisee (a “**Resale Unit**”). Unless otherwise specified, the information and terms described in this Disclosure Document apply to New Development Units and Resale Units, and the terms “**Standard Unit**” and “**Unit**” interchangeably may mean a New Development Unit or a Resale Unit.

HHI also offers the right to develop non-traditional Huddle House Restaurants from non-traditional locations and venues and Host Facilities. The term “**Non-Traditional Unit**” will mean a Unit which is located within, or in conjunction with, another primary business that is operated by the franchisee, or is located in a multi-branded facility where other branded and/or non-branded restaurants share common space. The primary business or multi-branded facility that is operated in conjunction with the Unit, or within which the Unit is located, is referred to as the “**Host Facility**.” Host Facilities and non-traditional venues where Non-Traditional Units may be operated include convenience stores, airports, government facilities, office buildings, department stores, general merchandise retailers, hospitals, stadiums and other arenas, casinos, military establishments, train stations, college and university food service facilities, hotels, airports and other travel related facilities, theme and amusement parks, venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, and other similar environments. Depending on a variety of circumstances, including the nature and location of the Host Facility, Non-Traditional Units may offer a limited menu or have different hours of operations than a traditional Huddle House Restaurant.

If approved by us for a Franchise, you (individuals, partnerships, corporations, limited liability companies, and the owners of partnerships, corporations, and limited liability companies will be referred to as “**you**,” and the restaurant you will operate will be referred to as “**your Franchise**” or “**the Franchise**”) will sign a standard franchise agreement (the “**Franchise Agreement**”). If the franchisee is a corporation, partnership, or limited liability company, HHI will require all owners, shareholders, partners, or members to personally sign a guaranty of the legal entity’s obligations under each agreement. If you wish to develop and operate a Non-Traditional Unit, and we approve that request, in addition to signing the Franchise Agreement, you will sign a Non-Traditional Unit Addendum to the Franchise Agreement (attached as Exhibit A-13). Unless otherwise indicated, the terms “Huddle House Restaurant,” “Unit” or the “Franchise” will include Non-Traditional Units operating from Host Facilities and “you” will include the franchisees operating Restaurants at those locations.

You will operate your Franchise at a specific location accepted by HHI, as described in Section 2 of the Franchise Agreement. Resale Units will operate at the locations of our existing restaurants. In some situations, which may include transactions with Resale Units, HHI may condition its grant of franchise rights on the franchisee committing to develop and open an additional New Development Unit within two years. If so, a second Franchise Agreement will be signed at the same time as the Franchise Agreement for the first Unit and the opening deadline will reflect that the applicable time period for the second Unit. In some of our materials and communications about the Huddle House System and among franchisees, we may refer our franchisees as our “Franchise Partners.” In doing so, we do not mean or imply that franchisees are our partners in a legal or literal sense. Rather, we use this phrase to reflect a spirit of cooperation and that we value the important role of our franchisees, as independent owners and operators in the Huddle House System.

You must keep your Franchise open and in normal operation during the times that HHI specifies as mandatory hours of operation, which HHI may periodically change. HHI has the right to modify the mandatory hours of operation in the future, including a mandatory 24 hour, 7 days a week, schedule (schedules will be subject to any governmental regulations that limit the permissible hours of operation).

Multiple Unit Development. HHI also offers a Market Development Agreement (the “**Market Development Agreement**”) to qualified, multiple unit operators. If you sign a Market Development Agreement, HHI will grant you the right to establish an agreed-upon number of Huddle House Restaurants within a specified area (the “**Development Area**”). Each Huddle House Restaurant will operate under the terms of a separate Franchise Agreement. You must obtain site authorization for each Huddle House Restaurant site, and establish Huddle House Restaurants under a development schedule that HHI will include as an exhibit to the Market Development Agreement (the “**Development Schedule**”). The Franchise Agreement for the first Huddle House Restaurant to be developed under the Development Schedule will be in the form attached as an exhibit to the Disclosure Document (which may be this document) that you receive in connection with the Market Development Agreement that you enter into with HHI. The Franchise Agreement for each Huddle House Restaurant you later develop will be in the standard form that HHI is offering to new franchisees under the Huddle House System when you exercise your development rights, which may differ from the current form of Franchise Agreement included in this Disclosure Document.

Additional Product and Program Offerings. HHI may, from time to time, offer franchisees that meet certain requirements (including being in good standing under existing agreements) the opportunity to participate in supplemental product offerings and programs. These may include “**Virtual Product Offerings**” under which franchisees prepare specific products and menu offerings at their Huddle House Restaurants, using the same kitchen and preparation space and equipment (although the equipment may be supplemented as the products evolve), for customers to order via select third-party order applications and delivery aggregators under separate trademarks. Virtual Product Offerings are typically for delivery only, but in some circumstances, HHI may approve limited in-Unit pickup by customers. To participate in a Virtual Product Offering that HHI offers to franchisees, you must execute a program addendum for the offering and other such licenses or agreements as determined by HHI. HHI may modify or discontinue Virtual Product Offerings, or may develop new or additional ones in the future. At this time, there are two forms of Virtual Product Offerings that HHI will permit franchisees to operate from their Restaurants.

One of the optional Virtual Product Offering that HHI currently authorizes for Huddle House Restaurants is offered through an unrelated third-party, Virtual Dining Operations, LLC (known as Virtual Dining Concepts or VDC). HHI does not license VDC’s Virtual Product Offerings to franchisees, but under an agreement with VDC will consent to Huddle House Restaurant franchisees participating in VDC’s Virtual Product Offering. HHI also intends to incorporate VDC’s Virtual Product Offerings into Company-Owned Restaurants. If you wish to participate in one of VDC’s Virtual Product Offering from your Restaurant, you will sign with us an “Addendum to Franchise Agreement for Participation in VDC Virtual Product Offers” (the “**VDC Participation Addendum**”) (attached as Exhibit A-14 to this disclosure document). Separately VDC will require that franchisees sign a license agreement with VDC.

The other Virtual Product Offering that is currently available to HHI's franchisees is a new limited product line offering (or "LPL") for "Papa Corazón's Quesadillas" (the "**Papa Corazón's LPL**"). Under the Papa Corazón's LPL, franchisees will prepare fresh-made quesadillas with signature dipping sauces, with choices suitable for breakfast, lunch and dinner, and other items that HHI may approve for sale under the "Papa Corazón's Quesadillas" trademarks for delivery through select third-party order applications and delivery aggregators. The Papa Corazón's LPL is part of a virtual offering and brand being developed by VBE LLC, an affiliate of HHI. VBE LLC has licensed HHI to offer the Papa Corazón's LPL as a Virtual Product Offering to Huddle House franchisees, and HHI plans to incorporate and test this optional program at Huddle House Restaurants that HHI owns and operates ("**Company-Owned Restaurants**"). At this time, the Papa Corazón's LPL is being offered only through Huddle House Restaurant and Perkins Restaurants (which are operated and franchised by HHI's affiliate as described below under "Affiliates and Related Operations"), but in the future VBE may decide to offer it to other restaurants or operators of "ghost" and retail kitchens and to expand and franchise the concept. If you wish to participate in the Papa Corazón's LPL from your Restaurant, you will sign the New Product Line and Program Addendum to the Franchise Agreement (attached as Exhibit A-15 to this disclosure document).

The System

The distinguishing characteristics of the Huddle House System include distinctive exterior and interior design; color scheme; décor; standards and specifications for products, equipment, materials, and supplies; specifications and procedures for operations; recipe formulation and food preparation techniques; procedures for accounting and management control; personnel training and assistance; and marketing, sales, and promotional programs; all of which may be changed, improved and further developed by HHI. The Huddle House System is identified by certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including "Huddle House", "HH", and "Huddle House, Inc.", as HHI may designate from time to time for use in HHI's Manuals or otherwise in writing (collectively, the "**Marks**"). The current design model for a Huddle House Restaurant is referred to as the "Evolution" design. HHI began using the Evolution design in 2011. Since July 2011, newly opened Huddle House Restaurant Units use the Evolution design and additional units have been remodeled with the Evolution design.

Affiliates and Related Operations

HHI entered into an asset purchase agreement dated September 10, 2019 with Perkins & Marie Callender's Holding, LLC and certain of its affiliates to acquire assets used in the franchise, ownership and operation of Perkins ("**Perkins**") family dining restaurants and bakeries (together, the "**Perkins Business**") through the bid procedures of the United States Bankruptcy Court for the District of Delaware. By a joinder agreement signed in October 2019, Perkins LLC, which a newly formed affiliate of that is owned (through various holding companies) by our parent, Elysium Management, became a party to the asset purchase agreement for the purpose of buying the Perkins Business. Perkins LLC is a Delaware limited liability company, formed in September 2019 and has its principal business address at 5901-B Peachtree Dunwoody Road, Suite 450 Sandy Springs, GA 30328. On October 21, 2019, Perkins and the parties completed the transaction and Perkins LLC became the owner of the Perkins Business and the franchisor of the Perkins network and operator of the company-owned Perkins restaurants. Perkins restaurants have been operated since 1958 and are family-style restaurants offer table service with a menu offering breakfast, lunch and dinner entrees and bakery items. As of April 27, 2021, there were 198 domestic franchised Perkins restaurants and 85 domestic company-owned Perkins restaurants in operation, and 7 franchised Perkins restaurants in Canada. Perkins LLC has never offered franchises in any other line of business nor has it operated any Huddle House Restaurant, or engaged in any other business activity.

Based on the common equity holders of Elysium Management on the one hand and of investment funds managed by affiliates of Apollo Global Management, Inc. ("**Apollo**") on the other hand, HHI may be deemed affiliated with Qdoba Restaurant Corporation ("**Qdoba Corp**"). Qdoba Corp is operates and franchises Qdoba Mexican Eats ("**Qdoba**") restaurants. Qdoba Corp is the franchisor of the Qdoba domestic franchise network.

The principal business address of Qdoba Corp is 350 Camino de la Reina, Suite 400, San Diego, CA 92123. Qdoba restaurants have been operated since 1995 and have been franchised since 1997. As of September 27, 2020 (Qdoba Corp's fiscal year end), there were 397 franchised Qdoba restaurants in operation. Qdoba has never offered franchises in any other line of business nor has conducted a business similar to the Huddle House Restaurant you will operate. One or more investment funds, accounts or entities owned (in whole or part), controlled, managed, or advised by Apollo or its affiliates may in the future invest in other companies that offer franchises and own restaurant enterprises, which may compete with the type business being franchised under this disclosure document.

Competition

The market for restaurants is well developed and very competitive. Huddle House Restaurants will serve the general public and will compete primarily with other restaurants offering a similar menu and all other types of fast service restaurants. Additionally, Huddle House Restaurants may compete with other food service operators serving the public through delivery services, including ghost kitchens and virtual brands. Your ability to compete will depend largely on geographical area, specific site location, general economic conditions, accessibility of your Franchise and your individual capabilities. Affiliation with the Huddle House System will not guarantee your successful or profitable business operation.

Industry-Specific Regulations

In addition to legal requirements that must be complied with by all businesses generally, you must comply with all applicable federal, state and local laws, rules and regulations pertaining to your Franchise, including cleanliness, the storage, preparation and serving of food and beverages, nutrition information posting laws, health, sanitation, no smoking, EEOC, OSHA, FLSA, discrimination, employment, sexual harassment laws and data collection and use. Any Huddle House Restaurant that serves alcohol will also need to comply with state and local laws, rules, and regulations pertaining to the sale of alcoholic beverages. The Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people and therefore may affect remodeling or development of building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, etc. You must also obtain real estate permits and licenses and operational licenses. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Franchise.

In 2020, due to the global coronavirus pandemic, some government agencies ordered (or suggested) that food service businesses temporarily close and only offer drive-through, carryout or delivery service or have otherwise severely limited clientele from patronizing food service businesses. You must comply with all applicable federal, state, and local laws and regulations during the operation of your Huddle House Restaurant. You should consult with your attorney concerning these and other local laws and ordinances that may affect your Huddle House Restaurant's operation.

ITEM 2. BUSINESS EXPERIENCE

Unless otherwise indicated, the principal place of business of the employer is Sandy Springs, Georgia with respect to the Huddle House Entities, Peachtree Parentco Holdco, Peachtree Intermediateco Inc., Peachtree Parentco, Perkins LLC, EH Franchising Holdco LLC, and EH Franchising Intermediateco LLC is New York, New York with respect to Elysium Management, Elysium Second, and Apollo.

Bradley J. Wechsler: Director (Parent)

Elysium Second: Chief Executive Office, Secretary and Treasurer (since December 2017); and for Elysium Management as CEO (since January 2015)

Peachtree entities: for Peachtree Holdco as Director (since December 2017), and for Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Director (December 2017 to February 2018)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director (since September 2019)

Imax Corporation: Chairman (since 2009), located in New York, NY

Mr. Wechsler may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

Benjamin E. Black: Director (Parent)

Peachtree Holdco: Director (since February 2018)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director (since September 2019)

Knowledge Universe: Portfolio Manager (since January 2018), located in Santa Monica, CA

OCV Partners: Vice President, Venture Capital (August 2016 – December 2018), located in Los Angeles, CA

Mr. Black may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

Joshua M. Black: Director (Parent)

Peachtree Holdco: Director (since February 2018)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director (since September 2019)

Apollo Management Holdings, L.P.: Principal (since July 2011)

Mr. Black may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

Gregory H. Ruben: Director (Parent)

Peachtree Holdco: Director (since February 2018)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director (since September 2019)

Elysium Management: Partner (since May 2016)

Mr. Ruben may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

Michael Shen: Director (Parent)

Peachtree Holdco: Director (since April 2019)

EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director (since September 2019)

Elysium Management: Partner (since September 2018)

BC Partners: Investor (September 2016 – September 2018), located in New York, NY

Mr. Shen may also serve as a member of the board of directors of other companies, including those in which Elysium Management, or its affiliates, is an investor.

Michael Abt – Chief Executive Officer and President; Director

HHI: Director and CEO (since October 2012); and President (since February 2018)
Griddle Holdings: CEO (since October 2012) and Director and President (since February 2018) in Sandy Springs, GA
Huddle House Holdings: Director and CEO (since October 2012) and President (since February 2018)
Huddle House Marketing Fund: Director (since March 2013)
Peachtree entities: for Peachtree Holdco, Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Director, CEO and President (since February 2018) in Sandy Springs, GA
EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Director, CEO and President (since September 2019)
Perkins LLC: Director, CEO and President (since September 2019)
PR&B Marketing Fund LLC: Director (since September 2019)

Alison Hart Delaney – Chief Brand Officer

HHI: Chief Brand Officer (since May 2021); Chief Marketing Officer (from October 2013 to May 2021)
Huddle House Marketing Fund: Director and President (since October 2013) and CEO (since February 2018)
Perkins LLC: Chief Brand Officer (since May 2021); Chief Marketing Officer (from October 2019 to May 2021)
PR&B Marketing Fund LLC: Director and President and Chief Operating Officer (since September 2019)

David Krisher – Chief Financial Officer and Treasurer

HHI: Chief Financial Officer and Treasurer (since August 2019); Vice President, Finance and Accounting (February 2019 – August 2019 and May 2016 – October 2018); Senior Director of Finance and Controller (September 2013 – May 2016)
Huddle House Holdings: Chief Financial Officer and Treasurer (since August 2019)
Griddle Holdings: Chief Financial Officer and Treasurer (since August 2019) in Sandy Springs, GA
Huddle House Marketing Fund: Chief Financial Officer and Treasurer (since August 2019)
Peachtree entities: for Peachtree Intermediateco Inc. and Peachtree Parentco Inc. Chief Financial Officer and Treasurer (since August 2019)
EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Treasurer and Chief Financial Officer (since September 2019)
Perkins LLC: Treasurer and Chief Financial Officer (since September 2019)
PR&B Marketing Fund LLC: Treasurer and Chief Financial Officer (since September 2019)
BlueLinx Corporation: Director of Financial Planning and Analysis (October 2018 – February 2019), located in Marietta, GA

Melissa Rothring – Executive Vice President, General Counsel and Corporate Secretary; Director

HHI: Executive Vice President (since September 2016), General Counsel and Corporate Secretary (since February 2013), and Director (since August 2019)
Huddle House Holdings: Corporate Secretary (since February 2018), and Director (since August 2019)
Griddle Holdings: Corporate Secretary (since February 2018), and Director (since August 2019) in Sandy Springs, GA
Huddle House Marketing Fund: Director and Corporate Secretary (since March 2013), and Director (since August 2019)

Peachtree entities: for Peachtree Holdco, Peachtree Intermediateco Inc. and Peachtree Parentco Inc. as Secretary (since February 2018), and for Peachtree Holdco and Peachtree Intermediateco Inc. as Director (since August 2019) in Sandy Springs, GA
EH Franchising Holdco LLC and EH Franchising Intermediateco LLC: Secretary (since September 2019)
Perkins LLC: Director and Secretary (since September 2019)
PR&B Marketing Fund LLC: Director and Corporate Secretary (since September 2019)

Nathan Ballard – Chief Supply Officer

HHI: Chief Supply Officer (since May 2019); Senior Vice President – Distribution (May 2012 – May 2019); Vice President – Distribution (December 2008 – May 2012); Senior Director Distribution (December 2006 – December 2008); Director of Distribution (July 2005 – December 2008)

Troy G. Tracy – Chief Operating Officer

HHI: Chief Operating Officer (since May 2019); Vice President, Operations (November 2016 – May 2019); Senior Director, Operations (May 2013 – November 2016)

Peter Ortiz – Chief Development Officer

HHI: Chief Development Officer (since March 2021)
Perkins LLC: Chief Development Officer (since March 2021)
QDOBA Restaurant Corporation: Vice President of Franchise Development (August 2020 – March 2021) in San Diego, CA
Potbelly Corporation: Vice President Franchise Development (August 2018 – August 2020) in Chicago, IL
Mexican Restaurants, Inc.: Chief Development Officer (December 2016 – August 2018) in Houston, TX
Focus Brands LLC: Vice President Franchise Development (July 2010 – December 2016) in Atlanta, GA

ITEM 3. LITIGATION

Pending Litigation

1. Lyle Stowers and Best Food Fare, LLC v. Huddle House, Inc. and John Morris, Civil Action No. 14-C-145, Lincoln County Superior Court, West Virginia, December 29, 2014. Plaintiffs are the former franchisee, and its owners, of a Huddle House Restaurant in West Hamlin, West Virginia. The franchisee opened a Huddle House restaurant in June 2013 and then, claiming financial losses, ceased operations on September 16, 2014. HHI terminated the Franchise Agreement on September 24, 2014. The plaintiffs filed this action on December 29, 2014 against HHI and John Morris, a former Director of Franchising for HHI, alleging that Morris and HHI provided the franchisee’s owner with false projected revenues and opening costs for the franchised restaurant in connection with the sale of the franchise. The plaintiffs’ complaint includes claims for fraudulent inducement under the West Virginia Consumer Credit and Protection Act, breach of an implied covenant of good faith and fair dealing, and fraud and misrepresentation and seeks unspecified compensatory damages, statutory damages, and unspecified punitive damages. On February 4, 2015, HHI and Morris filed a motion to dismissal all claims based on failure to state a claim and improper venue. As of the date of disclosure, the Court has not ruled on the pending motion to dismiss. Further, as of the date of this disclosure, no reply or counterclaim by the defendants is due, and HHI intends to counter claim and defend against the claims. A suggestion of death of Plaintiff Lyle Stowers was filed on June 13, 2019.

2. Huddle House, Inc. v. Huddle House 968, LLC and Mazin Shalabi, Superior Court of Fulton County, Georgia, Case No. 2020-CV-339000. On August 4, 2020, HHI initiated this action against franchisee, Huddle

House 968, LLC and its guarantor seeking injunctive relief and damages arising from the franchisee's closure and abandonment of its Huddle House restaurant prior to expiration of the franchise term and the franchisee's continued operation of a restaurant at the premises and adjoining facility after the termination, including unauthorized use of the Marks and taking other actions in violation of their post-termination obligations and non-compete covenants. The complaint seeks injunctive relief to enforce the franchisee's post-termination obligations to cease its restaurant operations and any use of the Marks and to comply with the non-compete obligations. Additionally, the complaint seeks recovery of liquidated damages under the franchise agreements, past-due amounts, attorneys' fees, and damages relating to the breach of franchise agreement and for violations of the Lanham Act, the Georgia Uniform Deceptive Trade Practices Act, and common law unfair competition. On September 14, 2020, the defendants filed an answer to the complaint and asserted a counterclaim alleging that HHI breached the franchise agreement by failing in bad faith to provide adequate training and operating assistance. The defendants seek dismissal of HHI's claims, unspecified damages and a trial by jury. On October 14, 2020, HHI answered the defendants' counterclaim, seeking dismissal of the same. The parties have completed discovery, and HHI has moved for partial summary judgment as to its affirmative claims against the defendants. As of the date of issuance, the court has not yet ruled on the pending motion for summary judgment.

3. Huddle House, Inc. v. Austin Foodmart, Inc., Jasvir Singh, and Inderjeet Sachdeva, U.S. District Court for the Northern District of Georgia, Case No. 1:21-cv-02640. On March 5, 2021, HHI initiated this action against franchisee, Austin Foodmart, Inc., and its two guarantors seeking damages and injunctive relief stemming from the franchisee's closure and abandonment of its Huddle House restaurant prior to expiration of the franchise term and the franchisee's failure to de-identify the restaurant location and otherwise comply with its post-termination obligations. The complaint was filed in the Superior Court of Fulton County, Georgia, and the defendants subsequently removed the case to federal court. The complaint seeks recovery of liquidated damages under the franchise agreements, past-due amounts, and attorneys' fees. On July 7, 2021, defendants filed their answers to the complaint, and the franchisee, Austin Foodmart, Inc., also filed a counterclaim alleging that HHI failed to provide supplies and assist the franchisee with selling its franchised restaurant. The defendants seek dismissal of HHI's claims, unspecified damages, punitive damages, and attorneys' fees. As of the date of issuance, HHI's deadline to respond to the franchisee's counterclaim has not occurred; however HHI will defend the counterclaim vigorously.

4. Huddle House, Inc. v. GPG Enterprises Inc., Rajinder Kaur, and Narinder Gill, Superior Court of Fulton County, Georgia, Case No. 2020CV340574. On September 17, 2020, HHI initiated this action against franchisee, GPG Enterprises Inc., and its guarantors, seeking injunctive relief and damages stemming from the franchisee's continued post-expiration operation of a Huddle House restaurant at the premises. The complaint seeks injunctive relief to enforce the franchisee's post-expiration obligations to cease its restaurant operations and any use of the Marks and to comply with the non-compete obligations. Additionally, the complaint seeks recovery of damages and attorneys' fees relating to the breach of the franchise agreement and for violations of the Lanham Act, the Georgia Uniform Deceptive Trade Practices Act, and common law unfair competition. On November 10, 2020, the court entered the parties' consent permanent injunction, enjoining defendants from further violation of their post-expiration and non-competition obligations, and from further infringement of HHI's Marks. On January 5, 2021, HHI moved for default judgment as to all defendants on all of HHI's claims. As of the date of issuance, the court has not yet ruled on the pending motion for default judgment.

5. Huddle House, Inc. v. Cleburne Double H, Inc., Keith Moore, Stephanie Philips, and William Philips, Superior Court of Fulton County, Georgia, Case No. 2020CV339004. On August 4, 2020, HHI initiated this action against franchisee, Cleburne Double H, Inc., and its guarantors, seeking damages and injunctive relief stemming from the franchisee's closure and abandonment of its two Huddle House restaurants prior to expiration of the franchise terms and the franchisee's failure to de-identify the restaurant locations and otherwise comply with its post-termination obligations. The complaint seeks recovery of liquidated damages under the franchise agreements, past-due amounts, and attorneys' fees. Defendants answered the complaint on September 14, 2020. On May 20, 2021, HHI moved for summary judgment on all of its claims against defendants. On August 16, 2021, before the court ruled on HHI's summary judgment motion, the parties reached a settlement whereby the

defendants agreed to pay HHI \$115,000 in exchange for mutual releases of claims. Upon receipt of the settlement funds, the case will be dismissed with prejudice. If the settlement funds are not received, a consent judgment will be entered against defendants and in HHI's favor in the amount of \$175,000, plus legal fees.

6. Huddle House v. Seven Bridge Road Hospitality, LLC and Surendra Shah, Superior Court of Fulton County, Georgia, Case No. 2020-CV-335372. On April 20, 2020, HHI initiated this action against franchisee, Seven Bridge Road Hospitality, LLC, and its guarantor, seeking damages arising from franchisee's closure and abandonment of its Huddle House restaurant prior to the expiration of the franchise term and failure to pay liquidated damages and other outstanding amounts due. Defendants answered the complaint on August 20, 2020. On May 4, 2021, HHI moved for summary judgment, which the court denied on June 30, 2021. On July 16, 2021, HHI moved to vacate the order denying summary judgment to allow HHI the opportunity to file a reply brief in support of summary judgment. On August 12, 2021, before the court ruled on the motion to vacate, the parties reached a settlement whereby the defendants agreed to pay HHI \$145,000. The court entered a Consent Order on August 13, 2021, which detailed the Defendants' payment obligations. Upon receipt of the settlement funds, the case will be dismissed with prejudice. If the settlement funds are not received, a consent judgment will be entered against defendants in the amount of \$186,467.78, less amounts paid.

Franchisor Initiated Litigation during prior fiscal year:

1. Huddle House, Inc. v. Exit 40 Properties, LLC, James M. Daniel, Jr., and James M. Daniel III, Superior Court of Fulton County, Georgia, Case No. 2019-CV-322608. On June 18, 2019, HHI initiated this action against franchisee, Exit 40 Properties, LLC and its guarantors, seeking injunctive relief and damages arising from Exit 40's failure to close its Huddle House restaurant upon expiration of the franchise agreement and comply with the franchise agreement's post-expiration obligations. Defendants filed an answer to the complaint and response to HHI's motion for injunctive relief on August 1, 2019. The court granted HHI's motion of an interlocutory injunction restraining the defendants from operating a restaurant at the former franchised location and taking other actions in breach of their noncompete obligations to HHI. On January 9, 2020, the court entered into a consent order at the request of the parties, requiring defendants to pay \$85,000 to HHI by monthly payments through December 1, 2020 in settlement of HHI's claims against them. HHI dismissed the action with prejudice on December 28, 2020 following its receipt of the last payment from defendants on December 1, 2020.
2. Huddle House, Inc. v. DTAHH, LLC, Tiffany Dharia, Dipen Desai, ANNJHH, LLC, ANHHNJ, Inc., Superior Court of Fulton County, Georgia, Case No. 2019-CV-323253. On July 1, 2019, HHI initiated this action against franchisee, DTAHH and its guarantors, seeking damages arising from DTAHH's closure and abandonment of two Huddle House restaurants prior to expiration of the franchise terms. The complaint seeks recovery of liquidated damages under the franchise agreements and past-due amounts under a promissory note, in addition to attorneys' fees. Defendants answered the complaint on December 9, 2019. On December 28, 2020, the court entered a consent order at the request of the parties, requiring defendants to pay \$150,000 to HHI by monthly payments through September 15, 2022 in settlement of HHI's claims against them. The action is currently stayed pending competition of the terms of the consent order.
3. Huddle House, Inc. v. LaPlace Travel Center, L.L.C., T. Michael Subley, Jo Ann Toomy, Charles G. Jones, Calvin Kass, and Daniel Volion, Superior Court of Fulton County, Georgia, Case No. 2019-CV-330957. On December 20, 2019, HHI initiated this action against franchisee, LaPlace Travel Center, and its guarantors, seeking injunctive relief, damages, and declaratory judgment arising from the franchisee's repudiation and anticipated breach of the franchise agreement related to the franchisee's plans to operate a competing restaurant at the franchised location upon expiration of the franchise agreement. HHI sought injunctive relief and damages under the franchise agreement, in addition to attorneys' fees, as well as a declaratory judgment as to the enforceability of the non-competition provision. Defendants subsequently decided to renew their franchise agreement. As a result, HHI dismissed the lawsuit on March 13, 2020.

4. Huddle House, Inc. v. ANGS Group, Inc., Sukhdev Thind, P & A C Stores, LLC, Gurpreet Sing, Udayveer II, LLC, Kuldeeb Singh, Superior Court of Fulton County, Georgia, Case No. 2020-CV-335484. On April 23, 2020, HHI initiated this action against franchisee, ANGS Group, and its guarantor, along with several related entities, alleging breach of contract, trademark infringement, violation of unfair competition laws, and conspiracy arising from the unlawful post-termination operation of a Huddle House restaurant. The complaint seeks injunctive relief and the recovery of liquidated damages and past due receivables under the franchise agreement, in addition to attorneys' fees. On December 18, 2020, HHI moved for default judgment as to all defendants on all of HHI's claims. On May 21, 2021, the court granted HHI's motion for default judgment which granted HHI the injunctive relief it sought and issues a final judgment in HHI's favor in the amount of \$119,729.01.

Completed Litigation

1. Huddle House, Inc. v. NEK Restaurant Holdings, Nnamdi Aniedobe, individually, and Nkolika Aniedobe, individually, State Court of Fulton County, Georgia, Case No. 12-EV-014745D. HHI filed claims for breach of contract and unjust enrichment on April 5, 2012, and amended its claims to include negligence. Defendants counterclaimed for breach of contract, implied covenant of good faith and fair dealing and fraud, and subsequently amended. Each party sought attorneys' fees, costs and expenses, compensatory and punitive damages. Defendants agreed to pay HHI \$65,000 to settle all claims in May 2013 and claims were dismissed on June 4, 2013.

2. Huddle House, Inc. v. R.D.A.L. Inc. and Ashley Lee, Case No. 2013CV231827, Fulton County Superior Court, Georgia, filed on May 28, 2013. HHI initiated litigation against a franchisee of four Huddle House Units, and the franchisee's owner under the personal guarantee. In the complaint, HHI sought damages, termination of the franchise agreements, and injunctive relief based on the franchisee's failure to pay royalties, marketing fees and other monies payable to HHI and other defaults under the franchise agreements. In July, HHI terminated the Franchise Agreements due to the ongoing defaults and additional defaults by the defendants, which include the defendants taking actions towards establishing and operating a restaurant business that would violate the defendants' various covenants not to compete. Following the defendants' refusal to cease operations upon termination, HHI filed an amended complaint seeking monetary damages and injunctive relief to enforce the post-termination obligations of the Franchise Agreements. On July 29, 2013, the defendants filed an answer to the complaint and asserted a counterclaim alleging breach of the franchise agreements and seeking attorneys' fees and litigation expenses. On August 6, 2013, the court issued a ruling granting HHI's request for temporary restraining order, part of which required the defendants to immediately cease operating the four Huddle House Units, de-identify those locations, and cease taking actions to operate a competing restaurant. On September 16, 2013, the court assessed various civil and criminal contempt penalties against defendants for their failure to comply with temporary restraining order. On January 16, 2015, Final Judgment and Order by Consent was entered in HHI's favor and against Defendants, jointly and severally, in the amount of \$208,057.25. All of Defendants' counterclaims were dismissed with prejudice as a part of the Final Judgment.

3. Huddle House, Inc. v. Mary Jane Enterprises, Inc., Fine Foods, LLC, Flippin Holdings, LLC, Mary Jane Robertson, and Robert Robertson, Case No. 2015CV00667, Columbia County Superior Court, Georgia, filed on February 10, 2015. HHI initiated litigation in Fulton County (Georgia) Superior Court against two franchisees of twelve Huddle House Restaurants, the franchisees' owner (Mary Jane Robertson), the owner's spouse (Robert Robertson), an entity owned by the owner's spouse (the "**Franchisee Parties**"), and the franchisees' former director of operations (Tyler Brown). In the complaint, HHI sought declaratory judgments that the Franchisee Parties' development and operation of a competing restaurant concept at former Huddle House locations in Sumter, SC, El Dorado and Newton, KS, and subsequent to the filing of the lawsuit, in Augusta, GA, constituted breaches of the franchise agreements and that HHI had the right to terminate those agreements, enforce the post-termination obligations, recover liquidated damages, and obtain the right to the leases, equipment, and signage at the franchisees' Huddle House locations. The complaint also sought damages and injunctive relief based on the Franchisee Parties' breach of additional contractual obligations including violations of the non-competition, non-

disclosure and non-solicitation covenants, misappropriation of trade secrets, tortious interference, and conspiracy, among other things. On May 11, 2015, defendants Robert Robertson, Tyler Brown, and Flippin Holdings, LLC served their answer as well as motions to dismiss or transfer the case for lack of personal jurisdiction or improper venue. Flippin Holdings, LLC also filed a notice to remove the case to Columbia County (Georgia) Superior Court. HHI opposed each of these motions, and, in response to the notice to remove, moved to remand the case to Fulton County Superior Court. On May 28, 2015, HHI received a copy of the answer and counterclaims filed by defendants Mary Jane Enterprises, Inc., Fine Food, LLC, and Mary Jane Robertson (the “MJE Parties”) on May 27, 2015. The counterclaims alleged breaches of the franchise agreements and the implied covenant of good faith and fair dealing, fraud and negligent misrepresentation with respect to a \$17,000 expense, and/or declaratory judgment, and requested damages, attorneys’ fees and litigation expenses. HHI filed its reply to the counterclaim and affirmative defenses on July 1, 2015. On August 18, 2015, the Fulton County Superior Court ordered that the case be removed to Columbia County Superior Court, and on December 21, 2015, the Columbia County Superior Court denied HHI’s motion to remand the case to Fulton County Superior Court and granted Tyler Brown’s motion to dismiss. On July 29, 2016, HHI filed an amended complaint, adding a claim for a declaratory judgment regarding its leasehold rights to the premises of the MJE Parties’ former franchised Huddle House restaurant in Aiken, South Carolina. The MJE Parties agreed to sell the operating businesses and the assets used in operating their franchised Huddle House restaurants, including their leasehold interests, to HHI for \$600,000; the Franchisee Parties agreed to covenants not to compete in conjunction with the sale. In furtherance of that purchase, the parties entered into a confidential settlement agreement on November 20, 2019, in which the parties released all of their claims. The action was dismissed with prejudice on November 25, 2019.

4. Huddle House, Inc. v Garcia Enterprises, LLC and Glen Garcia, Superior Court of Fulton County, Georgia, Case No. 2018-CV-2849048. On August 15, 2018, HHI initiated this action against the franchisee, Garcia Enterprises, LLC and its guarantor, seeking damages and injunctive relief arising from franchisee’s closure and abandonment of its Huddle House restaurant prior to the expiration of the franchise term, failure to properly de-identify the restaurant, and failure to pay liquidated damages and other outstanding amounts due. The defendants filed an answer and counterclaim for fraud and breach of contract, among other claims. HHI filed a motion to strike the answer and counterclaim on the grounds that it was not signed by an attorney admitted to practice law in the State of Georgia. The court granted the motion to strike and entered a default judgment in the amount of \$137,479.48 against the defendants and in favor of HHI on all claims on February 20, 2019. On October 24, 2019, the defendants filed a motion to set aside the default judgment and re-enter the verdict. Huddle House opposed the motion to set aside and briefing on the motion was concluded in December 2019. Before the court ruled on the motion to set aside, defendants agreed to pay HHI \$96,000 in settlement of all claims and withdrew their motion with prejudice on July 7, 2020.

Other than the actions described above, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Franchise Agreement - Initial Franchise Fees

The initial franchise fee for a fifteen-year Standard Unit Franchise (the “**Initial Franchise Fee**”) is \$35,000 for a new franchisee, unless either (a) you qualify for the veteran’s discount under HHI’s current Patriot Program, which is described below in this Item 5 under the heading “Incentive Programs,” or (b) you are an existing franchisee purchasing an additional unit, as described below. For a Non-Traditional Unit, the Initial Franchise for a ten-year term is \$15,000.

Existing Franchisee discount – HHI also wants to encourage its existing franchisees in good standing to develop additional New Development Units. To do so, HHI’s current policy is that it will reduce the initial franchise fee for traditional Unit to \$25,000, or \$13,500 for a Non-Traditional Unit, for franchisees who are in good standing, with at least one Unit open and in operation for at least 12 months, and who enter into additional Franchise Agreements with HHI. To qualify for this discount, the additional franchises must be purchased by the same individual (or business entity, if applicable), who signed the existing franchise agreement with HHI. We may discontinue or alter this policy in the future.

The entire Initial Franchise Fee is payable when you sign the Franchise Agreement. The Initial Franchise Fees are uniformly applied in the manner described above to all franchisees that are purchasing new franchises. During HHI’s most recent fiscal year (April 29, 2020 to April 27, 2021), HHI did not charge Initial Franchise Fees different from the standard Initial Franchise Fees as described above (including any applicable discounts or incentives described in this Item 5).

For Resale Units, the Initial Franchise Fee may vary depending on variety of factors, including the length of lease term available. During HHI’s most recent fiscal year, there were no franchises sold for Resale Units.

Except as described below in this paragraph, the Initial Franchise Fee is not refundable. If HHI’s initial training program is not completed to HHI’s satisfaction, HHI can terminate your Franchise Agreement. If HHI terminates your Franchise Agreement for this reason, you will be entitled to a partial refund in an amount equal to 50% of your Initial Franchise Fee less any costs and expenses incurred by HHI in training you and your managerial personnel, and in reviewing, approving and supervising the development of your Franchise.

You must also pay a training fee to HHI in connection with the initial training program that HHI provides. The training fee is currently \$11,500, although HHI may change this fee in the future. The training fee is payable before you begin construction of your Huddle House Restaurant.

Market Development Agreement – Development Fees

If you enter into HHI’s standard form of Market Development Agreement, you can develop an agreed upon number of Franchises within a Development Area according to a Development Schedule. If you enter into a Market Development Agreement, you must pay us a development fee equal to the total of (a) \$35,000 for the first New Development Unit to be developed and (b) \$17,500 for all other New Development Units that you must develop under the Development Schedule (collectively, the “**Development Fees**”). If a Market Development will include Non-Traditional Units, the development fee attributable to any such Non-Traditional Unit will be \$15,000 for the first Non-Traditional Unit and \$7,500 for any additional Non-Traditional Unit in the Development Schedule. The Development Fee is separate from the Initial Franchise Fees that will be due under the Franchise Agreement for each Unit. The Initial Franchise Fee for each unit will be determined at the time the Franchise Agreement is executed and will be based on HHI’s then-current fees for new franchises. If you remain in full compliance with the Development Schedule, and you are not otherwise in default under any provisions of the Development Agreement, or any other Franchise Agreement, at the time you and HHI sign a Franchise Agreement for a Unit under the Development Schedule, HHI will credit toward the Initial Franchise Fee the portion of the

Development Fee that you paid for that Unit (for example, based on our standard Development Fees for traditional units, the credit will be \$35,000 for the first Unit and \$17,500 for each additional Unit included in the Development Schedule).

The length of the term of the Market Development Agreement (the “**Term**”) is determined based on the Development Schedule that you and HHI agree upon (the Development Schedule will vary based on a variety of factors including the number of New Development Units that you must develop and operate). The Development Fee per Franchise to be paid under a Market Development Agreement will be uniformly applied to all new franchisees. During our most recent fiscal year, HHI did not collect Development Fees different from the standard Development Fee under the Market Development Agreement in effect during that time.

Additionally, HHI may offer developers the opportunity to purchase an extension of the Term (a “**Term Extension**”) beyond the last date of the Development Schedule so that the territorial rights granted to the developer under the Development Agreement would continue for an agreed upon period after the developer completes the Development Schedule (so long as the developer continues to comply with its obligations). The fee to increase the Term (the “**Term Extension Fee**”) is calculated as: \$5,000 per additional year added to the Term (with each additional year measured as twelve months from the last date of the Development Schedule) multiplied by the number of New Development Units that you must develop and operate to satisfy the Development Schedule. If you wish to extend the Term and HHI agrees to a Term Extension, you may do so either: (a) when you sign the Market Development Agreement with HHI; or (b) during the Term but you must give HHI notice of your request to extend the term at least six months before the end of the Term and you must be in full compliance with the Market Development Agreement and any other agreements with HHI. You must pay the Term Extension Fee at the time you and HHI agree to an extension of the Term beyond the end of the Development Schedule.

The Development Fees and Term Extension Fee (if applicable) paid under a Market Development Agreement are fully-earned and non-refundable, regardless of whether you enter into Franchise Agreements for those Franchises or continue to operate franchises for the entire Term, in consideration of administrative and other expenses HHI incurs in entering into the Market Development Agreement, and for HHI’s lost or deferred opportunity to enter into the Market Development Agreement and Franchise Agreements with others.

Other Fees and Pre-Opening Payments

You must also pay to HHI a security deposit in connection with your purchases of products from HHI, which will range from \$7,500 to \$15,000 depending on your credit history, and may be adjusted by HHI from time to time. This deposit is payable before you begin construction of your Huddle House Restaurant.

If you will lease the premises of your Huddle House Restaurants from HHI, you will be required to pay to HHI an additional security deposit equal to one month’s rent applicable in the first year, which ranges from \$1,500 to \$7,500. This deposit is payable before you begin construction of your Huddle House Restaurant. (Together these security deposit payments to HHI are referred to in this Disclosure Document as the “**Security Deposit**”.)

The balance of the security deposit will be returned to you when your Franchise Agreement or Lease Agreement expires, so long as you have complied with all of the terms of the Franchise Agreement or Lease Agreement, and all other agreements between you and HHI (including payment of all sums due). The security deposit may be applied, if necessary, to cover delinquent invoices for royalties, food and supplies, and/or delinquent rent payments.

As described in **Item 8**, you may purchase or lease some of the inventory, smallwares and some small furnishings needed to open your Huddle House Restaurant from HHI. During HHI’s last year, the range of these purchases by a franchisee was approximately \$35,000 to \$50,000.

Additionally, when you sign your Franchise Agreement, you must reimburse HHI for any expenses HHI incurs in using attorneys that are not HHI employees to prepare documents and handle other legal matters which are done specifically for your Franchise. For instance, in the unlikely event we need assistance from outside counsel to assist with negotiations or to prepare documents peculiar to your Franchise, we may require you to reimburse us for our legal expenses. In our last fiscal year, we did not require any franchisee to reimburse us for these types of expenses.

Incentive Programs

Referral Program

HHI offers a referral program incentive of \$1,000 to the first person or company that introduces a prospective franchisee to HHI, if: (a) HHI approves the prospect; (b) HHI and the prospect sign a Franchise Agreement within six months after the referral is made; and (c) the prospective franchisee pays HHI the applicable Initial Franchise Fee. HHI will pay this referral fee when HHI and the referred prospective franchisee have signed the Franchise Agreement and the prospect has fully paid the Initial Franchise Fee. HHI may discontinue this Referral Program at any time.

Existing Franchisee Referral Program

HHI offers a referral program incentive of \$7,500 to an existing franchisee that introduces a prospective franchisee to HHI, if: (a) HHI approves the prospect; (b) HHI and the prospect sign a Franchise Agreement within six months after the referral is made; (c) the prospect pays HHI the applicable Initial Franchise Fee; (d) the prospect has not had any prior conversations with any employee of HHI or HHI's affiliates about becoming a franchisee; (e) the prospect is not currently listed in HHI's database; (f) the prospect is not a referral candidate of one of HHI's affiliates or affiliated franchise brands; (g) the prospect is not a customer at the existing franchisee's Unit unless the existing franchise was the originating source for the customer contact to HHI and a referral form was submitted prior to any conversation between the customer and HHI or its affiliates; and (h) the prospect is at least 21 years old. Referral fees are paid only for the prospect's first franchise agreement and first Unit. No additional referral fees will apply for a second or additional Unit. HHI will pay this referral fee when HHI and the prospect have signed the Franchise Agreement and the prospect have fully paid the Initial Franchise Fee. HHI may discontinue this Existing Franchisee Referral Program at any time. This is a referral program only. The existing franchisee does not represent HHI and is not authorized to make any sales or representations on behalf of HHI.

Huddle House Patriot Program

HHI participates in the International Franchise Association's Veterans Transition Franchise Initiative ("VetFran") program to provide franchise opportunities to qualifying veterans. The purpose of the VetFran program is to honor those men and women who have served in the U.S. military. The VetFran program was developed to help veterans transition to civilian life. VetFran is a voluntary effort of International Franchise Association member-companies that is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans.

HHI's VetFran program incentive is called the Huddle House Patriot Program (the "**Patriot Program**"). HHI's Patriot Program incentive provides a 25% reduction in the Initial Franchise Fee due under HHI's single unit Franchise Agreement for New Development Units only. This Incentive may not be combined with any other Incentive program and applies only to the first New Development Unit. To qualify, a prospective franchisee must request the Patriot Program at the time of application; must meet HHI's then-current qualifications for new franchisees; the franchise must be at least 51% legally and beneficially owned by persons meeting HHI's qualifying veteran status; the prospective franchisee may not have previously received a Veterans Incentive or Patriot Program incentive from HHI. HHI may discontinue this Patriot Program at any time.

Participation in the Papa Corazón’s Virtual Product Offering

As described in Item 1, HHI currently offers franchisees the opportunity to participate in the Papa Corazón's LPL as a Virtual Product Offering in connection with their franchise. HHI does not currently charge any additional initial franchise fee for these offerings, but if you elect to participate, then at the time you sign the New Product Line and Program Addendum to the Franchise Agreement, you will pay HHI a \$500 administration fee to incorporate your franchise into the program. This fee is not refundable.

ITEM 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty ^{1,3}	4.75% of the Net Sales	Every Week. HHI may require that you make payments by electronic fund transfer (“EFT”).	Net Sales includes the full price of all merchandise and services (including Catering and delivery) sold, and all other receipts.
Contribution to Advertising Fund	3.0% of the Net Sales (for traditional); and 1.0% of Net Sales for a Non-Traditional Unit	Every week to HHI or its designee. HHI may require that you make payments by EFT	This amount may increase to an amount not to exceed 4% of Net Sales, although it will not increase more than 1% in any given year.
Local Advertising Requirement	1.0% of the Net Sales	On demand	Every quarter, you must spend a minimum of 1.0% of the Net Sales on qualified local advertising and marketing activities (the “ Local Advertising Requirement ”), and must submit (by the 10th day of the following quarter) receipts and other reports that HHI may reasonably request to evidence your expenditure. In lieu of having you spend the monies directly to satisfy the Local Advertising Requirement, HHI has the right upon notice to you to require that you (and other franchisees) contribute the same amounts to the advertising fund for Huddle House Restaurants (the “ Fund ”). Additionally, if you do not fully comply with the advertising requirement, then we may require that you contribute the Local Advertising Requirement monies to the Fund (without any requirement to have other franchisees do the same) or to a designated account and we will then either: spend the monies on your behalf; or require that you satisfy your Local

Name of Fee	Amount	Due Date	Remarks
			Advertising Requirements and then (once you provide documentation of your compliance) return to you the Local Advertising Requirement monies that you submitted to the Fund (or other designated account) for that same period.
Transfer	Varies - 25% of HHI's then-current Initial Franchise Fee, or \$2,000, or no fee	Upon transfer	25% of then-current Initial Franchise Fee applies if you sell your Franchise or engage in a transfer involving more than 51% ownership interests. \$2,000 fee applies if you transfer to your majority-owned corporation or an immediate family member. There will be no fee if you transfer to an entity owned solely by you, during the first year after signing the Franchise Agreement.
Interest on Rent	5% per month on overdue amount	Monthly	Payable if you are more than 15 days late on payment of any rent owed to HHI.
Interest on Payments (other than rent)	Lesser of 18% (per annum) per annum or maximum legal rate	Monthly	Payable if you are more than 5 days late paying any amount owed to HHI (other than rent).
Management	8% of the Net Sales	Weekly	Payable while HHI manages your Franchise due to your death or incapacity.
Liquidated Damages -- Employee	\$40,000	On demand	Payable if you employ an HHI employee contrary to the terms of the Franchise Agreement.
Liquidated Damages -- Breach and Termination	\$145,000 or three years of estimated royalties and marketing contributions (see Remarks), whichever is greater	On demand	Payable if you breach your Franchise Agreement and it is terminated by HHI. HHI will calculate any estimated royalties and marketing contributions based on the average of your weekly royalties and marketing contributions due during the preceding two years, or such shorter period as you have been operating.

Name of Fee	Amount	Due Date	Remarks
Food and Supplies	<p>\$1,000-\$18,000</p> <p>Fee, in an amount up to \$500, to reinstate supply services.</p>	<p>Every two weeks</p> <p>On demand</p>	<p>Payable if you buy food and/or supplies from HHI.</p> <p>Payable if HHI discontinues supplying food and supplies to you because you were delinquent on payments, and you wish to resume buying items from HHI (you must also pay all past due amounts).</p> <p>Additionally, HHI may require prepayment for your purchases if you are not in compliance with your obligations under the Franchise Agreement.</p>
Music Delivery System	Currently \$25 - \$39/month	Monthly, or as provider requires	Payable to the designated supplier for music delivery systems. For Non-Traditional Units, this requirement may not apply, depending on the characteristics of the Host Facility.
Fees relating to computer system, software, and technology services	Will vary. If HHI provides computer or communications equipment, software or assistance or related services, HHI may charge reasonable fees for these services. At this time, you will obtain these services directly from third parties, other than POS polling helpdesk.	Upon demand	<p>See Note 4 and Item 11 under the heading “Computer System.” At this time, HHI provides helpdesk services in connection with polling of POS Systems. The fee to HHI is currently \$25 per month. HHI has designated third-party suppliers to provide for certain services relating to the Computer System and related technology services (and may elect to have all services provided through third-party suppliers). You must pay the fees specified by the designated suppliers.</p> <p>For a Non-Traditional Unit, the computer and technology requirements and fees may vary, depending on the characteristics of the Host Facility.</p>
Central Billing Fee	Will vary, but not currently in effect.	Upon demand	In connection with program and services that we designate as generally required for Huddle House Restaurants (for example, gift card program, customer loyalty programs, and online ordering services), HHI may centrally collect from franchisees the fees due to the suppliers. If HHI does so, it may charge a reasonable fee (not exceed 10% of the amounts due to the supplier) for its central billing and payment functions.

Name of Fee	Amount	Due Date	Remarks
Non-Participation/Non-Reporting Fee	\$100 for 1 st month; \$200 for 2 nd month; \$300 for 3 rd and each subsequent month	Upon demand	If you do not participate in, or comply with, any program or standard that HHI designates for the System, then HHI may assess these fees for each month that you are not in compliance with the System requirement. This fee is in addition to HHI's other rights relating to your default (except that for defaults relating to missing reports, HHI will assess either this fee or the delinquent report fee described below and both fees will not apply to the same missing or delinquent report).
Re-evaluation Fee	\$350 per failed inspection/review (beginning with a second consecutive failure)	Upon demand	If you fail two or more consecutive inspections or operational reviews, then beginning with the second failure you must pay HHI a re-evaluation fee for each failed inspection or evaluation until you achieve a satisfy re-evaluation score.
Delinquent Report	\$10	When report is submitted	Payable if you do not deliver any report to HHI when due.
Audit	Interest at 12% or highest rate allowed by law if higher	Upon request	Payable if an audit of your books shows an understatement of your Net Sales that is 1.5% or more.
Renewal	25% of the then-current Initial Franchise Fee	Before first day of renewal term	Must be paid for each renewal.
HHI Performance	Reimbursement of amount plus 12% interest (or highest rate allowed by law if to pay creditors)	Promptly after payment by HHI (with next royalty fee payment if for insurance)	Payable if you fail to perform maintenance obligations, pay creditors or procure insurance and HHI does so for you.
Additional or Refresher Training and Orientation	Currently \$300 per day for our current additional or refresher training programs, but may change in the future	Prior to attending training	In addition to the initial training program, we may impose a fee for training any new or replacement managers. Also, if we require you, your manager or employees to attend additional or refresher training or orientation programs, we may charge a fee for those programs.
Extension of Opening Deadline or Deadline in Development Schedule ²	\$5,000 per month that the deadline is extended for a traditional Unit, or \$2,500 for a Non-Traditional Unit	Before extension of deadline	Payable if HHI grants you an extension of your Opening Deadline under a Franchise Agreement or a deadline under the Development Schedule for any particular Restaurant. This is separate from an extension of the Term of the Development Agreement beyond completion of the Development Schedule.

Name of Fee	Amount	Due Date	Remarks
Extension of Term of Development Agreement	Varies - \$5,000 per additional year, per Unit in Development Schedule	At time you and HHI agree to an extension	Applies only if you request to extend the Term of the Development Agreement beyond the end of the Development Schedule. (See Item 5 under “Market Development Fees”) This is not an option to extend, nor does it extend, any deadline in the Development Schedule.
Addition to Security Deposit	\$7,500-\$10,000	Upon demand	HHI may require this payment if you are delinquent on payment obligations one or more times (see Item 7 under “Security Deposit” for additional information).
Fee for Closing During any Required Hours of Operation	\$1,000 per day that the Huddle House Restaurant is not open during all required hours of operation	Upon demand	If you do not keep your traditional Huddle House Restaurant open and in normal operation during all hours that we require each day, you must pay us this daily fee. This fee does not apply to Non-Traditional Units, which may have alternative hours of operation in coordination with the Host Facility.
Rejected Payment Fee	Our then-current rejected payment fee (currently \$100 per occurrence)	Upon demand	If a payment to HHI is rejected (for insufficient funds or other reasons), you must pay HHI its then-current rejected payment fee (which may include amount to reimburse HHI for all costs associated with the rejected payment).
Lease Review	Up to \$2,500	Upon demand	HHI may require that your proposed lease for the Unit be reviewed by an attorney that HHI designates. The review may include a review of the general business and financial terms of the proposed lease as well for inclusion of terms required by HHI. If requested, you will pay this fee either to HHI or the designated provider for the review services.
Fees for Financial Report	\$12.50 per month for program service fee, and \$10 fee if fail to submit report	Monthly for program service fee and upon demand for missing report fee	HHI requires Huddle House Units to use a web-based application for reporting profit and loss and related financial information to us through a designated vendor (currently PLAT by iLumen). The service fee for this program and fees for failing to submit reports (if applicable) are payable to HHI.

Name of Fee	Amount	Due Date	Remarks
Fee for Non-attendance at Conferences	\$2,500	At the same time as your Royalty for the week immediately following the missed mandatory conference	HHI may conduct an annual or periodic system wide or regional conferences, seminars or meetings (“Conferences”) for operators of Huddle House Units and may require that you attend the Conferences. If you fail to attend a mandatory Conference and have not obtained HHI’s prior written waiver of your attendance, you must pay the non-attendance fee.
Unit Hours Modification Fee	Varies – up to 7.75% of the Base Amount, which will be determined as the Unit’s Net Sales during the immediately preceding 52-week for the hours being modified	Currently monthly, but not more often than weekly.	You must keep your Franchise open and in normal operation during all mandatory hours of operation. HHI has the right to modify the mandatory hours of operation, including to require a 24 hour, 7 days a week, schedule. At this time, the mandatory hours are all hours of each day except 12:00 a.m. (midnight) until 6:00 a.m., Monday through Friday. By way of clarification, the Unit must be open and in normal operation from Friday 6:00 a.m. until Monday 12:00 a.m., which is Sunday, midnight. In some circumstances, HHI may allow existing franchisees (or their transferees), to modify their Unit hours for agreed upon periods if certain conditions are met. These conditions may include: payment of the Unit Hours Modification Fee, remaining in compliance with the Franchise Agreement, removal of any 24-hour signage or marketing materials, and signing an amendment to the Franchise Agreement in the form that HHI provides. This fee does not apply to a Non-Traditional Unit, as HHI may approve alternative hours of operation depending on the characteristics of the Host Facility.
Customer Feedback Program	May vary. Currently includes an annual fee (which is currently \$265 and is paid by HHI).	Annually at the beginning of each fiscal year or monthly. HHI may require franchisee to pay all fees associated with this program in future years.	See Note 5 and Item 11 under the heading “Computer System.”
Customer Loyalty Program	Currently \$63 per month paid directly to the vendor	Monthly	Payment is by ACH directly to the vendor, currently Paytronix

Name of Fee	Amount	Due Date	Remarks
Gift Card Program Management	Currently \$25 per month paid directly to the vendor	Monthly	Payment is by ACH directly to the vendor, currently Paytronix
Online Ordering	Currently \$78/month paid directly to the vendor, plus an initial activation fee of \$100 per location, plus a Dispatch Delivery fee of \$0.50/transactions plus a Rails integration fee of \$0.25 per transaction	Monthly to the vendor by ACH	As established by vendor. Fees are subject to change.

The above tables describe other recurring or isolated fees or payments that you must pay to HHI or its affiliates, or which HHI or its affiliates impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed are imposed by, payable to, and collected by HHI and are non-refundable.

NOTES:

1. “**Net Sales**” is defined in Section 5(e) of the Franchise Agreement and you should refer to the Franchise Agreement for a complete understanding of what is included. Additionally, if HHI specifies, you must make all payments for royalties and advertising contributions by EFT, unless otherwise directed or approved by HHI. To establish an EFT arrangement for these payments, you must sign our current “Authorization Agreement for Prearranged Payments (Direct Debits)” form in favor of HHI.

For a Non-Traditional Unit, the following adjustments will apply to “Net Sales” and franchisee’s royalty payments obligations: (a) Net Sales does not include revenues from any other businesses that operated at the Host Facility, although the sales of those items may be recorded on the cash register or point of sale system used at the Non-Traditional Unit; (b) if customers pay for items using Host Facility approved meal plan options under which franchisee receive less than the full retail value of the Huddle House products sold from the Non-Traditional Unit, Net Sales will include only the amount that the franchisee receives as payment for the products sold from the Non-Traditional Unit; (c) the Non-Traditional Addendum provides specific parameters to determine whether beverages items sold in connection with the Non-Traditional Unit’s operations will be included in Net Sales; (d) Net Sales will include the sale of any products bearing the Marks sold at the Non-Traditional Unit or other portions of the Host Facility operated by the franchisee.

If you participate in a Virtual Product Offering, the Royalty due for products sold in connection with the Virtual Product Offering may vary depending on the terms of that product offering (which will be described in the relevant addendum to the Franchise Agreement that you will sign to participate). If you participate in either or both of the Virtual Product Offerings that HHI currently offers or authorizes (at this time, these are VDC’s Virtual Product Offering and the Papa Corazón’s LPL, which are described in Item 1), the revenue generated by your sales through those product offerings will be part of the Net Sales of your Restaurant, and Royalties will be due on the sale of these products is the same as for all other revenue of the Restaurant. Advertising fund contributions will be payable on the revenues from the Papa Corazón’s LPL, but will not be required for the revenues from the VDC Virtual Product Offering.

2. Under the Franchise Agreement and/or a Market Development Agreement, HHI may, but is not obligated to, grant you an extension of any deadline of (as applicable) the Unit's Opening Deadline under the Franchise Agreement or a deadline under the Development Schedule for a particular restaurant under a Market Development Agreement. If an extension is granted, prior to the Opening Deadline (under a Franchise Agreement) or the original deadline under the Development Schedule (under a Development Agreement), you must pay to HHI a fee equal to \$5,000 per month of the extension (or \$2,500 for a Non-Traditional Unit), with a maximum extension of six months.
3. Unless otherwise specified, all of the amounts described above are collected by and payable to HHI and are nonrefundable. All fees currently are uniformly imposed on new system franchisees.
4. HHI requires that you install and use computer and technology systems (which are described in Item 11 under the subheading "Computer Systems"), which include a cash register/point-of-sale computer system/online ordering system, firewall and related security systems, back-office management programs, integrated accounting and financial software, and inventory management and other computer software programs and hardware that HHI specifies. In connection with the Computer System, you will have to enter into appropriate agreements and pay the approved or designated suppliers (which may include HHI or its affiliates) initial and ongoing fees (which may include activation fees, per-user fees, set-up fees, and support fees) in order to install and continue to use (and maintain and upgrade) the Computer System. See Item 11 under "Computer System" for more information. As this time, HHI (or any affiliate) is not a supplier of these services other than certain support services for POS System polling. For a Non-Traditional Unit, the computer and technology requirements and fees may vary, depending on the characteristics of the Host Facility. HHI will review requested modifications as needed for Non-Traditional Units.
5. You must participate in the customer feedback program that HHI designates. HHI currently incurs the monthly overhead fee for the program, but may require franchisees to pay the monthly charges for their Franchised Restaurants. This fee is currently approximately \$30 per month per restaurant, but may increase in the future. You will also be responsible for the cost of any survey offer, which is currently a free menu item, but this may change and the fee may vary and will be determined by HHI in its sole right and discretion. Additionally, if your Franchised Restaurant does not receive a satisfactory score, then HHI has the right to use additional customer feedback measures that may include Mystery Shops and in-store surveys to reevaluate the Franchised Restaurant's performance. You will be responsible for the costs of these additional measures.

ITEM 7. ESTIMATED INITIAL INVESTMENT

Table 1
YOUR ESTIMATED INITIAL INVESTMENT
FOR A HUDDLE HOUSE RESTAURANT UNDER A FRANCHISE AGREEMENT

Expenditures	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ¹	\$ 35,000	\$ 35,000	One Payment	When you Execute the Franchise Agreement	HHI
Training Fee and Travel and Living Expenses While Training ²	23,000	40,000	As Arranged	Training fee (\$11,500) before construction start; remainder before opening	HHI (for training fee); Suppliers, Transportation, Food and Lodging
Real Estate – Rent for First 3 months ³	13,500	24,000	As Arranged	As Arranged	Third-party Landlord
Improvements ⁴	160,000	723,000	Progress Payments	As Arranged	Contractors
Equipment ⁵ and Seating	170,000	265,000	Financed or As Incurred	As Arranged	Vendors or HHI
Signs and Décor ⁶	32,000	75,000	As Arranged	As Arranged	Vendors
Site Engineering/ Civil Plans	8,000	18,000	As Arranged	As Arranged	Vendors
Architectural/ MEP Drawings	7,500 (reopen)	17,500 (ground-up)	As Arranged	As Arranged	Vendors
Travel Expenses for Opening Guide Meeting ⁷	0	750	As Arranged	Before Opening	Suppliers of Transportation, Food and Lodging
Smallwares, Small equipment, Opening Inventory and Uniforms	45,000	56,000	As Arranged	Before Opening	Vendors or HHI
POS System ⁸	15,500	25,000	Lump Sum	Before Opening	Vendors
Back Office Software (first 3 months)	375	600	Monthly	Before Opening and then Monthly	Vendors
Help Desk and Maintenance (first 3 months) ⁹	735	825	Monthly	Before Opening and then Monthly	Vendors
Computer Related Security Services ¹⁰	1,200	2,000	Annually	Before Opening and then Annually	Vendors
Grand Opening Promotion	3,000	5,000	As Incurred	As Arranged	Vendors

Expenditures	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Miscellaneous ¹¹ Opening Costs	4,000	6,000	Lump Sum	Before Opening	Vendors, HHI, Governmental Authorities, Utilities
Security Deposit ¹²	7,500	15,000	One payment	At construction start	HHI
Additional Funds-3 Months ¹³	50,000	75,000	As Incurred	As Incurred	Employees and Vendors
Totals^{14, 15}	\$576,310	\$1,383,675			

Table 1 above applies to the total initial investment for a traditional Unit when you own or lease your land and building, and purchase or lease your signs, equipment and improvements, using personal and/or borrowed funds.

Table 2
YOUR ESTIMATED INITIAL INVESTMENT
FOR A NON-TRADITIONAL UNIT UNDER A FRANCHISE AGREEMENT

Expenditures	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ¹	\$15,000	15,000	One Payment	When you Execute the Franchise Agreement	HHI
Training Fee and Travel and Living Expenses While Training ²	23,000	40,000	As Arranged	Training fee (\$11,500) before construction start; remainder before opening	HHI (for training fee); Suppliers, Transportation, Food and Lodging
Real Estate – Rent for First 3 months ³	13,500	24,000	As Arranged	As Arranged	Third-party Landlord
Improvements ⁴	160,000	723,000	Progress Payments	As Arranged	Contractors
Equipment ⁵ and Seating	170,000	265,000	Financed or As Incurred	As Arranged	Vendors or HHI
Signs and Décor ⁶	32,000	75,000	As Arranged	As Arranged	Vendors
Site Engineering/ Civil Plans	8,000	18,000	As Arranged	As Arranged	Vendors
Architectural/ MEP Drawings	7,500 (reopen)	17,500 (ground-up)	As Arranged	As Arranged	Vendors
Travel Expenses for Opening Guide Meeting ⁷	0	750	As Arranged	Before Opening	Suppliers of Transportation, Food and Lodging
Smallwares, Small equipment, Opening	45,000	56,000	As Arranged	Before Opening	Vendors or HHI

Expenditures	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Inventory and Uniforms					
POS System ⁸	15,500	25,000	Lump Sum	Before Opening	Vendors
Back Office Software (first 3 months)	375	600	Monthly	Before Opening and then Monthly	Vendors
Help Desk and Maintenance (first 3 months) ⁹	735	825	Monthly	Before Opening and then Monthly	Vendors
Computer Related Security Services ¹⁰	1,200	2,000	Annually	Before Opening and then Annually	Vendors
Grand Opening Promotion	3,000	5,000	As Incurred	As Arranged	Vendors
Miscellaneous ¹¹ Opening Costs	4,000	6,000	Lump Sum	Before Opening	Vendors, HHI, Governmental Authorities, Utilities
Security Deposit ¹²	7,500	15,000	One payment	At construction start	HHI
Additional Funds-3 Months ¹³	50,000	75,000	As Incurred	As Incurred	Employees and Vendors
Totals^{14, 15}	\$556,310	\$1,363,675			

Table 2 above applies to the total initial investment when you develop and operate a Non-Traditional Unit, which assume that you will own or lease your land and building, and purchase or lease your signs, equipment and improvements, using personal and/or borrowed funds. In connection with Non-Traditional Units, HHI may deviate from then-current Unit standards, specifications, practices, policies, programs and procedures to accommodate the non-traditional aspects of the Host Facility and operations non-traditional locations. In all cases, a Non-Traditional Unit must be constructed, improved and operated only in the manner that HHI authorizes.

Notes to Franchise Agreement Investment (Tables 1 and 2):

1. See **Item 5** for additional details regarding the Initial Franchise Fee, including how it is determined for a Resale Unit. The low amount applies only to existing franchisees purchasing an additional unit.
2. You must pay HHI a training fee for initial training of opening staff members and management, which is currently \$11,500. Additionally, you will be responsible for all expenses relating to you and your personnel attending training, such as travel, room, board and wages.
3. If you do not own a location for your Unit, you must purchase or lease a space. Typical New Development Units using our current format range in size from 2,000 to 2,900 square feet for a traditional Restaurant. Free standing restaurants will require from 0.6 to 1.5 acres of land for the Restaurant and adequate parking facilities. The size and specific requirements may vary for Non-Traditional Units depending on the characteristics of the Host Facility. The figures in the chart above are estimates to lease the location for the first three months of operation. You will need to lease the space in advance of your opening; however, you may attempt to negotiate an abatement from the landlord for periods before your opening date. Rents may vary beyond this range based on factors such as market conditions in the

relevant area, the type and nature of improvements needed to the premises, the size of the Unit, the terms of the lease, and the desirability of the location. Due to variations in the market conditions for commercial property from region to region, we are unable to provide an estimate of the cost of purchasing real estate for the Franchise. If you decide to purchase the land, the cost and outlay needed to do so will be considerably higher.

4. You will need to construct improvements of, or “build out,” the premises at which you will operate the Unit. The figures in the chart are for the build out of either a newly constructed building or improvements to an existing premises. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, and décor items which must be constructed according to HHI’s specifications. Costs are likely to vary depending upon various factors, including: the size, location, configuration, installation costs, and overall condition of an existing premises, general contractor rates and the availability and cost of labor and materials; the work that the lessor will do as a result of the lease negotiations, and whether the Unit will be located within a Host Facility. Costs may be much higher if you already have or wish to establish your Franchise in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply. You may negotiate for a tenant improvement allowance from the landlord covering a portion of the costs of constructing the leasehold improvements. If you are able to obtain from the property owner or lessor a leasehold allowance, or a lease payment abatement, those allowances or benefits should reduce your overall out-of-pocket costs to acquire, build out, and lease space but such allowance is not included in our estimates. These situations are site-specific and HHI cannot determine exact costs; a franchisee should evaluate those potential costs for any specific site that might be considered.

This estimate does not include the costs for site preparation and site improvements. Site preparation costs include improvements to the land necessary for Unit construction and operation as well as adjacent parking areas. These costs may vary greatly depending on the condition of the land, environmental factors and whether or not you will buy or lease the site.

5. You are responsible for paying any applicable state and local sales and other taxes, in addition to the actual cost of the equipment package.
6. The low figure is for a standard sign package. The high figure assumes that you will need a standard sign package for the building and a high-rise road sign (including, where applicable, a standard highway sign) (road signage will not generally be required for Non-Traditional Units). Specific circumstances may cause costs to be different.
7. Once HHI has accepted a location for your New Development Unit and before beginning your site design, you will travel to HHI’s support center for a one day meeting to review the New Restaurant Opening Guide and complete initial project timelines and checklists with HHI’s construction and design department and operations team. HHI does not charge a fee for this day, but you will be responsible for any travel or related costs that you incur, which are estimated between \$0 and \$750 (for flight and hotel) depending on travel distance to HHI’s support center.
8. HHI has implemented a point-of-sale system (the “**POS System**”) that you must purchase before opening your Franchise according to HHI’s specifications and criteria; provided that for Non-Traditional Units, HHI may approve modifications or different systems depending on the characteristics of, and systems used at, the Host Facility. HHI is not currently a supplier of the POS System, but HHI may choose to become a supplier in the future (but is not required to do so). The estimated initial investment includes the estimated cost of purchasing all elements of the POS System, as currently configured, which requires the use of three POS terminals. You will incur certain costs and expenses to purchase revised or upgraded components or services, or replacement systems, when specified by HHI.

9. There are ongoing fees for hardware and software maintenance and a “help desk.” Based on the current system, HHI estimates that the monthly fees for software maintenance service and a “help desk” will cost approximately \$245 to \$275 for a POS System. This expense covers monthly services for assistance in operating and maintaining the POS System. HHI is not currently a provider of “help desk” and maintenance services, but HHI may choose to become a supplier in the future (but is not required to do so). HHI rolled out a web-based food and labor cost control system in 2018. All Units are required to implement this new software tool and, although it is difficult to estimate the exact cost of subscription to franchisees (which may vary based on franchisee selections), it currently costs approximately \$100 to \$200 per month, per Unit, which includes the second level of support; however, this price may increase in the future and HHI may require different software solutions. For a Non-Traditional Unit, the computer and technology requirements, costs and fees may vary, depending on the characteristics of, and systems used at, the Host Facility.
10. The use of broadband communications requires security features and services (such as antivirus, antispam, firewall, and intrusion detection). Costs for these services and timing of payments will be as you determine with service providers, however, HHI estimates approximately \$1,200 - \$2,000 per year. HHI may choose to become a supplier of some security services and features. You must also be PCI compliant. “PCI” means the Payment Card Industry Data Security Standards, which are a set of requirements designed to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. The PCI Data Security Standards are administered and managed by the Payment Card Industry Security Standards Council (www.pcisecuritystandards.org), an independent body that was created by the major payment card brands (Visa, MasterCard, American Express, Discover and JCB); however, the PCI council is not responsible for enforcing compliance. PCI compliance costs will accrue during the term of your Franchise, as arranged with service providers. HHI estimates that costs for PCI compliance should not exceed \$3,500 annually, although this may change in the future. For a Non-Traditional Unit, the computer and technology requirements, costs and fees may vary, depending on the characteristics of, and systems used at, the Host Facility.
11. Includes business license fees, cash register money, first month’s insurance deposit and tax escrow deposit, and utility deposits. This does not include a security deposit that you will pay to HHI (see Item 5 and note 12 below for details). If you chose to participate in a Virtual Product Offering, you may have some additional expenses associated with the inventory and supplies. These will vary based on the volume of additional products and menu items that you offer, but during the additional phase they are expected to be approximately \$0 to \$1,250 per month in additional expenses.
12. You must also pay to HHI a security deposit. The amount may vary taking into account your credit history, and HHI may adjust the required amount from time to time. This deposit is payable before you begin construction of your Huddle House Restaurant.
13. This estimates your initial start-up expenses, including payroll. These figures are estimates and are based on HHI’s experience with respect to franchised and company-owned Huddle House Restaurants. HHI cannot guarantee that you will not have additional start-up expenses. Your costs will vary depending on factors such as: how well you follow HHI’s methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level of your Franchise during the initial period. If you finance any acquisition or operational aspect of your Franchise you will incur application fees, loan fees, closing costs and other related financing costs. These estimates are based on the current prototype for Huddle House Restaurants, HHI’s experience in developing and operating company-owned Huddle House Restaurants, and HHI’s knowledge of business practices and conditions in the general marketplace.

14. The expenditures shown in the table above are for one Huddle House Restaurant. If you are a developer, you will experience similar costs for each Huddle House Restaurant under your Market Development Agreement.
15. If you signed a Market Development Agreement, you must pay HHI a Development Fee that is equal to the total of (i) \$35,000 for the first Huddle House Restaurant to be developed under the Development Schedule and (ii) \$17,500 for each additional Huddle House Restaurant that you must development under the Development Schedule (except that if Market Development Agreement includes Non-Traditional Units, the development fee attributable to the Non-Traditional Units will be \$15,000 for the first Non-Traditional Unit and \$7,500 for any additional Non-Traditional Unit in the Development Schedule) (as described in Item 5, the Development Fee is separate from the Initial Franchise Fees that will be due for each Unit, and the amount of the Initial Franchise Fee for each unit will be HHI's then-current fees for new franchises). If you are in compliance with your obligations under the Development Agreement (and other agreements with HHI), when you sign the Franchise Agreement for each Huddle House Restaurant in compliance with the Development Schedule, HHI will credit the portion of the Development Fee that you paid for that Huddle House Restaurant toward the Initial Franchise Fee due for that Franchise Agreement.

* * *

Table 3
YOUR ESTIMATED INITIAL INVESTMENT
MARKET DEVELOPMENT AGREEMENT

Expenditures	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee ¹	\$52,500 (for 2 units) to \$70,000 (for 3 units)	One Payment	When you Execute the Development Agreement	HHI
Professional Fees ²	\$2,500	As arranged	When you Execute the Franchise Agreement	Third parties
Totals³	\$55,000 to \$72,500			

Notes to Market Development Agreement Investment (Table 3)

1. Market Development Fees - If you and HHI sign a Market Development Agreement, you will develop multiple Huddle House Restaurants under an agreed upon Development Schedule. You must pay HHI the Development Fees, which as described in Item 5 will be equal to \$35,000 for your first Huddle House Restaurant, plus \$17,500 for each additional Huddle House Restaurant that you are to open under the Development Schedule (except that if Market Development Agreement includes Non-Traditional Units, the development fee attributable to the Non-Traditional Units will be \$15,000 for the first Non-Traditional Unit and \$7,500 for any additional Non-Traditional Unit in the Development Schedule). HHI does not specify a minimum or maximum number of units that may be part of a Market Development Agreement. Based on its previous experience, the estimate in the chart above assumes a Development Schedule commitment of two to three Huddle House Restaurants, although the actual number will be based on our mutual agreement. The Development Fee is separate from the Initial Franchise Fees that will be due under the Franchise Agreement for each Unit. Your estimated initial investment under the Market Development Agreement will vary depending on the number of Huddle House Restaurants you develop within the Development Area. No part of this initial investment is refundable. If you remain in

full compliance with the Development Schedule, and you are not otherwise in default under any provisions of the Development Agreement, or any other Franchise Agreement, at the time you and HHI sign a Franchise Agreement for a Unit under the Development Schedule, HHI will credit toward the Initial Franchise Fee the portion of the Development Fee that you paid for that Unit (for example, for our standard Development Fees for traditional Units, the credit will be \$35,000 for the first Unit and \$17,500 for each additional Unit included in the Development Schedule).

2. Professional Fees - You may choose to employ an attorney, accountant, and other consultants to help you evaluate the Market Development Agreement and development opportunity. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors.
3. Estimated Investment - For each Huddle House Restaurant that you develop under the Market Development Agreement, you must sign a Franchise Agreement and you will also incur the expenses in the first table in this Item 7.

* * *

Except as described above, there are no other payments you need to make in order to begin operating your Franchise. Amounts payable to HHI are not refundable except as specifically described in **Item 5**. Amounts payable to a third party may be refundable, depending on the contracts, if any, between you and the third party. Except as described in **Item 10** of this Disclosure Document, neither HHI nor its affiliates provide financing for any portion of a franchisee's initial investment.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from HHI, its designee or suppliers approved by HHI, or under HHI's specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to establishing or operating your Franchise.

Construction or Renovation of the Franchise Premises

For any New Development Unit, the building for the operation of your Franchise, and the related parking lot, must be constructed in accordance with HHI's accepted site layout and plan, parking lot lighting specifications, and exterior sign specifications. These specifications will be provided to you in writing before you begin construction of your Franchise. For any Resale Unit, if you undertake renovations or remodeling of the building or parking lot, your alterations must be made in accordance with HHI's standards and specifications. HHI's specifications are not intended to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities.

For a New Development Unit, you must prepare and submit to HHI preliminary and final plans and specifications to suit the shape and dimensions of the site. As part of this process, you must engage a licensed architect that HHI has designated or approved in writing as a preferred architect to prepare initial concept designs for your Unit. For further designs and plans, including construction drawings and final plans, you may use other qualified and licensed architects. For any construction or renovation or remodeling to a Franchise, you will be solely responsible for ensuring that the plans and specifications comply with the ADA and all other applicable regulations, ordinances, building codes and permit requirements and with lease or sublease requirements and restrictions, if any. HHI's review is not designed to assess potential for success or compliance with federal, state or local laws and regulations and is limited to review of such plans to assess compliance with HHI's standards for Franchises, including such items as trade dress, presentation of Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Franchises. Additionally, prior to

opening a New Development Unit (and upon renovating any Franchise after the initial opening), you must sign and deliver to HHI an ADA Certification, in the form attached to the Franchise Agreement, certifying to HHI that the Franchise and any proposed renovations comply with the ADA.

Purchases

You must purchase or lease all fixtures, furnishings, signs, equipment, décor, computer systems inventory, uniforms, advertising materials, operational and support services and other supplies, products and materials required for the operation of your Franchise. Such items and designated services (such as music delivery services, help desk services, online ordering services, gift card and loyalty program services), must meet HHI's standards and specifications, and may be purchased or leased only from suppliers (the term "suppliers" refers to manufacturers, vendors, distributors, and other sources of supply) that have been approved by HHI. HHI (or any affiliates) may be an approved supplier, or the only approved supplier, of any such items. Additionally, as described below under "Leases," for Franchises for Resale Units, some items will be leased from HHI. HHI's Confidential Operations Manual, consisting of, but not limited to (the "**Operations Manual**"): operational instructions, standards and specifications, and a list of approved suppliers, are provided to you in: Manager in Training Manual, Cook's Training Guide, Server Training Guide, Recipe Binder, HHI's Food Purchasing Manual or otherwise in writing (these are collectively referred to as the "**Manuals**" or "**Confidential Manuals**"). At the present time, HHI is an approved supplier of food products (other than produce, shell eggs and some dairy products and bread items, although HHI may be an approved supplier of these items in the future), equipment and smallwares, and the sole approved supplier of some logoed products and proprietary food products for the Huddle House System. Modifications to HHI's standards and specifications, and list of approved suppliers, will be provided to you by updates to the Manuals or otherwise in writing. You must not purchase, install or use on the premises, without HHI's prior written consent, any fixtures, furnishings, equipment, decor, supplies, signs, food, or materials not previously approved as meeting HHI's standards and specifications.

If you want to purchase or lease items or services from an unapproved supplier, you must submit a written request for approval to HHI and if HHI does not approve the supplier within 30 days, the supplier will be deemed to be disapproved. As a condition of approval, HHI may require that an HHI representative inspect the supplier's facilities and that samples from the supplier be delivered (or provided for services) to HHI for testing. HHI either will test the samples at its own testing facility or operations or will make arrangements with independent testing laboratories. You may be required to reimburse HHI for the testing, review and evaluation costs that it incurs. Potential suppliers can obtain from HHI the specifications and standards for specific products, and may submit samples of their product(s) for testing. Once a supplier is approved by HHI, no additional fees will be charged by HHI for the continuing review and reapproval of that supplier. HHI may disapprove proposed or existing suppliers based on its desire to achieve purchasing efficiencies for the Huddle House System and/or to consolidate Huddle House System purchases through a single supplier (including HHI) or fewer suppliers. HHI may, from time to time, revoke its approval of particular products, services, or suppliers if HHI determines, in its sole right and discretion, that those items or suppliers no longer meet HHI's standards or needs or for any reason or no reason. Upon receipt of written notice of such revocation, you must cease to sell and/or use any disapproved product or service and/or cease to purchase from any disapproved supplier.

For items or services for which HHI is an approved supplier, HHI may establish the purchase and payment terms. If you do not satisfy all payment requirements for purchases from HHI, HHI may discontinue further sales to you; and if HHI will resume sales to you, it may require you to pay a reinstatement fee before making further sales. Additionally, HHI may require that you pre-pay for purchases from HHI if you are not in full compliance with the Franchise Agreement or any other agreements with HHI.

You must purchase (or lease) and maintain a computer system. In general terms, you must obtain a computer system that includes certain hardware and software items and peripheral devices (such as printers). Among other things, you must meet our requirements concerning: (a) back office and management systems; (b) computer based point of sale systems, including cash registers and related components (a "**POS System**"),

which may include, or be supplemented by, related technology, equipment, and services for customer online and mobile ordering systems and services, customer loyalty programs, and third-party delivery services; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems and battery backup systems, and (g) Internet access mode (for example, form of telecommunications connection) and speed. HHI's standards and specification may include the approval of certain manufacturers and suppliers (together, including the POS System, the "**Computer System**"). HHI is not currently a supplier, but HHI may choose to become a supplier (including being the sole supplier) of the POS System or Computer System as a whole or any portion of it. Additionally, HHI has the right to develop or have developed for it, or to designate computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), as well as services for computer maintenance and help desk features for use in operating your Franchise. HHI requires that you participate in its customer loyalty program, as well as designated online and delivery services, using the vendors and online platforms that HHI designates. See **Item 11** under the subheading "Point-Of-Sale, Computer and Technology Systems" for details.

You must use only business stationery, business cards, marketing materials, advertising materials, printed materials and forms that have been approved in advance by HHI.

HHI may attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees and HHI, but HHI is not obligated to do so. HHI purchases and resells to franchisees many items used in the operation of Huddle House Restaurants under arrangements negotiated with suppliers and distributors who may provide HHI with a discount or rebate. These arrangements may be changed, discontinued, or may not be available to you. Additionally, the costs of items that must be purchased locally, such as fresh produce and bakery items, may vary according to the location of your Huddle House Restaurant.

Marketing and Promotion

All marketing and promotion you use must be in strict conformity with the standards, formats and specimens that HHI provides and approves. You must conduct the activities in a dignified manner, and they must conform to HHI's standards. You must not use any marketing or promotional materials until you receive HHI's written approval. You must submit samples of all marketing and promotional materials to HHI, for prior written approval (except as to prices you charge), if HHI has not prepared or previously approved the materials. HHI's approval of any materials will expire after six months, and you must resubmit them for HHI's approval if you wish to continue to use the materials.

In addition, you must purchase and maintain a "DOT" road sign during all times when it is available (if the available meets HHI's standards) and must include oneself on a waitlist if the "DOT" sign is not immediately available. HHI may also require that you advertise on other billboard signage at your expense over and above your contributions to the Fund. All road signage and billboards must comply with HHI's then-current standards and specifications. See Item 11 under "Local Advertising" for additional information.

Insurance

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting HHI, HHI's lenders (where appropriate), and HHI's respective officers, directors, partners, agents, and employees. The policies must include the types of insurance that are specified in the Operations Manual, the Franchise Agreement or otherwise in writing and provide protection against any demand or claim relating to personal injury, death, or property damage, employment practices liability, or any loss, liability or expense arising from the operation of your Franchise. All policies must be written by a responsible carrier or carriers which HHI determines to be acceptable, must name HHI and HHI's affiliates as an additional insured, and must provide at least the types and minimum amounts of coverage specified in the Operations Manual

or otherwise in writing from time to time. HHI also strongly encourages, but does not currently require, that you maintain policies with umbrella liability coverage and cyber liability and network data breach coverage.

Leases

If you will operate a Franchise for a New Development Unit at premises under a lease (other than for Resale Units), you must, before executing the lease, submit the lease to HHI for HHI's review and written acceptance to ensure the lease contains the required terms contained in the Franchise Agreement. HHI's acceptance of the lease agreement or sublease is an indication only that the agreement meets HHI's criteria for leases.

With respect to Resale Units, HHI already owns or leases the premises, equipment and signs and will enter into a lease or sublease with you for these assets before you open the Franchise. The form of Lease Agreement that HHI uses is included as **Exhibit A-9** to this Disclosure Document. You will be responsible for obtaining all operating permits at least 10 days before you open for business.

Music Delivery System and Vending Machines

In connection with the Franchise Agreement, you must agree to enter into a contract with an approved supplier for the installation of a music delivery system in your Huddle House Restaurant. HHI may require an updated technology or music delivery system in the future.

You may not place any coin operated machine on the premises of your Franchise. You may not place any ATM, cigarette, vending, crane game, electronic, or other machine without our approval and subject to our conditions, which can be revoked at any time and require immediate removal of the machines.

Any revenue generated through the music delivery system and the vending machines (except for cigarette machines, for which we do not collect royalties or other payments) will be included in the Net Sales for your Franchise.

Fixtures, Furnishings and Equipment

As described above, you must purchase or lease fixtures, furnishings and equipment for your Huddle House Restaurant that meet HHI's specifications from approved suppliers. HHI will approve vendors for these items and may, from time to time, specify a preferred vendor for these items and related services (such as installation) from whom you may purchase these items. HHI may be the only approved vendor for the fixtures, furnishings and equipment that will be used for your Huddle House Restaurant.

* * *

As explained above, HHI is an approved supplier of many items required for the operation of your Franchise, including food, restaurant supplies, equipment, smallwares, uniforms, and cleaning supplies. In HHI's most recent fiscal year (April 29, 2020 to April 27, 2021), HHI had total revenues of approximately \$93,764,000 and approximately \$47,580,000 (50.7%) of such revenues was derived from the sale of products by HHI to its franchisees.

HHI estimates that the cost of items to be purchased in accordance with its specifications and from approved suppliers will represent 75 to 80% of your total purchases in establishing your Franchise, and that purchases of these items will represent 85 to 90% of your overall purchases in operating your Franchise.

HHI reserves the right to receive rebates, license fees, allowances, or similar payments from thirty-party suppliers, which amounts may be based on the franchisees' purchase directly from these suppliers (that is, not

through HHI), and has done so in the past. HHI and its affiliates have the right to apply any of these amounts, as they determine appropriate, compensation of HHI and its affiliates for expenses that HHI or its affiliates incur in connection with negotiating and maintaining relations with such parties, or any other corporate purpose that HHI or its affiliates may deem appropriate. At this time, these rebates from third-party suppliers range from approximately 1% to 10%, calculated based on the amount of the franchisees' purchases from these suppliers. During the last fiscal year, the total amount of rebates that HHI received from third-party suppliers based on franchisees' purchases from them were approximately \$159,940. In addition, as discussed above, HHI is an approved supplier (and in some cases, the only approved supplier) of many items for the franchisees. To the extent that HHI purchases these items from third-party suppliers, they may also offer incentives or volume discounts directly to HHI based on HHI's purchases from them.

In addition to the rebates described above, third-party suppliers may pay rebates or other contributions to system marketing funds or directly to franchisees. Under the purchase arrangements in effect as of the date of this Disclosure Documents, certain designated suppliers make contributions to the system advertising Fund relating to the system's participation in the purchasing arrangements, and franchisees may qualify to receive rebates based on their purchases.

HHI does not provide material benefits to franchisees based on their use of designated, preferred, or approved sources, although franchisees may have their franchise agreements terminated or not renewed if they use unapproved suppliers.

Other than interests in HHI, none of our officers or directors has an interest in any approved supplier.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 2(a) and 7(a) of Franchise Agreement ("F/A") and Site Selection Addendum; §5 of the Market Development Agreement ("D/A"); §6 of Non-Traditional Unit Addendum ("NTU Addendum")	Items 6 and 11
b. Pre-opening purchases/leases	§§7 and 16(a) of the F/A; §6 of NTU Addendum	Items 5, 7 and 8
c. Site development and other pre-opening requirements	§§7 and 16(a) of the F/A; §5 of the D/A; §8 of NTU Addendum	Items 6, 7, 8 and 11
d. Initial and ongoing training	§7(i) of the F/A; §6 of the D/A; §9 of NTU Addendum	Items 6, 7 and 11
e. Opening	§§7(d) and 7(f) of the F/A; §5 of the D/A; §8 of NTU Addendum	Items 7 and 11
f. Fees	§§5, 7(d), 7(e), 7(i), 7(k), 7(u), 7(z), 7(aa), 8(b), 13(d), 13(f), 13(h), and 16(a) of the F/A; §§3, 2(b), and 7 and 13 of the D/A; Equipment Lease; Hours of Operation Amendment; §§4 and 5 of NTU Addendum; §4 of Addendum for Participation with VDC ("VDC Addendum"); and §§4 and 5 of Schedule 1 of New Product Line and Program Addendum ("Product Line Addendum")	Items 5, 6, 7 and 17

Obligation	Section In Agreement	Disclosure Document Item
g. Compliance with standards and policies/Operating Manual	§§7 and 9 of the F/A; §2 of VDC Addendum; and §§2 -4 and 11, and §3 of Schedule 1 of Product Line Addendum	Items 1, 8 and 11
h. Trademarks and proprietary information	§§6, 9 and 10 of the F/A; §§10 and 11 of the D/A; Recital of VDC Addendum; and §§2 -4 and 11 of Product Line Addendum	Items 13 and 14
i. Restrictions on products/services offered	§§7(j), 7(k), 7(l), 7(m), 7(q), 7(w), 7(bb) and 7(gg) of the F/A; §2 and 14 of NTU Addendum; §3 of VDC Addendum; and §§3, 4 and 11 of Product Line Addendum	Item 16
j. Warranty and customer service requirements	§§7(g), 7(o), and 7(r) of the F/A	Not Applicable
k. Territorial development and sales quotas	§2(e) of the F/A; §§1 and 4 of the D/A	Item 12
l. Ongoing product/service purchases	§§7(k),7(l) and 7(q) of the F/A	Item 8
m. Maintenance, appearance and remodeling requirements	§§7(c), 7(q), 7(r), 7(s), 7(t), 7(w) and 7(aa) of the F/A; Hours of Operation Amendment	Item 11
n. Insurance	§16 of the F/A; §5 of VDC Addendum; and §8 of Product Line Addendum	Items 7 and 8
o. Advertising	§§7(m), 7(gg) and 8 of the F/A; § 5 of NTU Addendum; §4 of VDC Addendum; and §§5 and 6 of Schedule 1 of Product Line Addendum	Items 6, 7, 8 and 11
p. Indemnification	§18(a) of the F/A; §8 of VDC Addendum; and §13 of Product Line Addendum	Not Applicable
q. Owner's participation/management/staffing	§§7(g), 7(h), 7(x), 7(y), 7(cc), 7(dd) and 7(ee) of the F/A	Items 6, 7, 11 and 15
r. Records and reports	§11 of the F/A	Item 6
s. Inspections and audits	§§7(p), 11(a) and 20(a) of the F/A	Items 6 and 11
t. Transfer	§§7(ee) and 13 of the F/A; §13 of the D/A; §8 of VDC Addendum; and §6 of Product Line Addendum	Items 6 and 17
u. Renewal	§§3(b) and 3(c) of the F/A; §2(b) and 5(c)(vi) of the D/A; §8 of VDC Addendum; and §6 of Product Line Addendum	Items 6 and 17
v. Post-termination obligations	§§12(b) and 15 of the F/A	Item 17
w. Non-competition covenants	§12(b) of the F/A; §§14 and 15 of NTU Addendum	Item 17
x. Dispute resolution	§§20 and 22 of the F/A; §§15 and 16(d) of the D/A	Item 17
y. Other: Guaranties	§§11(d) and 13(l) of the F/A	Items 10 and 15

ITEM 10. FINANCING

For New Development Units, HHI does not offer direct or indirect financing to its franchisees except that it may, in some circumstances finance a portion of Initial Franchise Fee, security deposit; and certain pieces of equipment in connection with a “Note” as further described below under “General Financing Terms.” For Resale Units, HHI does provide certain financing arrangements in connection with some Resale Units, as described below under “Additional Terms for Resale Units.”

General Financing Terms

Promissory Note. Under a Promissory Note (the “**Note**”), HHI may finance a portion of the Initial Franchise Fee, security deposit; and certain pieces of equipment paid by franchisees with operational experience for some new or currently existing Huddle House Restaurants that it offers for Franchises. The Note bears interest at a fixed, annual rate which varies from time to time. As of the date of this Disclosure Document, the Note provides for an annual rate of interest which does not exceed 14.5%. The Note provides that all principal and interest owed under the Note are to be paid in 60 (or fewer) consecutive, equal, monthly installments. The Note does not provide for a prepayment privilege or a prepayment penalty. If any payment is more than 5 days late, a 5% late fee also is due, and if any payment is more than 10 days late, HHI or any other holder of the Note can call the entire amount owed under the Note due and payable. If the Note is collected by law or through an attorney-at-law, all costs of collection (including 15% attorney’s fees) also must be paid. If you default under the Note, we may terminate your Franchise Agreement and you may be liable for a cross-default under the Franchise Agreement and required to pay HHI all sums, including actual and consequential damages, costs and expenses we incur as a result of the default. The Note includes provisions waiving all homestead or exemption rights, demand, protest and notice of demand, protest, and non-payment. (HHI’s current form of Note is included as Exhibit A-11 to this Disclosure Document).

Guaranties and Owner Agreements.

If you are a corporation or other entity, HHI will require your individual shareholders or members holding at least 5% ownership interest, and each their spouses (if applicable) to execute a Guaranty (the “**Guaranty**”) (the current form of which is included as Exhibit A-5 to this Disclosure Document), and may require that any entities holding a financial interest in you execute a corporate/entity form of Guaranty (the current form of which is included as Exhibit A-7 to this Disclosure Document). Under these Guaranties, each signing guarantor agrees to jointly and severally guarantee for your performance of all of your obligations under the Franchise Agreement and any other agreements (such as leases or option agreements, loans and any other financing documents) that you enter into with HHI or its affiliates.

If you are a corporation or other entity, HHI will also require all of your shareholders or members holding at least 5% ownership interest to execute a Shareholders’ Guaranty and Agreement/Members’ Guaranty and Agreement (the “**Shareholder’s Agreement**” or “**Member Agreement**”). In addition to the guaranty obligations described above, under the Shareholders’ Agreement/Members’ Agreement, the signing owners also must jointly and severally agree not to sell, pledge or dispose of any of their ownership in you without HHI’s written consent. (HHI’s current forms of Shareholders’ Agreement and Members’ Agreement are included as Exhibits A-6A and A-6B to this Disclosure Document.)

Under the Guaranties and the Shareholder’s Agreement/Members’ Agreement, the signing owners and guarantors each waive presentment, demand, notice of dishonor, protest and all other notices, and HHI can proceed against any owner or guarantor without first proceeding against you or any other owner or guarantor. Additionally, under each of the agreements, the signing owners and/or guarantors: (i) consent to, and waive any objection against, courts in the State of Georgia having personal jurisdiction over them in a lawsuit; (ii) consent to, and waive any objection against, venue being proper in Fulton County, Georgia Superior Court or the United States District Court for the Northern District of Georgia, Atlanta Division, in a lawsuit against them; (iii) agree

to bring all lawsuits related to the Guaranty in Fulton County, Georgia Superior Court or the United States District Court for the Northern District of Georgia, Atlanta Division; and (iv) consent to, and waive any objection against, being served with process outside of the State of Georgia in the same manner as service may be made within Georgia.

HHI has not in the past, and does not presently, sell, assign or discount to third parties any notes, agreements or other instruments executed by HHI's franchisees. However, HHI may do so in the future if it determines, in its sole right and discretion, that such activity is advisable or in its best interests.

HHI may refer you to persons or entities that offer financing or that arrange for the placement of financing, but HHI does not receive any payment from any such person or entity, nor does HHI make any recommendation as to whether you should obtain financing from any source.

Additional Terms for Resale Units:

In addition to the above listed requirements and the Note, the following applies for Resale Units. HHI leases or subleases the land, premises, building and for the operation of some currently existing Huddle House Restaurants that it offers for Franchises as Resale Units. The Lease Agreement (see **Exhibit A-9**) is for a term of 15 years with an option to renew for three 5-year renewal periods (or if it is a sublease, then the term is (i) 15 years with an option to renew for up to three 5-year renewal periods or (ii) the remainder of any term on an underlying lease between HHI and the landlord). Rent is payable monthly at a rate to be specified in the Lease Agreement. If any amount due under the Lease Agreement is more than 5 days late, a 5% late fee also is due. If the lessee defaults under the Lease Agreement, HHI can terminate the agreement and require the lessee to leave the premises. If any amount owed under the Lease Agreement is collected by or through an attorney at law, the lessee must pay 15% of such amount as attorney's fees. The Lease Agreement provides that the lessee waives and assigns to HHI the lessee's homestead rights and exemptions.

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

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

Pre-Opening Obligations

HHI is required by the Franchise Agreement and Market Development Agreement to provide the following types of assistance to you before you open your Franchise:

Franchise Agreement: Before you open the Franchise, HHI will:

1. Provide you and/or your designated manager with up to 40 total days of training (or such other amount of time as HHI deems appropriate) in the operation of your Franchise (Franchise Agreement Section 4(a)(i));
2. Provide, at your Franchise location, up to 14 days of pre-opening or opening assistance (or such other amount of time as HHI deems appropriate) in the initial operation of your Franchise (Franchise Agreement Section 4(a)(ii));
3. Provide you with one copy of the Manuals (Franchise Agreement Section 4(a)(iii));
4. Provide you with HHI's minimum standards for the location of a Huddle House unit, if

an acceptable location for your Premises are not identified when you sign the Franchise Agreement (Franchise Agreement, Site Selection Addendum, Section 1);

5. Provide you with site selection counseling and assistance as HHI deems advisable (Franchise Agreement, Site Selection Addendum, Section 1);
6. Accept or deny your proposed site for the Franchise, if an acceptable location for your Premises are not identified when you sign the Franchise Agreement (Franchise Agreement, Site Selection Addendum, Section 3);
7. Upon your request, and at no charge to you (except as otherwise expressly provided in the Franchise Agreement), furnish certain counseling and advisory services to you with respect to the construction and pre-opening activities related to the operation of the Franchise (Franchise Agreement Section 4(a)(iii)); and
8. Through the Manuals and written instructions, HHI will provide you with the System standards and specifications for all required fixtures, equipment, signs, inventory, and supplies, which may require you to purchase items from designated or approved suppliers. HHI and its affiliates may, but are not required to, be a supplier of various required and optional items. To the extent that HHI or its affiliates are suppliers of items, HHI may arrange for delivery but does not install any of these items, except in limited circumstances (such as that HHI currently installs the POS System). (Franchise Agreement Sections 7(c), 7(k), and 9(a))

Market Development Agreement: Before you open each Franchise, HHI will:

1. Accept or deny your proposed site for each Franchise (Market Development Agreement Section 5(b)).
2. Provide you with site selection counseling and assistance as HHI deems advisable (Market Development Agreement Section 5(a)); and
3. Upon your request, and at no charge to you (except as otherwise expressly provided in the Market Development Agreement), furnish certain counseling and advisory services to you with respect to the construction and pre-opening activities related to the operation of the Franchise (Market Development Agreement Section 6(a)).

Ongoing Assistance

Franchise Agreement: During your operation of your Huddle House Restaurant, HHI will:

1. Provide information concerning operating problems, new techniques or operating methods disclosed by reports submitted to, or evaluations made by, HHI (Franchise Agreement Section 4(b)(i));
2. Provide information regarding new and improved methods of operation or business procedures developed by HHI, use of the Manuals, management materials, promotional materials and the Marks (Franchise Agreement Section 4(b)(ii));
3. Permit you to participate, on the same basis as other HHI franchisees, in any group purchasing programs that HHI uses, develops or sponsors, so long as you are not in default under an agreement with HHI (Franchise Agreement Section 4(b)(iii)); and

4. Periodically evaluate your Franchise and the products and services you offer (Franchise Agreement Section 4(b)(iv)).

Market Development Agreement

The Market Development Agreement does not require us to provide any other assistance or services during the operation of any Franchise(s).

Site Selection – New Development Unit

For Franchises for New Development Units (other than Non-Traditional Units), you must propose to HHI a site for the operation of your Franchise and the site must comply with HHI’s site acceptance criteria. The site must be examined and certified to be environmentally clean (Franchise Agreement Section 7(a) and Market Development Agreement Section 5(b)). HHI will not unreasonably withhold its acceptance of a site, so long as the site meets HHI’s criteria for general location and neighborhood, traffic patterns, parking, size, layout and other physical characteristics, rental terms and lease duration, the economic circumstances of the community, and other basic demographic data that HHI considers important.

Unless you already possess a site that we accept at the time you sign the Franchise Agreement or Market Development Agreement (if applicable), you are responsible for finding and then leasing (or purchasing) a suitable site for your Restaurant in the manner described in the Site Selection Addendum (Exhibit E of the Franchise Agreement) and Market Development Agreement Section 5(a) and (b). HHI may provide site selection counseling and assistance as HHI determines advisable. Under the terms of the Site Selection Addendum, which applies to traditional New Development Units, you will have 210 days to locate and secure an acceptable site (the “**Site Selection Period**”). We will furnish you with our minimum standards for the location of a Huddle House Restaurant. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage. We are not required to provide other assistance in selecting or securing a site. You must obtain our written acceptance of a proposed location before you commit to it. Within 90 days after signing the Franchise Agreement, you must submit to HHI a request for acceptance of a site (including such information and items that we may require to evaluate the proposed site, which may include an option contract, letter of intent, or other evidence satisfactory to us that describes your favorable prospects for obtaining such site, photographs of the site, demographic statistics, and other such other information or materials that we may reasonably require). We will have 15 days from receiving the information to accept or reject the proposed site. We may, but are not obligated to, conduct on-site evaluation of any proposed sites. If we conduct any in-person visits for site evaluation purposes, then we may require that you reimburse us for our reasonable costs of travel, lodging, wages, and meals for any in-person site evaluations. Until we have given our written acceptance, a site will not be “accepted.” If we do not accept a proposed site, you must submit another proposal. Once we notify you that we have accepted your proposed site, you will have 30 days to secure the site by entering into a lease for the premises or a binding agreement to purchase the site. If you default on an obligation under the Site Selection Addendum, you will have 10 days to cure the default. If you do not locate and secure an acceptable site within the Site Selection Period, then you will be in default under the Site Selection Addendum and we may terminate the Franchise Agreement. The following chart summarizes the site selection actions and deadlines.

Action to be Completed	Deadline
<u>Submission of proposed site</u> You must have submitted written request to HHI for acceptance of proposed site	90 days after signing the Franchise Agreement
<u>Submission of alternate site</u> If HHI rejects a proposed site, you must submit another proposed site	30 days after notice of HHI’s rejection of previous proposed site

<u>Sign lease for/purchase Accepted Site</u> You must sign a lease (which must comply with lease requirements of Franchise Agreement) or purchase agreement for the accepted site.	90 days after HHI's written acceptance of proposed site
<u>Secure Accepted Site and Expiration of Site Selection Addendum</u> You must have secured the accepted location for Premises	210 days signing the Franchise Agreement

Authorization by HHI of the site indicates only that the site meets HHI's minimum requirements for a Huddle House Restaurant. If you enter into a Market Development Agreement, HHI's then-current standards for sites and territories will apply to each New Development Unit, and you must complete all actions to locate and secure an approved site as needed to satisfy the Development Schedule.

Once you have our acceptance of a location for your New Development Unit, you must comply with the terms of the Franchise Agreement (or if applicable, Market Development Agreement) regarding the acquisition, by purchase or lease, of the accepted site (Section 7(a)) and the development of your Huddle House Restaurant (Sections 7(b) and (c) of the Franchise Agreement, and Sections 5 (b) and (c) of the Market Development Agreement). Once you secure an accepted site, it will be your "Premises." At that time, and before beginning your site design, you will travel to HHI's support center for a one day meeting to review the New Restaurant Opening Guide and complete initial project timelines and checklists with HHI's construction and design department and operations team. HHI does not charge a fee for this day, but you will be responsible for any travel and related costs that you incur, including any travel expenses.

Construction on your Huddle House Restaurant (other than a Non-Traditional Unit) must begin not more than 60 days after the Premises are secured (Section 7(d)) and your Huddle House Restaurant must begin operating for business with customers not more than 300 days after you secure the Premises (by lease or purchase). (Section 7(d)). If you do not begin construction and operations by such times, HHI can terminate your Franchise Agreement for default.

For a Non-Traditional Unit, you must complete construction of your Unit at the Host Facility according to the site and building plans that HHI approves and you may not make changes to such plans without HHI's written consent. You must open your Non-Traditional Unit within one year from signing the Franchise Agreement and Non-Traditional Addendum.

Start-Up Time – New Development Unit

HHI estimates that the typical length of time between the signing of the Franchise Agreement or the first payment of consideration for your Franchise and the opening of your Franchise for a New Development Unit is (a) between 180 and 300 days if your Premises are already identified when you sign the Franchise Agreement and (b) between 360 and 450 days if you must identify the Premises under the Site Selection Addendum after signing the Franchise Agreement. Factors which may affect these time periods include your ability to obtain financing, building permits and license approvals, zoning and local ordinances, weather conditions, construction delays, and shortages or delayed delivery and installation of equipment, fixtures and signs.

Start-Up Time – Resale Unit

Resale Units are currently operating as Huddle House Restaurants prior to your acquisition. Therefore, the typical length of time between the signing of the Franchise Agreement or the first payment of consideration for your Franchise and the opening of your Resale Unit Franchise is nominal. You will be able to take over operations of the Unit once you have successfully completed our initial training and other pre-opening obligations. HHI estimates that the typical length of time to accomplish these obligations is 40 to 75 days (or less, if the franchisee is an existing operator who has already completed the required training).

Advertising

HH Marketing Fund

HH Marketing Fund was established to administer and operate the advertising fund for the Huddle House Restaurants in the Huddle House System (the “**Fund**”). Amounts contributed to the Fund used exclusively to meet any and all costs of maintaining, administering, directing, conducting and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities that HHI believes will promote and enhance the image of the Huddle House System and general public awareness of and favorable support for the Huddle House System. This includes, among other things, the costs of preparing and conducting marketing campaigns through media advertising (such as television, radio, magazine, newspaper, outdoor, digital, social, email, direct mail; market surveys; developing and maintaining our website and affiliated websites (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising personnel (in-house) or retaining third-party agencies to support marketing, advertising and public relations; consumer and product research and development; marketing technology; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; providing promotional and other marketing related materials and services to Huddle House Restaurants in the Huddle House System; sponsorship of organizations and events, including meetings for the Huddle House System; developing and maintaining Online sites; purchasing promotional items; conducting and administering in-store promotions; product research and other surveys; providing promotional and other marketing materials and services; and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements as approved by HHI. The Fund is responsible for the administrative costs incurred in relation to the management of the Fund. HHI has the right to determine the coverage of any advertising or promotion paid for by the Fund, and HHI chooses and determines, in its sole right and discretion, the concepts, materials and media used in any advertising or promotional activities paid for by the Fund.

Each HHI franchise and company-owned Huddle House Restaurant is required to contribute to the Fund. Your contribution is currently 3.0% of your Net Sales. Franchises that enter the Huddle House System after the date of this Disclosure Document are required to pay this same amount, except that the requirement may vary in connection with restaurants in a captive audience location or similar circumstances. In the future, HHI may increase your required Fund contribution up to a maximum of 4% of Net Sales. HHI-owned restaurants are required to contribute on the same basis. Franchisees who entered the Huddle House System prior to that time (through previously executed Franchise Agreements and/or Market Development Agreements) may not be required under their Franchise Agreements or Market Development Agreements to contribute in the same amount, and a few of HHI’s longest operating franchisees may not be required to contribute any amounts. The amounts that the existing franchisees and multiple unit developers must contribute to the Fund are determined by the terms of the Franchise Agreements and Market Development Agreements that HHI previously offered.

HHI, through the HH Marketing Fund, administers the Fund. At this time, neither HHI nor any of its affiliates receives payment for providing goods or services provided to the Fund, other than for rent and administrative services provided by HHI for the Fund’s activities. The financial statements of the Fund are not audited. During the most recent fiscal year (April 29, 2020 to April 27, 2021), 7.0% of the expenditures of the Fund were spent on advertising production costs, 20.7% was spent on administrative costs, 55.2% was spent media placement, and 17.0% was spent on brand and menu development marketing and research costs. Any contributions that are collected, but not spent, during any given year will be carried over to be expended during our next fiscal year. No expenditures of the Fund were used for advertising that was principally a solicitation for the sale of franchises. HHI is not required to spend, or to ensure that any amount expended by the Fund, is spent on advertising in your specific market area or to ensure that your Franchise benefits equally with other franchised and HHI-owned restaurants or in proportion to your contribution.

Upon your written request, HHI will provide to you an unaudited statement of how the funds were used in HHI’s most recent fiscal year.

Local Advertising and Promotional Activities

Certain criteria will apply to the local marketing that you conduct. You can develop your own advertising program, but your advertising and marketing must be in such media, and of such types and format as HHI approves, and must conform to the standards, formats and specimens in HHI's Manuals. Upon request from HHI, you will change or cease to use any of your advertising programs, copy, and materials. (Franchise Agreement Section 8) If you want to use different copy or materials, or use a different type or format of promotion, you must obtain HHI's advance approval. HHI will not unreasonably withhold its approval and any approval will be good for only six months. Your advertising materials cannot include anything that may, at HHI's sole right and discretion, be considered in bad taste or offensive to the public or any group of persons, or defamatory of any person or an attack on any competitors. (Franchise Agreement Section 8) HHI is not required to spend amounts on advertising in your specific market area or territory.

HHI and/or its agents have the right at any time without prior notice to you to: (a) interview existing and/or prospective customers of any Huddle House Restaurant and to require you to present to such customers such evaluation forms as are periodically prescribed by HHI and to participate and/or request your customers to participate in any surveys performed by or on behalf of HHI; and (b) conduct market research at the Huddle House Restaurants and elsewhere, including surveys and focus groups involving customers and prospective customers of the Huddle House Restaurants, and any other market research and customer satisfaction evaluation deemed appropriate by HHI. You agree to use "mystery shopper" services to evaluate your compliance with customer service requirements and other HHI standards (you will be responsible for these cost), and to provide reports of the results of the mystery shopper programs to HHI. Your mystery shopper programs will be conducted in accordance with any mystery shopper methods or protocols in the Manuals. (Franchise Agreement Section 8)

You must spend on a quarterly basis (or such other time period as HHI may reasonably specify) at least 1.0% of the Net Sales (except as described below for Virtual Product Offerings) on local advertising and promotional activities (as described in Item 6, these are, collectively the "**Local Advertising Requirement**") (unless HHI requires that you instead contribute this amount as described in the next paragraph). You must account for the expenditures on a routine basis and prepare and maintain, in accordance with the schedules and procedures specified by HHI from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such period. You must submit, on or before the 10th day of the following quarter, all such statements, reports and records as HHI may specify to evidence your compliance with the Local Advertising Requirement. The term "local advertising and promotional activity" refers to advertising and promotion related directly to your Huddle House Restaurant, and will, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), approved DOT road signs and billboard advertising, and other activities and expenses as HHI may specify. HHI may provide to you, in the Confidential Operations Manual or otherwise in writing information specifying the types of advertising and promotional activities and costs which do not qualify as "local advertising and promotional activities," including the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

In lieu of having you directly spend monies on local advertising for Local Advertising Requirements, HHI has the right to require that you instead contribute those amounts to the Fund for use by the Fund, on a temporary or permanent basis. HHI will notify you in writing at least 30 days in advance of any change. During any periods that HHI requires this contribution (for reasons other than your non-compliance) and you make the required contribution, you will not be required to make expenditures for the Local Advertising Requirement for the same period. If, however, HHI requires that you contribute your Local Advertising Requirement monies to the Fund because you did not fully comply with the advertising requirements, then HHI may take either of the following courses of action: (a) HHI spends the contributed Local Advertising Requirement monies on your behalf; or (b) HHI requires that you spend amounts equal to the contributed Local Advertising Requirement on

approved advertising, and then, after HHI receives from you proof that you made those expenditures as required, HHI will return to you the Local Advertising Requirement monies that were being held in the Fund for that period.

If you participate in a Virtual Product Offering, your local advertising requirements may differ as they relate to the additional product offerings and resulting sales. At this time, HHI does not require you to spend on local advertising any specific amounts or percentage of your Net Sales that attributable to the Virtual Product Offering. HHI may, however, require that you participate in marketing related to such offering, which may include free delivery and other promotions and incentive. If so, you must pay the costs and expenses related to any and all incentive and promotional programs.

As part of your marketing activities, you must purchase and maintain a “DOT” road sign at all times it is available. If DOT signage is not immediately available when your Franchise opens, you must register on the wait list (if applicable) and purchase the signage at the earliest time it is available to you. Additionally, HHI may require that you advertise on other billboard signage. HHI may base its decision to require billboard advertising for your Franchise on the factors it determines relevant, including availability, location and costs. All road signage and billboards must comply with HHI’s then-current standards and specifications. The monies that you spend on approved road signage and billboards will count towards your Local Advertising Requirements.

You must participate in the marketing initiatives that HHI offers to franchisees and the consuming public. These initiatives may include: advertising through all media channels including on-line social media, electronic media, print, outdoor, digital media and public relations; in-store programs and community programs; frequent customer and loyalty programs, which may include providing discounts or complimentary products or menu items; online ordering and delivery activities; use and promotion of gift certificates and cards; coupons and other promotional programs; and charitable fundraising and donation programs and related activities.

The Franchise Agreement does not require that you participate in local or regional advertising cooperatives. There may, however, be local or regional coordinated advertising activities from time to time

HHI has formed a franchisee advisory council that provides advice to HHI on various matters, including advertising matters. The franchisee advisory council is currently comprised of franchisees that HHI selected to serve as members. The franchisee advisory council will advise HHI on advertising matters, but the council’s authority will be advisory only. HHI has the right to dissolve or change the franchise advisory council.

Grand Opening Promotions.

In addition to (and not in place of) your requirements to contribute to the Fund and your Local Advertising Requirements, you must spend an amount that we designate in your Franchise Agreement, ranging from \$3,000 to \$5,000 on local promotion and a grand opening event for your unit’s initial opening (the “**Grand Opening Program**”), according to HHI’s specifications. The Grand Opening Program will generally occur during the first 60 days from the date you first open for business (the exact dates will be determined as part of the marketing plan that you submit to HHI for HHI’s review and approval). All materials used in the Grand Opening Program will be subject to HHI’s prior written approval, as described above. Upon HHI’s request, you must pay your Minimum Grand Opening Expenditure to a special bank account that HHI establishes and maintains and from which you may apply to withdraw funds for the purpose of paying (or reimbursing yourself) for mutually-agreeable local marketing. If you do not conduct the Grand Opening Program as required, HHI may elect to conduct the Grand Opening Program on your behalf. If HHI does so, you will be required to pay HHI for the amounts that it expended on your Grand Opening Program.

Online Sites.

Unless HHI has otherwise approved in writing, you agree that you will not establish or maintain, or permit any other party to establish or maintain an Online Site relating in any manner whatsoever to your Franchise,

the Huddle House System, or referring to the Marks. The term “**Online Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social or business networking sites (*e.g.*, Facebook, Twitter, Instagram, LinkedIn, YouTube, Google Plus, Google My Business, Pinterest, Foursquare, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools, etc.), blogs, vlogs, applications to be installed on mobile devices (*e.g.*, iOS or Android apps), business listings, search tools and other applications, etc. Any Online Site relating in any manner whatsoever to your Franchise, the Huddle House System, or referring to the Marks will be deemed “advertising” under the Franchise Agreement, and will be subject to (among other things) HHI’s approval. In connection with any Online Site, you agree to the following:

- (1) HHI (directly or through a designee) will have the right, but not the obligation, to establish one or more Online Sites for the Huddle House System.
- (2) Unless HHI approves you to do so, you may not establish any Online Site other than to the extent that HHI provides you with one or more web pages on HHI’s Online Site.
- (3) If HHI permits you, in writing, to have an independent Online Site, then you must comply with all of HHI’s then-current standards and requirements relating to Online Sites (which HHI may issue periodically in the Manuals or otherwise in writing).
- (4) HHI’s standards and requirements relating to Online Sites may include (as an example) submitting samples and other information (regarding both visible and non-visible content) in the form and manner HHI may require; inclusion of prescribed notices or disclaimers; and making HHI (or its designee) the sole administrator (or co-administrator or other designee with rights to control the site) of any social networking pages, and providing us with passwords to any such Online Site. Additionally, HHI may in writing revoke HHI’s approval at any time and require you to discontinue use of, take down, disable connectivity to, and remove content from, any Online Site, including an independent Online Site. (Franchise Agreement Section 8(d))

Point-Of-Sale, Computer and Technology Systems

As described in Item 8, HHI has the right to designate the Computer System and Required Software that you must purchase and use in the operation of your Franchise. You are required to purchase software and certain hardware for the Computer System, including an electronic POS System, according to specifications and standards designated by HHI, which may include the approval of certain manufacturers and suppliers. HHI is not a supplier of the POS System or other portions of the Computer System, although HHI or an affiliate may become a supplier (and may become the sole supplier of this system). In connection with the Computer System and Required Software, you must enter and comply with any license, sublicense, or maintenance agreement that HHI or the vendor may require. The information below describes HHI’s current requirements and standards, which were developed for traditional Units. For a Non-Traditional Unit, the Host Facility may have different computer and technology systems and requirements, which will impact the equipment and services used at a particular Non-Traditional Unit. HHI will review requests for modifications as needed for Non-Traditional Units.

The components of the current Computer and POS Systems fall into two general categories: “front of the house” and “back of house.” The front of the house items include a system that incorporates several touch-screen entry panels and software designed to provide cash register-like functionality, receipt printers, and cash drawers. The back of house software and equipment facilitates unit management functions, a central processing unit, a printer to generate paper reports, and router to transfer data and programs. This equipment also is used to track employees’ hours of work (*i.e.*, employees punch in and out using the POS equipment). Other uses include: generation and/or maintenance of production schedules, vendor orders, and inventory lists, food cost analyses, employee records and other collections of data related to the day-to-day operation of your Franchise; credit card

acceptance and verification; inventory management, and electronic submission of daily reports to HHI. As described before, the software must be configured to include information regarding the recipes and pre-defined menu with pricing. The Computer System also includes a mandatory customer online and mobile ordering system that you must use. You must purchase the POS System and other portions of the Computer System from a third party approved by HHI, and have the software configured to include this information, which HHI will provide to you.

You must use the POS System to track individual sales transactions that take place at your Franchise, and you must provide this data to HHI in a format and manner approved by HHI. As a means to provide this data, we currently require you to use the NCR Aloha Point of Sale Software. This POS System consists of the NCR Aloha Point of Sale Software running on a list of approved hardware.

The software currently required is licensed (rather than owned) and, as such, your use of the software items listed above is limited by the intellectual property rights of the companies that produce such software. The software manufacturers' individual license agreements regulate all use of their respective software and must be agreed to in order to run this system.

We have negotiated preferred pricing with hardware suppliers that meet our standards and specifications. Also, HHI may develop custom software for additional tracking purposes and you may be required to enter into a license agreement as a condition of using such software programs. HHI estimates that the initial cost of purchasing the software and hardware necessary for the Computer System will be approximately \$15,500 to \$25,000.

Additionally, you must obtain and use cable/DSL broadband communications or suitable connectivity available in your area. You will be responsible for obtaining and properly installing any additional hardware or software necessary to facilitate the use of the cable/DSL broadband communications. If you have cable/DSL broadband, you must also use PCI compliant security features, including antivirus, anti-spam, Firewall and intrusion detection. HHI estimates that fees for these security services are currently approximately \$1,200 to \$2,000 per year. HHI may be a provider of these services. You will be responsible for complying with all applicable laws, regulations and rules relating to securing and maintaining credit card and customer identity information.

HHI has independent access to all of the information and data collected through the POS System and may request additional access to (or data from) other portions of the Computer System (including tracking systems). You must securely transmit information to HHI from your computer system via high speed in the formats and at times as HHI may specify. HHI may make the data collected accessible to all franchisees. There are no contractual limitations on HHI's right to access and use this information and data. All data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System (excluding consumers' credit card and/or other payment information) is and will be owned exclusively by HHI, and HHI has the right to use such data in any manner that HHI deems appropriate without compensation to you. (Franchise Agreement, Section 7(u)) You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information (which may include, for example, the California Consumer Privacy Act). (Franchise Agreement, Section 7(u)(x))

In order to prevent disruption to the intended use of this system, no software may be installed on this system unless it appears on the list of approved Microsoft software or prior written authorization is obtained from HHI's authorized IT personnel. Currently, the approved software (in addition to that required) is Microsoft Office 2010 or higher. Your POS System may be monitored for unauthorized applications, which may be subject to removal without notice.

In addition to the cost of the hardware and software, additional charges will be incurred for maintenance, help desk services, and communication fees. Each of these items is required. The POS System will be used to

accept credit cards. PCI compliance is mandatory and additional security measures and a static IP address will be required in order to process those transactions. The cost of this requirement, estimated not to exceed \$3,500 annually, is your responsibility. There will be an additional cost for wiring if a store has not been pre-wired for both data and power to meet HHI's specifications.

You must also purchase from, or contract with, HHI's approved suppliers for back of the office software and help desk services for the software, licensing and maintenance assistance for computer hardware. HHI estimates that the monthly software fees for the back of the office software will cost approximately \$125 to \$200 per month and that the monthly fees for software maintenance service and a "help desk" will cost approximately \$245 to \$275. As of the date of this Disclosure Document, HHI provides certain helpdesk services in connection with polling of the POS System, although HHI may decide to have these services provided by third-party suppliers in the future. At this time, the fee for this service is \$25 per month payable to HHI. Software upgrades are not included as part of the software maintenance agreement that is offered. Also, for the hardware covered by the hardware maintenance agreement, defective equipment will be replaced at no charge (provided the defective equipment is returned to the supplier).

You may be required to upgrade or update or replace any of the hardware or software and related programs used in connection with the Computer System. There are no contractual limitations on the frequency or costs associated with this obligation. You must adopt all modifications and additions specified by HHI and incorporate them into your Computer System within 30 days after notice from HHI. (Franchise Agreement, Section 7(u))

HHI estimates that the annual cost of optional and required maintenance, updating, and upgrading for the hardware and software included in the POS System will be approximately \$3,500.

HHI rolled out a web-based food and labor cost control system in 2018. All Units are required to implement this new software tool, which currently costs approximately \$100 to \$200 per month, per Unit, which includes the second level of support; however the exact costs may vary based on certain selections made by franchisees. Under the current requirements, a PCI compliant Aloha version and equipment must be in place. HHI is considering an alternate vendor's solution for food and labor cost control and may implement the new solution in the future.

HHI has the right to require that you participate in a gift card, customer incentive, convenience programs, and other loyalty programs and online ordering and delivery initiatives that HHI specifies. For each required program, you must purchase the software, hardware, and other items needed to sell and process gift cards or loyalty cards (and the term "card" may include any electronic "cards" or similar technology that may replace or supplement physical cards) or to otherwise engage in the program, as HHI specifies in writing, and pay fees (which may include activation fees, monthly and per-swipe/use transaction fees) that HHI or vendors of these systems may require. The fees may be payable directly to the designated vendors, or HHI may collect these fees for payment to the vendors. The designated vendor, fees and payment methods for these programs may change in the future. The following describes HHI's current programs and initiatives.

At this time, HHI requires participation in a designated gift card program. The current fee for this program is approximately \$25 per month, which franchisees pay directly to the vendor.

HHI requires that you participate in its customer loyalty program, Huddle Rewards, through its chosen vendor, currently Paytronix. As of August 2021, the monthly fee for Huddle Rewards is \$63. HHI requires that you participate in online ordering through its chosen vendor, currently Mobo Systems, Inc. (Olo). HHI requires that you participate in Olo online ordering, its Dispatch Delivery service if offered in your area, and in its Rails service which integrates third party delivery providers in its online ordering platform. As of August 2021, the cost per restaurant is \$78 per month plus \$0.50 per Dispatch Delivery transaction plus \$0.25 per Rails

transaction. If you participate in a Virtual Brand Offering concept, additional fees may apply. Currently, if you participate in the Papa Corazón's LPL, there is an additional \$30 monthly service fee payable to Olo.

HHI has entered into multiple agreements with third party delivery services and requires franchisees to participate with all delivery providers with which HHI has an agreement. At this time, the fees charged by the companies providing the delivery services of this type include a commission, which generally ranges between 20% to 30% of the order price, payable by the franchisee. Other fees imposed by the delivery companies may also apply. HHI is in the process of negotiating commission rates for the Papa Corazón's LPL program. The rates may vary from those described above based on demand of an aggregator's services, availability of aggregators in a service area, and other similar factors.

You must also participate in the customer feedback program that HHI designates from time to time. As of the date of this Disclosure Document, Black Box Guest Intelligence is the required Guest Feedback program. HHI currently incurs the annual fee for this program, but may require franchisees to pay the annual fee in the future for their Franchised Restaurants. At this time, the fee is approximately \$265 per year per restaurant, but may increase in the future.

Operations Manual

Additionally, attached as **Exhibit F** is the Table of Contents of the Operations Manual as of the date of this Disclosure Document. There are 595 total pages in our Operations Manual as of the date of this Disclosure Document. The Operations Manual may be provided in several volumes or parts. HHI may provide you with any portion or all of the Operations Manual, as well as other instructional materials, through electronic media, including computer disks, the Internet or an Extranet.

Training

The following describes HHI's training program as of the end of HHI's most recent fiscal year (April 29, 2020 to April 27, 2021):

HHI will provide to you and/or your designated manager up to 40 total days of training (and such additional time that HHI deems necessary) in the operation of your Franchise. (Franchise Agreement Section 4(a)(i)) Before you begin operating your Franchise, you and any managerial personnel that are designated or approved by HHI personnel (as further described below) must complete to HHI's reasonable satisfaction all training programs that HHI reasonably requires. (Franchise Agreement Section 7(i)) If you will be the day-to-day operator, then you and two additional managers must complete HHI's required initial training program (40 total days). If you will not be the day-to-day operator of your Huddle House restaurant, then (a) you must send three designated managers to complete this program, and (b) one of your owners will also be required to attend training that HHI designates for franchisees without an owner who is also a designated manager, which consists of approximately 6 days of training in a Huddle House restaurant and 4 days of HHI's basic class training. If any of the required trainees do not satisfactorily complete HHI's required initial training program, you must designate a substitute trainee. (Franchise Agreement Section 7(i)) If you do not designate a substitute trainee or if the substitute trainee does not satisfactorily complete the training program, HHI can terminate your Franchise Agreement. (Franchise Agreement Section 7(i)) The pre-opening training program described below will begin approximately 13 weeks prior to the scheduled opening date, and must be complete approximately four weeks prior to schedule opening day, during which time you must hire staff and prepare for opening.

Training is conducted at a Huddle House restaurant that HHI designates for use in training. Investor Training programs are held monthly. HHI also may conduct training at restaurants operated by franchisees. We do not currently, but in the future may require that you or your designated manager will attend the opening of a new restaurant at a franchisee's unit as part of your training program.

The following table summarizes the subject matter, approximate minimum number of hours and location involved in HHI's pre-opening training program.

TRAINING PROGRAM

Table 1 – For New Restaurant Openings

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Server Training	35	30	New Restaurant Opening or Huddle House Certified Training Restaurant * Company-Owned and/or Franchised Restaurants, as designated by HHI
Cook Training	7	70	New Restaurant Opening or Huddle House Certified Training Restaurant * Company-Owned and/or Franchised Restaurants, as designated by HHI*
Total	42	100	

Table 2 – Investor Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Server Training	2	2	Support Center and Huddle House Certified Training Restaurant* Company-Owned and/or Franchised Restaurants, as designated by HHI
Cook Training	2	2	Support Center and Huddle House Certified Training Restaurant* Company-Owned and/or Franchised Restaurants, as designated by HHI
Manager Training – including Administrative, Volume Handling, Managing Unit	16	4	Support Center and Huddle House Certified Training Restaurant* Company-Owned and/or Franchised Restaurants, as designated by HHI
Total	20	8	

Table 3 – Manager Training

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Server Training	5	35	Huddle House Certified Training Restaurant * Company-Owned and/or Franchised Restaurants, as designated by HHI
Cook Training	8	72	Huddle House Certified Training Restaurant * Company-Owned and/or Franchised Restaurants, as designated by HHI*
Manager Training – including Administrative, Volume Handling, Managing Unit	45	200	Support Center and Huddle House Certified Training Restaurant* Company-Owned and/or Franchised Restaurants, as designated by HHI
Total	58	307	

* HHI will periodically designate restaurants as “Huddle House Certified Training Restaurants” and may also designate additional Company-Owned and/or Franchised Restaurants as suitable locations where training will be conducted. HHI will determine the locations for training the specific Restaurant locations for training on a case-by-case basis on a variety of factors, including proximity to the location where the your Franchised Restaurant will be operated, convenience for both you and HHI, the status of the Restaurants in the market at that time, the capacity of the Huddle House Certified Training Restaurants, availability of managers, and other factors. The locations are subject to change by HHI.

The manager and other personnel that train you at franchised or company-owned restaurants will be experienced in the fields for which they provide training. Alan Rogers has been the Director of Training since September 2018. Mr. Rogers has over 28 years of experience in training and operations in the restaurant industry.

In addition to the training described above, HHI may offer and conduct an orientation program for new franchisees and other franchisees for whom we think the program will be beneficial (“**Franchisee Orientation Program**”). During any times that HHI does so, HHI may require that you, and/or your designated manager, attend and successfully complete the Franchisee Orientation Program within a designated period. HHI may charge a fee for this program. For new franchisees, you must attend within 90 days of signing the Franchise Agreement and before beginning to operate the Restaurant. HHI may conduct the program at its headquarters (currently in Atlanta, Georgia) or at other locations that HHI determines appropriate. As of the date of this Disclosure Document, HHI conducts a one-day Franchisee Orientation Program in Atlanta, Georgia (unless HHI designates an alternative support center). During this one-day session, you will review HHI’s restaurant opening guidelines, project timelines, and checklists with HHI’s construction and design and operations personnel. HHI does not currently charge a fee for this session, but you will be responsible for all expenses associated with your personnel’s attendance and participation.

Any employee who is replacing your designated manager that was previously trained by HHI must attend and successfully complete all, or any portion, of training that we specify, for which HHI may charge a fee. We currently require that a new manager, who is not an internal promotion from within a franchisee’s existing

personnel, to complete the 40 day training (described in Table 1 above) at a HHI approved certified training within the time frames we specify. We currently require that any existing employee who is promoted to manager position to complete a 20 day training at a HHI approved certified training restaurant.

Additionally, you and/or your manager and other management employees must also attend additional courses, seminars, and training programs that HHI reasonably requires from time to time and for which HHI may impose a fee. At this time, HHI does not charge for additional training other than for field based training, where HHI sends a trainer to the franchisee's site, for which the current fee is \$300/day/trainer. This training may apply to any franchisees that HHI determines appropriate, including new franchisees, franchisees opening additional Restaurants, franchisees of transferred Restaurants, and existing franchisees in connection with their ongoing operations. Currently, ServSafe Certification is required of all designated managers. HHI has partnered with the National Restaurant Associations Educational Foundation to provide ServSafe Food Safety program in the online format at a discounted rate to all its partners (which is currently \$90). You and your employees will be responsible for all other expenses that they incur in connection with the courses, including the cost of transportation, lodging, meals, and wages. You will be responsible for all expenses, including tuition, for any training programs required of new or replacement managers, additional courses, seminars, training programs or refresher training programs. (Franchise Agreement Sections 7(i)). At this time, except as described above, HHI does not have standard fees for these types of additional training and seminars and expects that fees payable to HHI will be determined based on HHI's expenses associated with the training that will be provided.

HHI may also conduct an annual conference for operators of Huddle House Units. HHI may require you (or one of your Owners) to attend the annual conferences. If you or your Owner do not attend a mandatory conference and you did not obtain HHI's prior written waiver, then you will be in default under your Franchise Agreement and you must pay a non-attendance fee of \$2,500.

ITEM 12. TERRITORY

Franchise Agreement

Grant for a Specific Location. You must operate your Franchise from a specific location, which (for a New Development Unit) must be accepted by HHI, and you may not relocate your Franchise without HHI's permission. (HHI may grant permission for relocation, at its discretion, if the area around a franchisee's site undergoes an extreme change, such as an economic shift or change in demographics.)

Protected Territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that HHI owns, or from other channels of distribution or competitive brands HHI controls.

HHI does, however, provide you with certain protections in your Territory. During the term of the Franchise Agreement, and except as otherwise provided in that agreement (and those exceptions are described in the paragraphs below), HHI will not establish nor license anyone else to establish, another Huddle House Restaurant at any location within the Territory that is designated in your Franchise Agreement. The Territory will be based on a particular area surrounding the Unit. In most prior years, HHI did not typically offer territories. HHI expects that the size of the Territories granted for new franchises (except for Non-Traditional Units) will vary from franchise to franchise, but will typically be approximately one-half mile for an urban location, two miles for a suburban location, and up to 3 miles for locations beyond suburban areas. HHI will determine whether a location is "urban" or "suburban", but an urban location will typically be located in or near a business district of a large metropolitan area, and a suburban location will typically be located near residential areas (that are not part of or included within a central business district) and in or near outdoor strip-malls. HHI will designate the Territory after you propose, and we approve, the premises for your Unit. Non-Traditional Unit will not have a Territory.

Except for the specific rights and territorial protections described in the paragraph above, HHI retains all other rights. As a result, HHI and its affiliates (including parents, subsidiaries and related companies) and licensees will have the right (among other things), on any terms and conditions that HHI deems advisable, and without granting you any rights, to conduct any business activities, under any name, in any geographic area (including within the Territory), and at any location, regardless of the proximity to or effect upon your Franchise, without compensation to you. For example, HHI has the right to:

- To own, acquire, establish, and/or operate and license others to establish and operate, Huddle House Units at any location (a) outside of the Territory, or (b) inside the Territory on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, convenience stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption and venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, and other similar environments (“**Non-Traditional Sites**”);
- To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether those businesses are similar to or different from your Unit, at any location within or outside of the Territory;
- To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Territory, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Marks and System;
- To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary marks, including the Licensed Marks: from any location notwithstanding its proximity to, or impact on, your Franchise; to accounts other than Huddle House Units (except any located at Non-Traditional Sites) operated inside the Territory (including educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed after you join the Huddle House System to any customer regardless of their location. Neither HHI nor any of its affiliates has established any other channel of distribution selling or leasing similar products or services under a different trademark at this time.

You may not engage in any of the sales activities described above without our prior written consent.

The continuation of your territory does not depend on the achievement of any particular sales volume or market penetration. It does, however, depend on your compliance with the Franchise Agreement. If you default under the Franchise Agreement three or more times during any twelve-month period, we reserve the right to undertake certain actions in lieu of termination of the Franchise Agreement, including modifying, or eliminating completely, the Territory.

HHI does not grant an option, right of first refusal, or similar right to acquire an additional franchise, other than as permitted under the terms of a Market Development Agreement.

Market Development Agreement

Development Area. If you sign a Market Development Agreement, the Market Development Agreement will specify a Development Area, within which you may locate potential sites for Huddle House Restaurants, subject to HHI's acceptance. During the Term of the Market Development Agreement, if you comply with the obligations under the Market Development Agreement and Development Schedule and except as otherwise provided in that agreement (and those exceptions are described in the paragraphs below), HHI will not establish or operate, nor franchise anyone other than you to establish or operate, Huddle House Restaurants in the Development Area. The size and scope of the Development Area will be contained in the Market Development Agreement and will be determined on a case by case basis. The factors that HHI considers in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other Huddle House Restaurants, the financial and other capabilities of the developer, and HHI's development plans. In HHI's experience, Development Areas have generally been determined on a basis of one town for each Huddle House Restaurant to be developed under the Market Development Agreement; although, as described above, various factors (such as the size and population of the relevant areas or towns, and the number of Huddle House Restaurants to be developed) may affect the size of a Development Area. As you locate and secure sites for each Huddle House Restaurant and enter into a Franchise Agreement for each Unit, the specific Territory for that Unit will be designated in the Franchise Agreement. The Territories will be determined in the manner described above in this Item under "*Protected Territory.*"

Except for the specific rights and territorial protections described in the paragraph above, HHI retains all other rights. As a result, HHI and its affiliates (including parents, subsidiaries and related companies) and licensees will have the right (among other things), on any terms and conditions that HHI deems advisable, and without granting you any rights, to conduct any business activities, under any name, in any geographic area (including within the Development Area), and at any location, regardless of the proximity to or effect upon any of your Huddle House Restaurants, without compensation to you. For example, HHI has the right to:

- To own, acquire, establish, and/or operate and license others to establish and operate, Huddle House Units at any location (a) outside of the Development Area, or (b) inside the Development Area in or at Non-Traditional Sites;
- To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether those businesses are similar to or different from any of your Huddle House Restaurants, at any location within or outside of the Development Area;
- To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Development Area, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Marks and System;
- To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary marks, including the Marks: from any location notwithstanding its proximity to, or impact on, any of your Huddle House Restaurants; to accounts other than Huddle House Units (except any located at Non-Traditional Sites) operated inside the Development Area (including educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national or group accounts); to retail food outlets (including supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including warehouse clubs and book stores); and through catalogs, mail order, toll free

numbers for delivery, electronic means (such as the Internet and mobile applications), phone sales, or other distributions means or methods that may be developed after you join the Huddle House System to any customer regardless of their location. Neither HHI nor any of its affiliates has established any other channel of distribution selling or leasing similar products or services under a different trademark at this time.

Additionally, if during the term of the Market Development Agreement, HHI terminates the franchise of any Huddle House Restaurant that you developed under the Market Development Agreement, HHI may operate, or franchise another person or entity to operate, a Huddle House Restaurant at the site where your terminated franchised business(es) had been established and operated.

Extensions. The Market Development Agreement does not provide developers with a right to renew the agreement. HHI does, however, reserve the right in its sole discretion to grant: (a) an option to purchase an extension of the Term of the Market Development Agreement beyond the last date of the Development Schedule (as described in Item 5, this is a “**Term Extension**”); and/or (b) an extension of a deadline of the Development Schedule. As to a Term Extension, HHI may permit a developer to purchase an extension of the Term of the Development Agreement beyond the last date of the Development Schedule so that the territorial rights granted to the developer under the Development Agreement would continue for an agreed upon period after the developer completes the Development Schedule (so long as the developer continues to comply with its obligations). If HHI agrees to an Extension Term, the developer must pay HHI a Term Extension Fee (which is calculated as 5,000 per year added to the Term, per Unit in the Development Schedule). An extension of the Term does not change the Development Schedule. Regarding an extension of a deadline in the Development Schedule, HHI may, but is not required, to extend a deadline for a particular Unit in the event that a developer has pursued the construction of Units according to the Development Schedule and is otherwise in compliance with the Market Development Agreement, but will not be able to meet a deadline of the Development Schedule. In this type of situation, a developer may apply to HHI for an extension of a deadline of the Development Schedule. HHI may require a developer to pay a fee equal to \$5,000 per month of the extension (with a maximum extension of six months).

Except as described above regarding an extension of the Term or an extension of a deadline of the Development Schedule, there are no circumstances under which the Market Development Agreement may be altered prior to expiration or termination of the Market Development Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that HHI owns, or from other channels of distribution or competitive brands HHI controls. Your territorial protection is not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Market Development Agreement and Development Schedule.

Affiliate and Potential Affiliate Operations. As disclosed in Item 1, there are the businesses that, as of the date of this Disclosure Document, are affiliates of HHI or may be deemed affiliated with HHI and that operate or franchise businesses under a different trademark or sell goods or services similar to those that HHI’s franchisees sell. For each current (and possibly deemed) affiliate, Item 1 describes for its principal business addresses, the type of business operated and goods and services sold, the primary trademark used, and whether the businesses are franchised and/or company-owned. All of these other businesses, except for Perkins LLC, maintain offices and training facilities that are physically separate from HHI’s offices and training facilities maintained at HHI’s headquarters. The Perkins Business will be a separate franchise system operated by Perkins LLC, however, HHI or an affiliate may provide certain support services to Perkins LLC and the Perkins Business. In addition to any current affiliated programs, certain of our parents and/or affiliates (and/or their owners), may invest in other companies that offer franchises and/or own restaurant enterprises and food service businesses that may compete with the type business being franchised under this Disclosure Document or otherwise sell similar goods or services. Most of the affiliated programs are not direct competitors of Huddle House restaurants based on the products or services sold, although some are or may be, as described in Item 1. Because they are separate companies, HHI does not currently anticipate conflicts arising between franchisees of the affiliated or possibly deemed affiliated brands and those of HHI regarding territory, customers and/or franchisor support, and as such,

do not have an established procedure to resolve perceived conflicts or disputes in the event they arise. However, current and/or future outlets of the affiliated brands - - as well as current and/or future restaurant enterprises and food service businesses owned, operated or invested in by our parents and/or affiliates (and/or their owners) - - may be located in your Territory (including immediately proximate to your Unit location) and may have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make or accept sales within your Territory.

Additional Product and Program Offerings. As described in Item 1, HHI may, from time to time, offer franchisees the option to participate in supplemental product offerings and programs, including Virtual Product Offerings through which franchisees prepare specific products and menu offerings at their Huddle House Restaurants, using the kitchen and preparation space and equipment at the Restaurant for customers to order via select third-party order applications and delivery aggregators under trademarks specific to the additional offerings. Virtual Product Offerings are typically for delivery only, but in some circumstances, HHI may approve limited in-Unit pickup by customers. Currently, there are two forms of Virtual Product Offerings in which Huddle House may participate. These are a third-party program offered by VDC that HHI has approved for franchisee participation and the Papa Corazón's LPL, which HHI offers directly to franchisees (through license through its affiliate) (see Item 1 for additional details). At this time, the Papa Corazón's LPL is being offered only through Huddle House Restaurant and Perkins Restaurants, but it may be offered to other restaurants and operators of "ghost" and retail kitchens. The rights to participate in these Virtual Product Offerings are non-exclusive, and you will have no territorial rights or protection with respect to the Virtual Product Offerings or the products offered through them. HHI and its affiliates may continue to develop, test, operate and license additional restaurant concepts and other means to promote and deliver restaurant products and services to the public.

ITEM 13. TRADEMARKS

The Market Development Agreement does not allow you to use the Marks. The Franchise Agreement, as applicable, will provide you with the right to operate your Franchise under the Marks, including Huddle House® service mark. The Huddle House® (and design) mark was registered by HHI with the United States Patent and Trademark Office on January 28, 1992 (and renewed in 2011). The registration number is 1,673,776 and it is listed on the principal register. Other Marks, which are listed on the principal register, along with their registration numbers and dates of registration, include those listed below.

Mark	Registration Number	Effective Date
Huddle House (stylized)	903,628	December 1, 1970 (renewal 2010)
Huddle House (stylized)	1,672,897	January 21, 1992 (renewal 2011)
Huddle House	2,402,101	November 7, 2000 (renewal 2009)
Huddle House (stylized)	1,673,776	January 28, 1992 (renewal 2011)
Huddle House (stylized)	2,912,436	December 21, 2004 (renewal 2014)
Huddle House (stylized)	2,912,437	December 21, 2004 (renewal 2014)
Huddle House (circle logo)	3,874,085	November 9, 2010
Huddle House (stylized)	3,874,086	November 9, 2010

In connection with the Papa Corazón's LPL, HHI's affiliate, VBE LLC, has filed an application for registration of the mark listed below with the USPTO.

Mark	Serial Number	Effective Date
PAPA CORAZÓN'S QUESADILLAS (Standard Character)	90,867,173	August 5, 2021

HHI has filed or will file all required affidavits relating to the marks described above. There are currently no effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the

Trademark Administrator of this state or any court. There is no pending infringement, opposition, or cancellation proceeding. There is no pending material litigation involving the trademarks which may be relevant to their use in this state or in any other state. HHI does not know of any infringing uses that could materially affect your use of the Marks in this state or elsewhere. There are no agreements currently in effect which significantly limit the rights of HHI to use or license the use of any trademark listed in this **Item 13** that are the primary marks of the Huddle House Restaurants. In connection with the Papa Corazón's LPL, which is an optional limited product line supplement to the Huddle House franchise rather than a primary feature of the franchises, HHI has a license from its affiliate, VBE LLC, to use and license the Huddle House franchisees to use the Papa Corazón's Quesadilla mark in the limited product line being offered as a Virtual Product Offering.

HHI is not required by the Franchise Agreement or otherwise to protect your right to use the Marks. HHI is not required by the Franchise Agreement or otherwise to protect you against claims of infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require HHI to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks, or if the proceeding is resolved unfavorably to you.

You must police the use of the Marks and other elements of the Huddle House System (such as building designs, color combinations, printed materials, etc.) and must promptly notify HHI of: any unauthorized use of the Marks; any challenge to the validity of the Marks; any challenge to HHI's ownership of, right to use and to license others to use, or your right to use, the Marks; and any use or claims that a third party may have of any trademark or service mark that is identical or confusingly similar to any of the Marks or elements of the Huddle House System. The Franchise Agreement does not require HHI to take affirmative action when notified of these uses or claims. HHI has the right to control any administrative proceedings or litigation in connection with these uses or claims, and you cannot take any action or incur any expenses on HHI's behalf in connection with any such use or claim without HHI's prior written approval.

HHI reserves the right to substitute or use any new, modified or replacement trademark(s) or service mark(s). If HHI decides to use substitute or new mark(s), you must comply with HHI's directions and you will be responsible for any associated costs and expenses.

You must not use the Marks (including HHI's service marks), the name Huddle House, Inc., or the abbreviations "HHI" or HH as part of your corporate, partnership, or other legal name, or as part of any e-mail address, domain name, or other identification of you or your Franchise in any electronic medium, unless agreed to in advance, in writing, by HHI. You must also submit to HHI, for prior written approval, any corporate, partnership, or other legal name that you propose to use.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

HHI has no patents (final or pending) that are material to the Franchise.

Copyrights

HHI claims copyright protection covering various materials used in its business and the operations of Huddle House restaurants ("Copyrighted Works"). HHI has not registered these materials with the United States Registrar of Copyrights, and is not required to do so in order to claim copyright protection. HHI may authorize you, as a franchisee, to use certain Copyrighted Works, which are the valuable property of HHI, including the Manual, advertisements, promotional materials, labels, menus, coupons, gift cards, posters and signs and may include all or part of the Marks, trade dress and other parts of the System.

You must immediately notify HHI of any actual or apparent infringement of or challenge to any of the Copyrighted Works or claim by any person of any rights in the Copyrighted Works, and you may not communicate with any person other than HHI and its counsel regarding any such infringement, challenge or claim. HHI has the sole right to take such action as it deems appropriate in response to the foregoing and the right to exclusively control any settlement, litigation, arbitration, or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise with regard to the Copyrighted Works. HHI is under no obligation to participate in your defense or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the Copyrighted Works.

If it becomes advisable at any time in HHI's sole judgment for you to modify or discontinue use of any of the Copyrighted Works, or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with HHI's directions to modify or otherwise discontinue the use of the copyrighted materials or to use one or more substitute materials. There are currently no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works, nor are such proceedings pending, nor are there any effective agreements between HHI and third parties pertaining to the Copyrighted Works that will, or may, significantly limit your use of the Copyrighted Works. HHI is not obligated under the Development Agreement, Franchise Agreement, or otherwise to protect or defend its copyrights. HHI knows of no infringements of the Copyrighted Works that could materially affect your use of the Copyrighted Works. HHI has not registered any of the Copyrighted Works.

Confidential Information

During your relationship with HHI, you will receive confidential materials and learn certain confidential information of HHI relating to the establishment and operation of your Franchise. HHI will loan you a copy of the Manuals that you will use to operate the Franchise for the term of your Franchise. You must treat the Manuals, any other materials created for or approved for use in the operation of your Franchise, and the information contained in them, as confidential, and must use reasonable efforts to maintain this information as secret and confidential. You must not reproduce these materials or otherwise make them available to any unauthorized person. The Manuals will remain HHI's sole property.

HHI may revise the contents of the Manuals, and you must comply with each new or changed standard. You must ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies which HHI maintains at HHI's home office will control.

You must not, during or after the term of the agreements you execute, use for the benefit of anyone else any confidential information concerning the Huddle House System or the methods of operation of the Franchises. The term "confidential information" is defined in the Franchise Agreement. You may divulge confidential information only to those employees who must have access to it in order to operate your Franchise. Any and all information, knowledge, and other data which HHI designates as confidential will be deemed confidential.

At HHI's request, you must obtain and provide us with signed covenants to maintain the confidentiality of information from any or all of the following persons: (1) your managers and any other personnel employed by you who have received or will receive training from HHI; (2) all of your officers, directors, and holders of a beneficial interest of 5% or more of your securities and of any corporation, partnership, or limited liability company directly or indirectly controlling, controlled by, or under common control with you if you are a corporation, partnership, or limited liability company; and (3) your members, general partners, and any limited partners. These covenants must be in a form HHI finds satisfactory, and specifically identify HHI as a third-party beneficiary of these covenants with the independent right to enforce them.

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

Your Franchise must be operated either by you or by a designated manager. HHI recommends that you personally supervise the operation of your Franchise. Additionally, during the first two months the Franchised Business is open to the public, you or (if the franchisee is an entity) one of your owners with at least 10% equity in the franchisee entity must serve as an on-Premises designated manager for a minimum of 30 peak operating hours per week. Any designated manager must be certified by HHI as meeting its qualifications, and must satisfactorily complete HHI's initial training program required for managers within 60 days after you designate him/her to be your manager. Any manager you hire may not establish, participate in the operation of, or own an interest in any other restaurant that serves breakfast at times other than the hours of 6:00 a.m. - 11:00 a.m. while such manager is employed in any capacity with your Franchise. If you become aware that your manager is violating this restriction, you will be in default under your Franchise Agreement, as applicable, unless either such manager completely separates him/herself from the other restaurant within 30 days, or you refrain from using that individual in a managerial role (in which case, you must have another manager operate your Franchise) while the person is violating this restriction.

If you are a corporation or other entity, HHI will require your shareholders or members holding at least 5% ownership interest, and each of their spouses (if applicable), to execute a Guaranty under which each signing guarantor agrees to jointly and severally guarantee your performance of all of your obligations under the Franchise Agreement and any other agreements (such as leases or option agreements, loans and any other financing documents) that you enter into with HHI or its affiliates. HHI may also require that any corporation or entity with a financial interest in you, sign a form of Guaranty for a corporation or entity. The Guaranty forms that HHI currently uses are attached to this Disclosure Document as Exhibits A-5 and A-7, and additional details are provided in Item 10.

At HHI's request, you must obtain and provide us with signed confidentiality and non-compete covenants from any or all of the following persons: (1) your designated manager and any other managerial personnel employed by you who have received or will receive training from HHI; (2) all of your officers, directors, and holders of a beneficial interest of 5% or more of your securities and of any corporation, partnership, or limited liability company directly or indirectly controlling, controlled by, or under common control with you if you are a corporation, partnership, or limited liability company; and (3) your members, general partners, and any limited partners. These covenants must be in a form HHI finds satisfactory, and specifically identify HHI as a third-party beneficiary of these covenants with the independent right to enforce them. **Item 14** has additional information regarding HHI's confidential information and **Item 17** has additional information regarding the non-compete covenants.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must not use the premises of your Huddle House Restaurant for any other purpose or activity that is not provided for in the Franchise Agreement. The rights granted to you are limited solely to the premises of your Huddle House Restaurant and you may not operate the franchised business or use HHI's products at any other location without first obtaining HHI's written consent. You must operate your Franchise in strict conformity with the specifications contained in the Manuals or otherwise in writing. You must not deviate from HHI's specifications and procedures without first obtaining HHI's written consent. In connection with Non-Traditional Units, HHI may deviate from then-current Unit standards and specifications, including to vary the menu items, equipment and supplies to accommodate the non-traditional aspects of the Host Facility and operations non-traditional locations. In all cases, a Non-Traditional Unit must be constructed, improved and operated only in the manner that HHI authorizes.

You must offer and sell all products designated by HHI and you may not sell any product (food or non-food) that is not designated by HHI. Such products must be prepared according to HHI's prescribed methods of preparation. HHI can change such authorized products and methods of preparation, and there is no limit on HHI's right to make such changes, so long as HHI is acting reasonably and gives reasonable notice of such changes.

You must keep your Huddle House Restaurant open and in normal operation during the times that HHI specifies as mandatory hours of operation, which HHI may periodically change. HHI has the right to modify the mandatory hours of operation in the future, including a mandatory 24 hour, 7 days a week, schedule. HHI reserves the right to require that certain Huddle House Restaurants remain open for different hours of operation than others (for instance restaurants may be required to operate drive-through services during different hours than eat-in services). Additionally, HHI may approve alternative hours of operation for a Non-Traditional Unit depending on the characteristics of the Host Facility.

You may only sell to retail customers from your Huddle House Restaurant for consumption on the Premises or for personal carry-out by the customer and for Catering and delivery service within the Territory. You may accept carry-out orders by phone or through on-line ordering systems that HHI designates or approves in writing. You may not sell products by any other means or channels, including catalog, mailing, or by use of the Internet. You are not restricted as to customers to whom you sell products, except that you cannot, without HHI's prior written consent, sell any goods bearing or labeled with the Marks or any items designed specifically for use in the Huddle House System for the purpose of operating or promoting a restaurant, food service establishment or other business except for sales to another HHI franchisee in good standing. You may advertise and market the services of your Huddle House Restaurant and directly solicit customers only within your Territory. HHI may establish rules and policies regarding solicitation and advertising that reaches areas with multiple franchisees.

For a description of your restrictions on some purchases, see **Item 8** of this Disclosure Document.

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

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT:

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3(a); § 3 of the NTU Addendum; §8 of VDC Addendum; and §6 of Product Line Addendum	15 years for a traditional Unit; or possibly less for a Franchise for a Resale Unit depending on the length of time left on HHI's lease for the premises. 10 years for a Non-Traditional Unit. Optional Virtual Product Offerings may end or be discontinued before the expiration of the Franchise Agreement.
b. Renewal or extension of the term	3(b)	If you have complied with the Franchise Agreement and meet other conditions at the time

Provision	Section in Franchise Agreement	Summary
		of each renewal date, you can renew for up to three 5-year terms
c. Requirements for you to renew or extend	3(b) and (c)	Give notice, pay fee, and meet HHI's terms and conditions, including signing a new agreement (that may have materially different terms and conditions than your original contract), signing a release, and bringing your Franchise up to current standards.
d. Termination by you	Not Applicable, except for §3 of the NTU Addendum; and §8 of Product Line Addendum	<p>Not Applicable, except for Non-Traditional Unit. Under Non-Traditional Addendum, you may terminate prior to the expiration the following conditions: (1) if the food service management agreement with the Host Facility is terminated other than for your fault (and provided that you do not control the Food Service Contract), (2) you provide Perkins with written notification evidencing the termination from the Host Facility, (3) Perkins is able to confirm with the Host Facility the conditions of termination, and (3) you sign a termination agreement with Perkins including general release of Perkins and agree to comply with post-termination requirements.</p> <p>If you choose to participate in the Papa Corazón's LPL, you may choose to terminate your participation for any reason upon 90 days written notice.</p>
e. Termination by HHI without cause	Not Applicable	Not Applicable to Franchise Agreement. Regarding the optional Papa Corazón's LPL, HHI can discontinue the option upon 60 days written notice.
f. Termination by HHI with cause	14	If you default under the Franchise Agreement, which includes being in default under any other agreement (including the Market Development Agreement or an addendum for a Virtual Product Offering) with HHI or its affiliates beyond any applicable cure period.
g. "Cause" defined – curable defaults	14(c)	You have various cure periods ranging from 3 days to 10 days for certain of the defaults listed in Section 14(b) of the Franchise Agreement, which include being in default under other agreements with HHI or its affiliates beyond any cure periods provided in those agreements.

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	14(a) and (b)	All defaults listed in Sections 14(a) and 14(b) of the Franchise Agreement
i. Your obligations on termination/non-renewal	12(c) and 15(a)	Remove sign faces and deliver to HHI, pay all amounts due, complete de-identification, return of confidential information, assign phone numbers, cease use of advertising materials, and comply with the non-competition obligations (as described below)
j. Assignment of contract by HHI	13(a)	Freely assignable
k. "Transfer" by you – defined	13(b)	Includes transfer of an interest in the Franchise Agreement, the premises for your Franchise or any equity or voting interest in you
l. HHI's approval of transfer by you	13(c)	HHI must approve any proposed transfer, but will not unreasonably withhold approval if certain conditions are met
m. Conditions for HHI approval of transfer	13(c) and (d)	Restaurant must be in operation before the transfer, transferee meets HHI's standards (including that the transferee satisfactorily completes all training and management staffing before the transfer), HHI deems price, terms and conditions to be reasonable, a transfer fee is paid (transfer fee is 25% of the then-current Initial Franchise Fee except for some limited transfers), all required documents are signed, your obligations are satisfied, operating deficiencies are remedied. The required documents to be signed may include a then-current form of Franchise Agreement between the transferee and HHI, a transfer agreement, and related agreements as HHI deems necessary or desirable to reflect the terms and conditions of the transfer and HHI's approval. Additionally, in connection with any transfer or resale, HHI may also require that the transferee sign a second Franchise Agreement under which the transferee will develop and open an additional new Huddle House Restaurant within two years of the date of transfer. If HHI agrees (even though not required) to allow a transfer to proceed before the transferee satisfies all training and/or management staffing requirements, the conditions of HHI's approval will include terms that it determines appropriate to ensure the proper

Provision	Section in Franchise Agreement	Summary
		operations of the Unit until the transferee completes those requirements. The terms may include you remaining obligated for the operation of the Unit, entering into a management agreement (with terms relating to the Unit's operations as are reasonably acceptable to HHI) with the transferee, and/or entering into escrow arrangements with the transferee until HHI notifies the parties that all training and staffing requirements are satisfied. If an escrow arrangement is required, HHI may require the use of an escrow agreement and/or agent that HHI designates or approves.
n. HHI's right of first refusal to acquire your business	13(g), and §16 of the NTU Addendum	HHI has 30 days to match offer for any interest in the Franchise, the premises for your Franchise, the Franchise Agreement or you; except this right will not apply to the sale of a Non-Traditional Unit when it is being sold as part of a sale of the Host Facility.
o. HHI's option to purchase your business	13(g) and 15(b)	HHI has option to acquire, by purchase or lease, your Franchise premises when your Franchise Agreement expires or terminates or upon a default for which HHI has the right to terminate the Franchise Agreement
p. Your death or disability	7(x), 7(y) and 13(f)	HHI can manage Franchise for 8% fee; you have 6 months to transfer to approved transferee; replacement manager must be approved within 60 days of removal
q. Non-competition covenants during the term of the franchise	7(cc) and 12(b), and §14 of the NTU Addendum	No involvement in a Competitive Business. A "Competitive Business" means any family style restaurant, pancake house, buffet serving breakfast, or diner, or any other table-service food service operation that sells pancakes or waffles or derives more than 25% of its total sales from sit down breakfast items. These terms are subject to applicable state law. Additionally, for a Non-Traditional Unit, neither the franchisee nor any third-party operator of the Host Facility will display or sell food products that are similar to those which are sold at the Non-Traditional Unit.

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	12(c); §15 of the NTU Addendum	For a period of 2 years after the later to occur of termination or expiration, transfer or the date you actually cease operating the Unit and using the Marks, no involvement in any Competitive Business located within 5 miles of (i) the premises of your Franchise, or (ii) any other Huddle House Restaurant then in existence or to be developed under then-executed franchise and development agreements (except, if required by the law applicable in your state, the 5-mile restriction will be limited to your premises and to any Huddle House Restaurant that exists or is to be developed under franchise and development agreements that exist at the time you sign your Franchise Agreement). These terms are subject to applicable state law. These terms are subject to applicable state law. For a Non-Traditional Unit, if you and the owner of the Host Facility are under common control and ownership, or if you are a food service operator for multiple Host Facilities, then the restrictions regarding a “Competitive Business” will only apply to locations within the same Host Facility.
s. Modification of the agreement	7(v), 7(w), 9(b), 19(d) and 24(f)	No modifications of Franchise Agreement except in writing, but HHI can unilaterally change standards, Huddle House System and Operations Manual
t. Integration/merger clause	24(f)	Only the terms of the Franchise Agreement are binding and any other promises may not be enforceable (other than this Disclosure Document) (subject to applicable state laws)
u. Dispute resolution by arbitration or mediation	Not Applicable	Not applicable. The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 15
v. Choice of forum	22(b)	Fulton County, Georgia or U.S. District Court for Northern District of Georgia (subject to applicable state laws)
w. Choice of law	22(a)	Georgia law applies (subject to applicable state laws); or if a provision is not enforceable under Georgia law, then the law of the state in which premises are located will apply to such provision

Provision	Section in Franchise Agreement	Summary
		(including, for example, provisions on the construction and enforcement of non-competition covenants).

DEVELOPMENT AGREEMENT:

Provision	Section in Market Development Agreement	Summary
a. Length of the agreement term	2	Ends at the earlier of the date the Franchise Agreement is signed by HHI for last Unit to be developed or last day of Development Schedule. HHI's existing Market Development Agreements generally have terms that are from one to ten years. We may permit Developers who are in compliance to purchase an extension of the Term of the Development Agreement (see below).
b. Renewal or extension of the term	2(b) and 5(c)(vi)	<p>Extension of Term – For Developers who are in compliance, we may permit the option to purchase an extension of the Term of the Development Agreement beyond the end of the Development Schedule. An extension of the Term does not change the Development Schedule. See Section 2(b)</p> <p>Extension of a Development Schedule Deadline - HHI can permit extension of a deadline of the Development Schedule in its sole right and discretion, if you have complied with the Market Development Agreement and are pursuing construction in good faith– see Section 5(c)(iv). This is separate from an extension of the Term beyond completion of the Development Schedule.</p>
c. Requirements for you to renew or extend	2(b) and 5(c)(vi)	<p>Extension of Term – You must be in full compliance with the Development Agreement and all other agreements between you and HHI; give notice of your request to extend at least 6 months before the expiration of the Development Agreement; and pay a Term Extension Fee (see Item 6 for fee calculation). We are not required, but may agree, to the requested extension.</p> <p>Extension of a Development Schedule Deadline - To be eligible to extend a deadline for a</p>

Provision	Section in Market Development Agreement	Summary
		Restaurant that you must develop under the Development Schedule, you must apply in writing to HHI, specifying the reasons for the requested extension and a proposed revised opening date for the affected Huddle House Restaurant. Also, you may be required to pay a fee in an amount equal to \$5,000 per month of the extension for a traditional Unit and \$2,500 for a Non-Traditional Unit.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by HHI without cause	Not Applicable	Not Applicable
f. Termination by HHI with cause	8	If you default under the Market Development Agreement, which includes being in default under any other agreement (including the Franchise Agreement) with HHI or its affiliates beyond any applicable cure period.
g. "Cause" defined – curable defaults	8(b)(vi)	You have 10 days to cure defaults not listed in Section 8 of the Market Development Agreement. For any default under any other agreements with HHI (including a Franchise Agreement), you must cure the defaults as required by the terms of the other agreement.
h. "Cause" defined – non-curable defaults	8	All other defaults listed in Section 8 of the Market Development Agreement
i. Your obligations on termination/ non-renewal	Not Applicable	Not Applicable
j. Assignment of contract by HHI	13(e)	Freely assignable
k. "Transfer" by you-defined	13(a) and (b)	Includes transfer of an interest in the Market Development Agreement or any interest in you if you are an entity
l. HHI's approval of transfer by you	13(a)	Only with HHI's written consent.
m. Conditions for HHI's approval of transfer	13(c)	HHI may condition its approval of a transfer under the Market Development Agreement on, among other factors: any of the conditions (that we deem applicable) as described in the form of Franchise Agreement included in the Disclosure

Provision	Section in Market Development Agreement	Summary
		Document provided to you for your Market Development Agreement; payment of a transfer fee (\$5,000, except for some limited transfers); the requirement that the proposed transfer is to be made in conjunction with a simultaneous transfer of all comparable interests that you hold under any Franchise Agreements that you have entered into under the Market Development Agreement; and execution of our then-current Market Development Agreement.
n. HHI's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. HHI's option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	13(d)	Interest in the Market Development Agreement can be transferred, so long as HHI approves; approval will not be unreasonably withheld
q. Non-competition covenants during the term of the agreement	6(c)	Cannot solicit employees of HHI working in certain positions at HHI's corporate headquarters or distribution center
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	16(c)	No modification except where agreed to in writing
t. Integration/merger clause	16(k)	Only the terms of the Market Development Agreement are binding and any other promises may not be enforceable (other than this Disclosure Document) (subject to applicable state laws)

Provision	Section in Market Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	15	Mediation must be conducted before lawsuit can be filed, except for trademark or similar disputes, or to maintain status quo. The agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 15
v. Choice of forum	16(d)	Fulton County, Georgia or U.S. District Court for Northern District of Georgia (subject to applicable state laws)
w. Choice of law	16(d)	Georgia law applies (subject to applicable state laws)

*Note: In addition to the provisions noted in the charts above, the Franchise Agreement and Market Development Agreement contain a number of provisions that may affect your legal rights, including a waiver of a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Section 22 and Market Development Agreement Section 16. These provisions may not be enforceable under certain state laws. See **Exhibit H** and **Exhibit I** for descriptions of some specific state statutes and regulations. We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.

ITEM 18. PUBLIC FIGURES

HHI does not use any public figure to promote its 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.

The tables below present historical “Net Sales” data of Huddle House Restaurants for the three most recent calendar years: 2020, 2019 and 2018. The information for each calendar year is organized to show the results in three categories: (1) combined Franchised Units and HHI owned Units (each a “**Company-Owned Unit**”); (2) Franchised Units only; and (3) Company-Owned Units only. For each year, the results are divided into quartiles based on Net Sales performance of the Total System (Franchised and Company-Owned). The first column in each table reflects the Net Sales ranges applicable to each quartile for the respective calendar year. Additionally, for each group, the tables show the highest, average, median and lowest Net Sales results within that group during the respective year.

Table 1
Huddle House Total System – Calendar Year 2020 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$697,000	\$876,100	\$1,410,130	\$845,215	\$697,551	72	23 / 32%
\$556,000 - \$697,000	\$616,728	\$696,669	\$612,231	\$556,436	71	31 / 44%
\$406,000 - \$556,000	\$479,199	\$555,510	\$475,303	\$406,174	72	35 / 49%
< \$406,000	\$321,951	\$405,298	\$329,900	\$179,986	72	37 / 51%

Table 2
Huddle House Franchised Restaurants – Calendar Year 2020 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$697,000	\$887,759	\$1,410,130	\$850,606	\$697,551	64	20 / 31%
\$556,000 - \$697,000	\$612,165	\$695,510	\$608,642	\$556,436	54	25 / 46%
\$406,000 - \$556,000	\$477,051	\$555,191	\$472,620	\$406,174	57	26 / 46%
< \$406,000	\$320,163	\$405,298	\$328,871	\$179,986	67	34 / 51%

Table 3
Huddle House Company-Owned Restaurants – Calendar Year 2020 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$697,000	\$782,834	\$915,189	\$755,740	\$698,166	8	3 / 38%
\$556,000 - \$697,000	\$631,221	\$696,669	\$623,836	\$578,307	17	6 / 35%
\$406,000 - \$556,000	\$487,361	\$555,510	\$503,862	\$409,379	15	9 / 60%
< \$406,000	\$345,916	\$398,858	\$359,321	\$288,081	5	3 / 60%

Table 4
Huddle House Total System – Calendar Year 2019 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$885,000	\$1,099,731	\$1,554,392	\$1,059,038	\$892,028	72	30 / 42%
\$720,000 - \$885,000	\$803,199	\$881,865	\$804,896	\$721,156	70	37 / 53%
\$580,000 - \$720,000	\$644,782	\$714,442	\$641,163	\$582,117	70	34 / 49%
< \$580,000	\$478,153	\$578,222	\$499,611	\$258,455	72	41 / 57%

Table 5
Huddle House Franchised Restaurants – Calendar Year 2019 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$885,000	\$1,108,307	\$1,554,392	\$1,064,537	\$894,232	67	27 / 40%
\$720,000 - \$885,000	\$800,764	\$881,865	\$801,280	\$721,156	60	30 / 50%
\$580,000 - \$720,000	\$642,803	\$713,234	\$644,208	\$582,117	58	29 / 50%
< \$580,000	\$476,893	\$578,222	\$505,091	\$258,455	63	36 / 57%

Table 6
Huddle House Company-Owned Restaurants – Calendar Year 2019 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$885,000	\$984,816	\$1,100,942	\$956,294	\$892,028	5	2 / 40%
\$720,000 - \$885,000	\$817,813	\$873,449	\$833,999	\$725,399	10	6 / 30%
\$580,000 - \$720,000	\$654,347	\$714,442	\$638,506	\$609,175	12	5 / 42%
< \$580,000	\$486,973	\$567,912	\$489,200	\$378,754	9	5 / 56%

Table 7
Huddle House Total System – Calendar Year 2018 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$896,500	\$1,090,608	\$1,827,540	\$1,034,274	\$896,614	68	25 / 37%
\$715,000 - \$896,500	\$803,508	\$896,171	\$794,199	\$717,406	68	31 / 46%
\$580,000 - \$715,000	\$652,137	\$713,802	\$659,953	\$584,845	69	40 / 58%
< \$580,000	\$475,374	\$578,707	\$498,230	\$254,038	68	41 / 60%

Table 8
Huddle House Franchised Restaurants – Calendar Year 2018 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$896,500	\$1,097,068	\$1,827,540	\$1,037,728	\$896,614	64	24 / 38%
\$715,000 - \$896,500	\$804,279	\$896,171	\$795,097	\$717,406	57	27 / 47%
\$580,000 - \$715,000	\$651,095	\$712,337	\$659,226	\$584,845	59	33 / 56%
< \$580,000	\$470,432	\$574,527	\$497,890	\$254,038	57	33 / 58%

Table 9
Huddle House Company-Owned Restaurants – Calendar Year 2018 Net Sales

Net Sales	Average Net Sales per Unit	High Net Sales	Median Net Sales	Low Net Sales	Total # of Units (in Net Sales range)	Total # / % of Units Above Average
> \$896,500	\$987,246	\$1,178,717	\$933,630	\$903,008	4	1 / 25%
\$715,000 - \$896,500	\$799,513	\$889,594	\$785,298	\$722,855	11	4 / 33%
\$580,000 - \$715,000	\$658,282	\$713,802	\$661,224	\$605,190	10	6 / 60%
< \$580,000	\$500,982	\$578,707	\$511,847	\$406,193	11	6 / 55%

Notes to Tables 1 - 9

- The tables above include all Standard Units, including those that have the Evolution design (HHI's current design for Huddle House Restaurants) and those developed prior to Evolution design, provided that each meets following criteria: (a) the Restaurant was open as of April 28, 2021 (the end of HHI's most recent fiscal year), and (b) the Restaurant was open at least 50% of the calendar year represented in the respective table. For example, Tables 1-3 include Units that were open as of April 28, 2021 and were open at least 50% of 2020, and Tables 4-6 include Units that were open as of April 28, 2021 and were open at least 50% of 2019.

There were more Restaurants that reported Sales during the respective calendar years than the number of Restaurants included in tables above. This is due to Restaurants not meeting the criteria described above,

which may have occurred because the Restaurants closed during the year, were open less than 50% of the year, or closed prior to April 21, 2021. The Restaurants excluded from data presented in the Tables are described below.

Table 1 - 2020 Total System: 18 Units were not included (14 Franchised and 4 Company-Owned). These Units had: an average Net Sales of \$153,835, a high Net Sales of \$325,663, median Net Sales of \$129,647, and a low Net Sales of \$34,157. Of these 18 Units, 7 (39%) exceeded the average.

Table 2 - 2020 Franchised Units: 14 Units were not included. These Units had: an average Net Sales of \$112,146, a high Net Sales of \$199,623, median Net Sales of \$113,371, and a low Net Sales of \$34,157. Of these 14 Units, 8 (57%) exceeded the average.

Table 3 - 2020 Company-Owned Units: 4 Units were not included. These Units had: an average Net Sales of \$299,745, a high Net Sales of \$325,663, median Net Sales of \$306,345 and a low Net Sales of \$206,628. Of these 4 Units, 2 (50%) exceeded the average.

Table 4 - 2019 Total System: 13 Units were not included (4 Franchised and 9 Company-Owned). These Units had: an average Net Sales of \$405,129, a high Net Sales of \$816,134, median Net Sales of \$410,976, and a low Net Sales of \$76,656. Of these 13 Units, 7 (54%) exceeded the average.

Table 5 - 2019 Franchised Units: 4 Units were not included. These Units had: an average Net Sales of \$364,924, a high Net Sales of \$514,015, median Net Sales of \$342,346, and a low Net Sales of \$260,988. Of these 4 Units, 2 (50%) exceeded the average.

Table 6 - 2019 Company-Owned Units: 9 Units were not included. These Units had: an average Net Sales of \$422,999, a high Net Sales of \$816,134, median Net Sales of \$499,358, and a low Net Sales of \$76,656. Of these 9 Units, 5 (56%) exceeded the average.

Table 7 - 2018 Total System: 7 Units were not included (3 Franchised and 4 Company-Owned). These Units had: an average Net Sales of \$424,309, a high Net Sales of \$776,548, median Net Sales of \$549,531, and a low Net Sales of \$55,049. Of these 7 Units, 4 (57%) exceeded the average.

Table 8 - 2018 Franchised Units: 3 Units were not included. These Units had: an average Net Sales of \$127,766, a high Net Sales of \$261,652, median Net Sales of \$66,595, and a low Net Sales of \$55,049. Of these 3 Units, 1 (33%) exceeded the average.

Table 9 - 2018 Company-Owned Units: 4 Units were not included. These Units had: an average Net Sales of \$646,717, a high Net Sales of \$776,548, median Net Sales of \$630,394, and a low Net Sales of \$549,531. Of these 4 Units, 2 (50%) exceeded the average.

2. In 2020, the coronavirus outbreak caused disruptions in the restaurant industry. Government agencies in some states and local jurisdictions have imposed restrictions on how food service businesses operate due to the coronavirus outbreak. Some of these restrictions have included temporary closures of restaurants, orders that operations be limited to carry-out or delivery services, or limitations on the capacity of in-person dining. These restrictions were first implemented during spring of 2020. During the portions of 2020, approximately 75% of Huddle House units operated offering only carry-out or delivery for at least some portion of the year. To facilitate comparisons of restaurant results during periods before and after the coronavirus outbreak, the results are shown for a three years.
3. Net Sales is Sales excluding promotions, discounts, employee meals, voids, and sales tax. The term “Net Sales” is explained in greater detail in Item 6 of this disclosure document.

4. The term “Median” restaurant used in this Item 19 means the restaurant with the middle result. For example, if there are 35 restaurants, then the 18th restaurant is the median. If there are 36 restaurants, then the 18th and 19th restaurant’s average is the median.
5. The data in the Tables above for Company-Owned Units was prepared from HHI’s internal operating records. The franchisee information reflected in the Tables was prepared using financial information provided to us by franchisees. The franchisees' financial information is not audited.

* * * * *

Additional Notes to Item 19

Please note that this Item 19 includes financial performance information relevant to HHI’s standard Huddle House Restaurants.

Some Huddle House Restaurants have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.

Among other things, HHI recommends that you make your own independent investigation and evaluation of the potential performance of your Huddle House Restaurant, and consult with your attorney, accountant and other advisors before signing any franchise agreement. HHI suggests that you develop and review with your professional advisors a pro forma cash flow statement, balance sheet and income statement, and that you make your own financial projections regarding sales, costs, customer base, and business development for your own Huddle House Restaurant.

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

Other than the preceding financial performance representation, HHI does not make any financial performance representations. HHI also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Huddle House Restaurant, however, HHI may provide you with the actual records of that Huddle House Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to HHI management by contacting Melissa Rothring, 5901-B Peachtree Dunwoody Rd NE, Suite 450, Sandy Springs, GA 30328 (phone: 770.325.1372; fax: 770.325.1316; email: mrothring@AscentHM.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2018-2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	315	300	-15
	2019	300	285	-15
	2020	285	260	-25
Company-Owned	2018	36	42	+6
	2019	42	48	+6
	2020	48	53	+5
Total Outlets	2018	351	342	-9
	2019	342	333	-9
	2020	333	313	-20

Notes to Table 1

1. These tables reflect HHI's fiscal years (not calendar years):
 - 2020 = April 29, 2020 to April 27, 2021
 - 2019= May 1, 2019 to April 28, 2020
 - 2018 = May 2, 2018 to April 30, 2019
2. All outlets described in this table are Standard Units

Table No. 2
Transfers of Outlets from Franchisees to
New Owners (other than the Franchisor)
For years 2018-2020

State	Year	Number of Transfers
Alabama	2018	0
	2019	1
	2020	0
Arkansas	2018	0
	2019	0
	2020	1
Georgia	2018	3
	2019	4
	2020	0
Illinois	2018	0
	2019	1
	2020	1
Indiana	2018	1
	2019	0
	2020	0

State	Year	Number of Transfers
Kentucky	2018	0
	2019	0
	2020	1
Louisiana	2018	0
	2019	0
	2020	0
North Carolina	2018	1
	2019	0
	2020	0
Tennessee	2018	2
	2019	0
	2020	1
Texas	2018	1
	2019	1
	2020	1
Virginia	2018	0
	2019	1
	2020	0
West Virginia	2018	0
	2019	0
	2020	1
Totals	2018	7
	2019	9
	2020	6

Notes to Table 2

1. These tables reflect HHI's fiscal years (not calendar years):
 - 2020= April 29, 2020 to April 27, 2021
 - 2019= May 1, 2019 to April 28, 2020
 - 2018 = May 2, 2018 to April 30, 2019

2. States not listed above had no transfers during 2018, 2019 or 2020.

**Table No. 3
Status of Franchised Outlets
For years 2018-2020**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2018	31	1	1	0	0	0	31
	2019	31	0	0	1	0	1	29
	2020	29	0	0	0	1	1	27
Arkansas	2018	4	2	0	0	0	1	5
	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
Florida	2018	10	0	1	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
Georgia	2018	86	4	2	4	7	4	73
	2019	73	1	1	3	3	2	65
	2020	65	1	2	1	0	1	62
Illinois	2018	9	0	0	0	0	0	9
	2019	9	0	0	0	0	0	9
	2020	9	0	1	0	0	0	8
Indiana	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	1	0	0	0	2
Kansas	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Kentucky	2018	28	0	2	0	0	0	26
	2019	26	0	0	1	0	0	25
	2020	25	0	0	1	0	0	24
Louisiana	2018	13	1	0	0	0	0	14
	2019	14	0	1	0	0	0	13
	2020	13	0	2	1	0	0	10
Maryland	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
Mississippi	2018	7	2	0	0	0	2	7
	2019	7	0	1	0	0	0	6
	2020	6	0	0	0	0	0	6

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Missouri	2018	13	0	0	0	0	0	13
	2019	13	0	0	0	0	0	13
	2020	13	0	1	1	0	0	11
Nebraska	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
New Jersey	2018	2	0	0	0	0	1	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
North Carolina	2018	14	0	0	0	0	0	14
	2019	14	0	2	0	0	0	12
	2020	12	0	1	1	0	2	8
North Dakota	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Ohio	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
Oklahoma	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
Pennsylvania	2018	3	0	0	0	0	0	3
	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
South Carolina	2018	28	0	0	0	0	0	28
	2019	28	1	2	0	3	0	24
	2020	24	0	0	1	0	0	23
Tennessee	2018	15	1	1	0	0	0	15
	2019	15	3	1	0	0	0	17
	2020	17	0	1	0	0	0	16
Texas	2018	19	2	3	0	0	0	18
	2019	18	3	1	0	0	0	20
	2020	20	1	5	0	0	0	16
Virginia	2018	17	1	0	0	0	1	17
	2019	17	2	0	0	0	2	17
	2020	17	0	0	0	0	0	17

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
West Virginia	2018	3	0	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4
TOTALS	2018	315	15	10	4	7	9	300
	2019	300	11	10	5	6	5	285
	2020	285	2	16	6	1	4	260

Notes to Table 3

- These tables reflect HHI's fiscal years (not calendar years):
 - 2020= April 29, 2020 to April 27, 2021
 - 2019= May 1, 2019 to April 28, 2020
 - 2018 = May 2, 2018 to April 30, 2019
- There are no franchised outlets located in any state not listed above.

**Table No. 4
Status of Company-Owned Outlets
For years 2018-2020**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Alabama	2018	4	1	0	0	0	5
	2019	5	2	0	0	0	7
	2020	7	5	1	0	0	13
Arkansas	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Florida	2018	2	0	0	0	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
Georgia	2018	9	0	7	2	0	14
	2019	14	1	3	2	0	16
	2020	16	0	0	1	0	15
Kansas	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Mississippi	2018	14	0	0	0	0	14
	2019	14	1	0	2	0	13
	2020	13	0	0	0	0	13
Missouri	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
South Carolina	2018	4	0	0	0	0	4
	2019	4	0	3	0	0	7
	2020	7	0	0	1	1	6
Tennessee	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	1	0	0	0	4
TOTALS	2018	36	1	7	2	0	42
	2019	42	4	6	4	0	48
	2020	48	6	1	2	0	53

Notes to Table 4

- These tables reflect HHI's fiscal years (not calendar years):
 - 2020= April 29, 2020 to April 27, 2021
 - 2019= May 1, 2019 to April 28, 2020
 - 2018 = May 2, 2018 to April 30, 2019
- There are no company owned outlets located in any state not listed above.

**Table No. 5
Projected Openings as of April 27, 2021**

State	Franchise Agreements Signed by Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Alabama	3	2	0
Arkansas	4	1	0
Florida	3	0	0
Georgia	2	0	0
Illinois	3	1	0
Kansas	1	0	0
Maryland	1	0	0
Oklahoma	1	1	0
Pennsylvania	2	0	0

State	Franchise Agreements Signed by Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
South Carolina	2	0	0
Tennessee	1	1	0
Texas	7	6	0
Virginia	3	0	0
Totals	33	12	0

Notes to Table 5

1. There are no projected openings or pending outlets to be located in any state not listed above.
2. The projections above are for HHI' current fiscal year, which began on April 28, 2021 and ends April 26, 2022.

HHI in the past offered a "Huddle Thru" franchise. It currently does not offer such Huddle Thru franchises. HHI has one Huddle Thru unit, located at 7290 Ingersoll Street, Fort Benning, Georgia 31905 (706-683-0066).

The names, addresses and telephone numbers for each of HHI's current Standard Unit franchisees are listed in **Exhibit D** of this Disclosure Document. The name, city and state, and current business telephone number (or last known home telephone number) for each of the Standard Unit franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with HHI during the most recently completed fiscal year and/or has not communicated with HHI within the past 10 weeks are also listed in **Exhibit D** of this Disclosure Document. As described in Item 1, the current design model for a Huddle House Restaurant is referred to as the "Evolution" design. HHI began using the Evolution design in 2011 and since July 2011, newly opened Huddle House Restaurant Units use the Evolution design and additional units have been remodeled with the Evolution design.

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

In some instances during the last three fiscal years, current and former franchisees have signed provisions restricting their ability to speak openly about their experience with the Huddle House System. 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.

HHI does not sponsor or endorse trademark-specific franchisee organizations and, as of the date of this Disclosure Document, no independent franchisee association has requested to be included in this Item 20.

HHI's current policy is to provide a referral bonus to our franchisees in connection with the sale of franchises to new franchisees entering our System. Under HHI's current policy, the referral bonus is \$7,500 and will apply when a franchisee submits to HHI the name and contact information of a new franchisee candidate ("new" means that HHI has not received the candidate's name from another lead generation source during the prior six month), HHI determines that the candidate is qualified, and candidate purchases one or more franchise from HHI (by signing a franchise agreement and paying the franchise fee) within six months after the franchisee made the referral to HHI. If more than one franchisee refers the same candidate to us, the referral bonus will be split between the referring franchisees.

ITEM 21. FINANCIAL STATEMENTS

Attached as **Exhibit E** are the audited consolidated financial statements for Huddle House, Inc. as of April 27, 2021 and April 28, 2020, and for each of the three years in the period ended and April 30, 2019. **Exhibit E** also contains the Independent Auditors' Report.

ITEM 22. CONTRACTS

Attached as **Exhibit A** are HHI's standard contracts, and certain acknowledgments and receipts, including:

- A-1 Franchise Agreement
- A-2 Market Development Agreement
- A-3 Acknowledgements
- A-4A Corporate Resolution
- A-4B Certificate of Members (LLC)
- A-5 Guaranty (Individual)
- A-6A Shareholders Guaranty and Agreement
- A-6B Members Guaranty and Agreement
- A-7 Guaranty (Entity)
- A-8 Training Agreement
- A-9 Lease Agreement HHI Lessor
- A-10 Collateral Assignment of Lease
- A-11 Promissory Note
- A-12 Non-Disturbance, Subordination and Attornment Agreement
- A-13 Non-Traditional Addendum to Franchise Agreement
- A-14 Addendum for Participation with VDC
- A-15 New Product Line Addendum

ITEM 23. RECEIPTS

Exhibit K of this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to us.

EXHIBIT A

HUDDLE HOUSE STANDARD CONTRACTS

- A-1 Franchise Agreement
- A-2 Market Development Agreement
- A-3 Acknowledgements
- A-4A Corporate Resolution
- A-4B Certificate of Members (LLC)
- A-5 Guaranty (Individual)
- A-6A Shareholders Guaranty and Agreement
- A-6B Members Guaranty and Agreement
- A-7 Guaranty (Entity)
- A-8 Training Agreement
- A-9 Lease Agreement HHI Lessor
- A-10 Collateral Assignment Of Lease
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- A-12 Non-Disturbance, Subordination and Attornment Agreement
- A-13 Non-Traditional Addendum to Franchise Agreement
- A-14 Addendum for Participation with VDC
- A-15 New Product Line Addendum

HUDDLE HOUSE

FRANCHISE AGREEMENT

COPYRIGHT 2021
HUDDLE HOUSE, INC.

Franchisee: FRANCHISEE NAME
a STATE ENTITY TYPE

**Principal business
address:** FRANCHISEE STREET ADDRESS FOR NOTICES
FRANCHISEE CITY, STATE 00000

Huddle House Unit #: _____

Unit City, State: _____, _____

Effective Date of this Franchise Agreement: _____

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

1. PARTIES AND RECITALS

This Franchise Agreement (“**Agreement**”) is entered into as of the effective date shown on the cover page of this Agreement (the “**Effective Date**”) by and between HUDDLE HOUSE, INC., a Georgia corporation, with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Fulton County, Georgia 30328 (“**Company**”), and the individual or legal entity identified as the franchisee on the cover page of this Agreement (“**Operator**” or “**Franchise Owner**”), whose principal place of business is set forth on the cover page.

(a) Licensed Marks. Company owns or has the sole and exclusive right to license certain trade names, trademarks, service marks, logos, symbols and other indicia of origin (the “**Licensed Marks**”), including but not limited to, “Huddle House”, “HH”, “Huddle House, Inc.” and such other trade names, trademarks, service marks, associated logos and symbols as are now designated by Company (and as may hereafter be designated by Company in writing).

(b) The Huddle House System. Company has developed and owns a distinctive system relating to retail food sales and restaurant operations, which system as it presently exists is identified by the Licensed Marks and includes methods, standards and specifications that Company specifies from time to time, including regarding site evaluation and selection, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of the restaurants that operate in buildings that display Company’s exterior and interior trade dress and the Licensed Marks (hereinafter collectively referred to as the “**Huddle House System**” or “**System**”). Each restaurant operating under the “Huddle House System” or “System” is referred to as a “**Huddle House Unit**”.

(c) Acceptance of License. Operator desires, upon the terms and conditions set forth herein, to obtain a license to operate a business which will utilize the Huddle House System (the “**Franchised Business**”). Operator understands and acknowledges the importance of Company’s high standards of quality, cleanliness, appearance, and service and the necessity of operating the Franchised Business in conformity with Company’s standards and specifications.

2. GRANT OF FRANCHISE

(a) Right to Utilize Huddle House System. Subject to all of the terms and conditions herein, Company hereby licenses to Operator the non-exclusive right, and Operator agrees to undertake the obligation, to operate one Franchised Business at one facility Company finds acceptable (hereinafter “**Unit**”) which is either owned or leased by Operator, solely at the address set forth in Exhibit B hereto (the “**Premises**”) and upon the real property more particularly described in Exhibit A hereto. If, as of the date on which the parties enter into this Agreement, the address of the Premises is not agreed-upon and specified in Exhibit B, then instead, Operator agrees to identify and secure a site to be the Premises under the terms of Section 7(a)(i) below and the Site Selection Addendum attached to this Agreement as Exhibit E (the “**Site Selection Addendum**”).

(b) Franchised Business Limited to Premises. Operator acknowledges and agrees that:

(i) The rights granted herein relate solely to the Premises and the Unit thereon, and afford Operator no right to construct or operate any additional, expanded or modified facilities on the Premises, nor any right to construct or operate the Franchised Business at any location other than the Premises. Operator further acknowledges and agrees that this Agreement shall not give Operator the right to enter into subfranchise, contract manager or similar agreements regarding the operation of any unit utilizing the Huddle House System.

(ii) Operator shall only sell to retail customers from the Unit for consumption on the Premises or for personal carry-out consumption by the customer and for catering services provided at off-Premises locations (“**Catering**”), and/or delivery service in the Territory (as defined below) or other pre-approved geographic areas, but only in accordance with the terms and conditions stated in this Agreement and in Company’s Confidential Operations Manual, which are more fully described in Section 9 hereof, or otherwise in writing by the Company. All Catering and delivery activities shall be subject to the terms of Sections 16 and 18 below. Operator shall not sell any products (e.g., food items, novelty items, sauces, etc.) by or through any other means or channels, including, without limitation, catalogs, direct mail, toll-free numbers or by use of the internet.

(iii) Operator may advertise and market the services of the Franchised Business and directly solicit customers only within the Territory. Operator is not permitted to: (a) advertise or market the services of the Franchised Business outside of the Territory; or (b) directly solicit customers outside of the Territory. “**Direct solicitation**” includes solicitation in person, by telephone, by mail, by email or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials. Company may periodically establish rules and policies regarding solicitations that may reach areas with multiple franchisees. Company does not have any obligation to enforce such rules or policies, nor does Company represent or guarantee to Operator that other Huddle House Units will always abide by advertising rules, and Company will have no liability to Operator if that occurs.

(c) Territorial Protection. While this Agreement is in effect, unless stated otherwise in an addendum to this Agreement and except as otherwise provided in Sections 2(d) and 2(e) below, Company shall not establish or operate, or franchise others to establish or operate, a Huddle House Unit at any location within the “Territory.” The “**Territory**” is specified in Exhibit B.

(d) Company’s Retained Rights and Exclusions from Territorial Protection. Except as expressly provided in Section 2(c) above, Company and its affiliates (including parents, subsidiaries and related companies) have the right to conduct any business activities, under any name, in any geographic area, and at any location, on any terms and conditions Company deems advisable without compensation or granting any rights to Operator. Among other things (and without limiting Company’s rights under the previous sentence), this means that Company and its affiliates have the right to do any or all of the following:

(i) To own, acquire, establish, and/or operate and license others to establish and operate, Huddle House Units under the Huddle House System at any location (a) outside of the Territory, or (b) inside the Territory on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, convenience stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes (and other travel related facilities), military bases and establishments, government buildings, office complexes, high-

rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption and venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, and other similar environments (“**Non-Traditional Sites**”), notwithstanding such Huddle House Unit’s proximity to, or impact on, the Franchised Business;

(ii) To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether such businesses are the same as, similar to, or different from the Franchised Business, at any location within or outside of the Territory, notwithstanding such business’ proximity to, or impact on, the Franchised Business;

(iii) To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Territory, and following such acquisition or other business combination or transaction, such businesses may operate under other marks or may be converted to use Licensed Marks and System;

(iv) To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary mark(s), including the Licensed Marks: from any location notwithstanding such location’s proximity to, or impact on, the Franchised Business; at and/or to accounts other than Huddle House Units (except any located at Non-Traditional Sites) operated inside the Territory (including without limitation educational institutions, military bases and establishments, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, or national, international, or group accounts); to retail food outlets (including without limitation supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including without limitation warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the internet and mobile applications), phone sales, or other distributions means or methods that may be developed following the date of this Agreement to any customer regardless of their location; and

(v) To create, place, and/or distribute or authorize others to create, place, and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Territory.

(e) Loss of Territorial Protection. If Operator receives three (3) or more written notices from Company for violations of this Agreement during any twelve (12) month period, whether or not Operator cured the defaults after notice from Company, Company shall have the right to eliminate or reduce the Territory granted under Section 2(c) above by providing Operator with written notice of such action. Nothing in this Section 2(e) shall limit or otherwise modify Company’s rights with respect to enforcement against Operator for any of Operator’s defaults, including Company’s rights to terminate this Agreement under Section 14.

3. TERM

(a) Initial Term. Except as provided herein, the initial term of this Agreement (“**Initial Term**”) shall commence on the Effective Date, and unless sooner terminated in accordance with the provisions hereof, shall expire fifteen (15) years from the Effective Date or as otherwise set forth on Exhibit B hereof if a predetermined date.

(b) Renewal Terms. Provided Operator is not in default under this Agreement or any other

agreements with Company, both at the time of notice and prior to renewal, and has complied with all of their provisions during the Initial Term, including without limitation the timely payment of all fees, Operator may renew the rights to operate the Franchised Business for three (3) additional terms of sixty (60) months each (the “**Renewal Terms**”). Prior to the first day of each of the Renewal Terms, Operator shall pay to Company a renewal fee equal to twenty-five percent (25%) of the then current initial franchise fee charged by Company and comply with Company’s then current terms and conditions for granting renewal franchises, which may include: (i) execution of Company’s then current form of franchise agreement which will supersede this Agreement in all respects (except that any renewal provisions in such agreement shall not create options for any renewal periods beyond those provided in this Agreement), and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and marketing contribution or other changes in the fee structure; (ii) a requirement that Operator perform such remodeling, repairs, replacements and redecoration in and upon the Premises, and upon the equipment and furnishings of the Unit to conform to then current standards; (iii) demonstrating to Company that Operator has the right to remain in possession of the Premises for the duration of the Renewal Term, or that it has been able to secure and develop an alternative site acceptable to Company; and (iv) in consideration of such renewal, Operator shall execute a release in the form and substance satisfactory to Company, releasing any and all claims (except for claims which cannot be released pursuant to an applicable franchise law statute, if any) against Company and its affiliates, officers, directors, employees and agents. Company will not be obligated to offer or grant Operator an additional renewal franchise agreement upon the expiration (or termination) of any renewal franchise agreement with Company following the renewal terms specified above.

(c) Election to Renew. Operator must exercise its option to seek renewal by giving Company written notice of Operator’s election to renew not less than six (6) nor more than twelve (12) months prior to the expiration of the Initial Term, if Operator is exercising its first renewal option, or of the current renewal term, if Operator is exercising its second or third renewal option. In the event that Operator does not elect to exercise its option to renew, Company may elect to exercise its options, if the Premises are owned by or leased by Operator, under the terms and conditions of Section 15 below.

4. OPERATING ASSISTANCE

(a) Assistance Prior to Commencement of Business. Prior to Operator’s commencement of business, Company (directly or indirectly by an affiliate or one or more third parties) will provide Operator with the following:

(i) Up to forty (40) days of training (or such other amount of time as Company may deem appropriate, in its sole right and discretion) in the operation of the Franchised Business prior to its opening for Operator and/or its designated managerial personnel selected by Operator and approved by Company. Such training shall be conducted exclusively by Company or its designee at a site to be designated by Company; provided, however, Operator shall: (1) pay Company’s then current initial training fee or tuition, which is due in full to Company before Operator begins construction of the Unit at the Premises; and (2) be responsible for and pay all costs and living expenses during and in connection with such training;

(ii) Such on-Premises pre-opening or opening assistance by Company or its representative(s) in the initial operation of the Franchised Business as Company may, in its discretion, deem appropriate, but in any event not to exceed fourteen (14) days;

(iii) Company may at reasonable times, and subject to the availability of Company personnel, upon the request of, and at no charge to Operator (except as otherwise expressly provided in

this Agreement), furnish certain counseling and advisory services to Operator with respect to the site selection, construction, and pre-opening activities related to the operation of Huddle House Restaurants; and

(iv) One (1) set of the Confidential Operations Manual (as hereinafter defined).

(b) Assistance During Term. During the term hereof, Company shall continue its efforts to maintain standards of quality, appearance and service at all Huddle House Units, thereby maintaining the public image and reputation of the Huddle House System and the demand for the products and services provided thereunder, and to that end Company (directly or indirectly by an affiliate or one or more third parties) may in its sole right and discretion, provide Operator with such of the following as Company shall deem appropriate:

(i) Information concerning operating problems, new techniques or operating methods disclosed by reports submitted to or evaluations made by Company;

(ii) Information with respect to new and improved methods of operation or business procedures, use of the Confidential Operations Manual, management materials, promotional materials, and the Licensed Marks;

(iii) So long as Operator is not in default under this Agreement, or any other agreement with Company and its affiliates, the opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that Company may use, develop, sponsor or provide and upon such terms and conditions as may be determined solely by Company; and

(iv) Periodic evaluations of the Premises and other Huddle House Units and of the products and services they offer.

(c) Reservation of Rights to Vary Assistance. Company specifically reserves the right, in its sole right and discretion, to vary:

(i) the standards throughout the Huddle House System as set forth in Section 7 of this Agreement; and

(ii) the services and assistance that Company provides to some franchisees based upon the peculiarities of a particular site or circumstance, business potential, existing business practices, or any other factor that Company deems to be important to the successful operation of any Huddle House Unit or the Huddle House System. Operator shall have no recourse against Company on account of any variation to any franchisee and shall not be entitled to require Company to provide Operator with a like or similar variation hereunder.

5. FEES

(a) Initial Franchise Fee. The initial franchise fee shall be the amount set forth on Exhibit B hereof, which is paid in consideration of the franchise granted herein. The initial franchise fee, payment of which is hereby acknowledged, is fully-earned and non-refundable upon Operator executing this Agreement in consideration of administrative and other expenses incurred by Company in entering into this Agreement, for the lost or deferred opportunity of Company to enter into this Agreement with others, and Operator's immediate access to Company's confidential trade secrets, Licensed Marks, and the Huddle House System. Operator may receive a partial refund of the initial franchise fee pursuant to

Section 7(i) of this Agreement in the event Operator or its designated managerial personnel shall fail to complete initial training to the reasonable satisfaction of Company.

(b) Continuing Fee-Royalty. In return for the rights and licenses granted under this Agreement and the continuing services of Company, at all times after the commencement of operation by Operator, Operator shall pay to Company a weekly royalty fee equal to four and three-quarters percent (4.75%) of the Net Sales (as hereinafter defined). Operator acknowledges and agrees that the foregoing continuing royalty is fully earned by Company upon payment, and is actual and necessary for Operator's use of the Huddle House System and Licensed Marks.

(c) Manner of Payment. Unless otherwise provided, all fees and other amounts due to Company hereunder shall be paid in the manner designated by Company in the Confidential Operations Manual, and such payments shall be accompanied by the statement required under Section 11 of this Agreement. In no way limiting the foregoing, Company requires Operator to establish an arrangement for electronic funds transfer or deposit of any payments required hereunder, and shall execute such authorization form as Company may prescribe.

(d) Interest and Service Charges on Overdue Amounts and Rejected Payments. All monies to be paid to Company are due according to the terms stated by Company, which may change from time to time. Entitlement to interest or service charges, as described below, shall be in addition to any other remedies Company may have. If any fee, royalty, rent, or any other amount due under this Agreement or any other Agreements with Company is not paid within five (5) days after such payment is due, or if any attempted payment is rejected, the following terms and conditions shall apply:

(i) For any overdue royalty, fee, or any other amount due except for rent payment, Operator shall pay Company immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, (i.e. eighteen percent (18%) per annum), or the maximum rate permitted by law, whichever is less;

(ii) For any overdue rent payable to Company, Company shall have the right to charge a monthly service charge of five percent (5%) of such overdue amount(s), and this five percent (5%) service charge shall be added to the amount due to Company for each subsequent month that payment, including any compounded service charges, is late; and

(iii) If any payment due from Operator to Company is rejected (for insufficient funds or the payment otherwise fails for any other reason), then for each such rejected payment Operator shall, immediately upon demand, pay to Company the Company's then current rejected payment fee, which may include, without limitation, amounts to reimburse Company for all of Company's costs associated with such rejected payment (as of the Effective Date, Company's rejected payment fee is \$100 per occurrence).

(e) Net Sales. The term "**Net Sales**", as used in this Agreement, shall mean the entire amount of the actual sales price, less any cash discounts or coupon discounts, whether wholly or partly for cash, of all merchandise and services sold and all other receipts by sale, barter or otherwise of all business conducted in and from the Premises, including, without limitation, all deposits not refunded to purchasers, all sales to employees or agents of the Operator and all orders taken in and from the Premises, including Catering and delivery activities, and all monies from any vending, electronic, or coin operated vending, game, or music machines (except for cigarette machines, for which Company does not collect royalties or other payments) located on the Premises. There shall be excluded from "Net Sales" any sums collected and paid out for any sales tax or excise tax based upon the sale or sales of merchandise and required by law, whether now or hereafter in force, to be paid by the Operator or collected from its customers to the

extent that such taxes have been included in the actual sales price. The term “Net Sales” shall not include the amount of any cash refund made upon any sale where the merchandise sold, or some part thereof, is returned by the purchaser to and accepted by the Operator.

(f) Application of Payments. All payments by Operator pursuant to this Section 5 shall be applied in such order as Company may designate from time to time. Operator acknowledges and agrees that Operator may not designate an order for application of any fees different from that designated by Company and expressly acknowledges and agrees that Company may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed.

(g) Extraordinary Expenses. Operator shall pay all expenses incurred in the preparation of franchise documents, other legal documents and all other matters which are incurred due to the use of attorneys or others, who are not employees of Company and are utilized by Company, in its sole right and discretion, for the preparation of documents and other matters done specifically for Operator’s franchise, such documents or other matters being peculiar to Operator’s franchise.

(h) Advertising Fund-Marketing Contribution. Company has established an advertising fund, as defined in Section 8(b). Operator shall be required to make a continuing weekly contribution to the Fund, which contribution shall be made as and when the weekly royalty fee required under Section 5(b) is paid, in an amount equal to three percent (3.0%) of the Net Sales. The amount of such contribution under Section 8(b) may increase, at Company’s discretion, to an amount not to exceed four percent (4.0%) of the Net Sales; provided, however, that the amount shall not increase by more than one percent (1%) of Net Sales during a consecutive twelve (12) month period.

(i) Assistance with Computer System. In the event that Operator obtains from Company monthly services for the maintenance of, and assistance in operating, the Computer System, as described in Section 7(u), Operator shall pay to Company a monthly maintenance fee and/or help desk fee for such services.

(j) Reinstatement Fee for Purchases from Company. In the event that Operator purchases items from Company as described in Section 7(k), but fails to satisfy all payment requirements for such purchases, Company may discontinue further sales to Operator without liability to Company for discontinuing sales due to Operator’s non-compliance. Additionally, if Operator thereafter requests to make new purchases from Company, Company may require Operator pay Company’s then current reinstatement fee for ongoing purchases as a condition to Company resuming any sales to Operator. In no way limiting the foregoing, Company may establish such purchase and payment terms for Operator’s purchases of products and services from Company, as Company deems appropriate. The purchase and payment terms may include, without limitation, the right to require that Operator pre-pay in full any or all purchases from Company before such purchase will be delivered to Operator in the event that Operator is not in full compliance with any of its obligations, financial or otherwise, under this Agreement or any other agreements with Company. Company’s rights under this Section 5(j) shall be in addition to all other rights and remedies of Company set forth in this Agreement.

(k) Non-Participation and Non-Reporting Fees. Company may, and as of the Effective Date does, require that Operator participate in various programs and activities and comply with the operating and reporting standards that Company designates in the Confidential Operations Manual as generally required for Huddle House Units. Such programs and standards will vary from time to time and may include without limitation: sources of products and services and purchasing arrangements; advertising, marketing and promotions under Sections 7(gg) and 8 below; menu pricing guidelines (as provided in

Section 7(ii) below); operational standards and training (including any Quality Evaluation Program under Section 7(p) below); computer systems and technology as further described in Section 7(u) below; financial and related reporting obligations. In the event that Operator does not participate in and/or comply with a Huddle House System program or standard, then upon notice from Company, Company may require Operator pay to Company a fee equal to: (i) One Hundred Dollars (\$100) for the first month in which Operator is not in compliance under this Agreement for the Unit; (ii) Two Hundred Dollars (\$200) for the second month during which Operator is not in compliance under this Agreement; and (iii) Three Hundred Dollars (\$300) for the third month and any subsequent months during which Operator is not in compliance under this Agreement. Operator must make the payment to Company of such fees immediately upon demand by Company. Payment of fees under this Section 5(k) is an independent obligation under this Agreement and will be assessed, in part, in consideration of the potential effects of the inconsistency to the System, lack of reported information available to Company, and additional efforts for Company's administration of its standards. Payment of fees under this paragraph will not constitute a cure of the underlying default or a penalty to Operator, and Operator shall remain obligated to cure the default according to the terms of this Agreement. Company's right to demand payment of fees under this paragraph shall be in addition to all other remedies of Company set forth in this Agreement; except that with respect to a delinquent or missing report, Company shall have the right to assess either a monthly fee under this Section 5(k) or a per document fee under Section 11(f) below.

(l) Central Billing Fees. In connection with any program and service that Company designates in the Confidential Operations Manual as generally required for Huddle House Units, Company shall have the right, but not obligation, to collect from Operator the fees or other amounts that are charged by the supplier(s) in connection with Operator's participation in the program and/or purchases from the service provider. If Company elects to do so, Company shall have the right to charge a reasonable fee, which will not exceed ten percent (10%) of the amounts due to the supplier, for the central billing and payment management functions provided by Company.

6. LICENSED MARKS

(a) Ownership of Licensed Marks. Operator expressly acknowledges that Company is the sole and exclusive licensor of the Licensed Marks and agrees not to represent in any manner that Operator has acquired any ownership rights in the Licensed Marks. Operator agrees not to use any of the Licensed Marks or any marks, names or indicia which are or may be confusingly similar in its own corporate or business name and specifically agrees that at no time shall Operator incorporate the names "Huddle House", "HH", or "Huddle House, Inc.," or any part thereof (including the abbreviation "HHI"), in its own corporate name or business name, or as part of any email address, domain name, or other identification of Operator in any medium. Operator further acknowledges and agrees that any and all goodwill associated with the Huddle House System and identified by the Licensed Marks shall inure directly and exclusively to the benefit of Company and that, upon the expiration, non-renewal, or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Operator's use of the Licensed Marks.

(b) Right to Use Licensed Marks. Operator understands and agrees that any use of the Licensed Marks other than as expressly authorized by this Agreement, without Company's prior written consent, is an infringement of Company's rights therein and that the right to use the Licensed Marks granted herein does not extend beyond the termination, non-renewal, or expiration of this Agreement. Operator expressly covenants that, during the Initial Term, the Renewal Term (if any), and thereafter, Operator shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Company's right to use the Licensed Marks or take any other action in derogation thereof.

(c) Obligation to Police the Use of Licensed Marks. Operator acknowledges an obligation to police the use of the Licensed Marks and all printed materials, building designs, color combinations, design specifications and other characteristic physical embodiments of the Huddle House System (“**trade dress**”) and agrees to do so. Operator shall promptly notify Company of any claim, demand or cause of action that Company may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks or trade dress of the Huddle House System, any colorable variation thereof, or any other mark, name or indicia in which Company has or claims a proprietary interest. Operator shall assist Company, upon request and at Company’s expense, in taking such action, if any, as Company may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Company’s behalf without Company’s prior written approval. If Company undertakes the defense or prosecution of any litigation relating to the Licensed Marks or trade dress of the Huddle House System, Operator agrees to execute any and all documents and to do such acts and things as may, in the opinion of Company’s legal counsel, be reasonably necessary to carry out such defense or prosecution.

(d) Limitations on Use of Licensed Marks. Operator further agrees and covenants to operate and advertise only under the names or marks from time to time designated by Company; to adopt and use the Licensed Marks solely in the manner prescribed by Company; to refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Company to liability therefore; to observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that Operator’s use of the Licensed Marks is limited by the terms of this Agreement, and to provide Company with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Company may, from time to time, require, including, without limitation, affixing “SM”, “TM”, or “®” adjacent to all such Licensed Marks in any and all uses thereof; and, to utilize such other appropriate notice of ownership, registration and copyright as Company may require. Operator hereby covenants and agrees that it will affix in a conspicuous location at the Franchised Business a sign containing the following notice: “This business is owned and operated independently by (name of franchisee) who is an authorized licensed user of the trademark “HUDDLE HOUSE”, which trademark is owned by Huddle House, Inc.”

(e) New, Modified or Replacement Licensed Marks. Company reserves the right, in its sole right and discretion, to designate one or more new, modified, substituted, or replacement Licensed Marks (including, without limitation, as part of re-branding activities) for use by franchise owners and to require the use by Operator of any such new, modified, substituted, or replacement Licensed Marks in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with the use of Operator of any such new, modified, substituted, or replacement Licensed Marks shall be the sole responsibility of Operator.

7. STANDARDS OF OPERATION

For the purpose of enhancing the public image and reputation of businesses operating under the Huddle House System and for the purpose of increasing the demand for services and products provided by franchise owners and Company, the parties agree as follows:

(a) Documents to be Submitted and Requirements Prior to Leasing, Purchase, or Construction. Before commencing leasing, purchase, or construction, if any, of the Franchised Business whether as owner or lessee, Operator shall, at its expense, comply with the requirements described in the following paragraphs of this Section 7(a).

(i) Operator is responsible, at its own expense, for finding and then acquiring a suitable site to be the Premises. As set forth in Section 2(a) above, if the parties have not agreed upon the Premises and noted that location in Exhibit B when this Agreement is signed, then Operator must sign the Site Selection Addendum (see Exhibit E to this Agreement). Operator must then, at its own expense and according to the terms of the Site Selection Addendum, identify and obtain the right to use a site as the Premises for the Unit. In no way limiting the terms of the Site Selection Addendum, Operator acknowledges and agrees that a proposed site for the operation of the Unit must comply with such site selection criteria as Company may prescribe from time to time which may include, but is not limited to, the requirement that an environmental audit be performed on such site. If Company determines that such site requires an environmental audit, Operator warrants to Company that such site shall have been examined and certified to be environmentally clean. Operator acknowledges and agrees that Company shall incur no liability by reason of its denial or acceptance of any site and that the acceptance of a site by Company shall not be deemed to be a guarantee of success or a recommendation of such site by Company. Company is under no obligation to accept any proposed site and has no liability to Operator for any site denial.

(ii) Operator shall, at its sole expense, have prepared all preliminary plans and final plans and specifications to be used for site improvement and for renovating, constructing, and equipping the Unit (together, “**Unit Plans**”). Based on the build-out, design and other elements that Company considers important to the development and functioning of Restaurants, Operator agrees that it shall contract with one of the licensed architects designated in writing by Company (in the Confidential Operations Manual or otherwise designated in writing) to prepare for Operator all Unit Plans. Operator must submit all Unit Plans (including all changes and modifications) to Company, for Company’s review and written approval prior to their use. In renovating, constructing, and equipping the Unit, Operator shall comply with all of the applicable provisions of the Americans with Disabilities Act (the “**ADA**”) and shall not discriminate against anyone on the basis of disability. Operator understands and acknowledges that any standard plans and specifications provided by Company shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the ADA or similar rules governing public accommodations for persons with disabilities. Additionally, Company’s review and approval of Unit Plans shall be limited to evaluating the compliance of the Unit Plans with the Huddle House System standards for Units, including such items as trade dress, presentation of Licensed Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Units. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Operator. There shall be no liability on the part of Company to Operator or to any present or future owner of the Franchised Business or to any party in interest because Company has accepted any Unit Plans in connection with assessing compliance with System standards. Two sets of final plans with respect to each proposed Unit must be sent to Company, one of which will be returned to Operator stamped “**ACCEPTED**” if such plans have been accepted. An identical set must be retained at the job site for the proposed Unit.

(iii) If the Premises will be leased by Operator from a third-party, including Operator itself and any entities that are under common control with or affiliated with Operator or its Interest Holders (as defined in Section 11(g) of this Agreement), prior to Operator’s execution, a copy of the actual lease agreement or sublease to be executed for the Premises must be accepted in writing by Company. If requested by Company, before entering into any lease, Operator shall pay an amount up to Two Thousand Five Hundred Dollars (\$2,500) to Company, or a third party designated by Company, for review of the proposed lease or sublease by an attorney with experience in commercial lease transactions. Such review may include a review of the general business and financial terms of the proposed lease and for inclusion of terms required by Company. Any lease agreement for the Premises must include: (a)

terms that provide Company the right to enter the Premises to make any modifications necessary to protect the Licensed Marks; and (b) a “**Collateral Assignment of Lease**” in the form acceptable to Company, executed by Operator and the lessor of the Premises. The Collateral Assignment of Lease must provide: that Company will be provided notice of Operator’s default of the lease; a right (but not an obligation) to cure such default; and the right to assume the lease with the right to sublease to a Huddle House Unit franchise owner; and contain other provisions required by Company including the right to assume the lease upon: (1) a default under this Agreement or under any document or instrument securing this Agreement or financing for the Franchised Business, and/or (2) in the event this Agreement is not renewed, expires or is terminated for any reason. In lieu of the Collateral Assignment of Lease, such lease may provide Company, at Company’s option, with the right to act as prime lessee under the lease and to sublease such site to Operator. Any lease or sublease of the Premises shall be for a term which, with renewal options exercisable by Operator, are coterminous with the Initial Term and any Renewal Terms under Section 3(b) of this Agreement. Company’s acceptance of the lease agreement or sublease is an indication only that the agreement meets Company’s criteria for leases. Company’s acceptance of a lease or sublease does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the lease for Operator’s success or for any other purpose.

(iv) In addition to the terms of Section 7(a)(iii) above, if the Premises will be leased by an entity that is under common control with or affiliated with Operator or its Interest Holders (an “**Affiliated Lessor**”), the Collateral Assignment of Lease must specify that, if Company exercises its rights to take over the Premises, the rent payable by Company to the Affiliated Lessor for the Premises will be fair market rent value, provided that in no event will the rent exceed eight percent (8%) of Net Sales per month based on the average monthly Net Sales of the Unit during the previous twelve (12) months (and to the extent the rent otherwise to be charged exceeds the fair market value, then Operator shall be responsible for payment of the amount in excess of the fair market value). If Company and Affiliated Lessor have not agreed upon a fair market value within seven (7) days of Company’s notice of its intent to exercise its rights to take over the Premises, then by mutual agreement of Company and Affiliated Lessor within seven (7) days of the expiration of such period, Company may appoint an appraiser to determine fair market rent. If Company and Affiliated Lessor cannot mutually agree upon one appraiser, Company, within seven (7) days thereafter, shall notify Operator of the names of two appraisers or firms having the capacity to perform or engage others to appraise the fair market rent for the Premises. Affiliated Lessor shall select, within seven (7) days after such notification by Company, one of such appraisers or firms to be responsible for determining fair market rent value; otherwise, Company shall select one such appraiser or firm to be responsible for determining fair market value and such appraiser’s or firm’s decision shall be binding. Company and Affiliated Lessor shall divide equally the cost of any appraiser or firm. Within ten (10) days after Company has been notified of the fair market rent value, Company may exercise its option to rent the Premises by notice to Operator.

(v) Operator must obtain the written acceptance of Company for its general contractor before construction or renovation may begin on the Unit; and if, prior to Operator engaging a general contractor, Company has implemented a requirement to use only general contractors designated by Company, Operator must engage one of the general contractors designated by Company. Further, Operator must obtain the written acceptance of Company for its final Unit Plans, as described in Section 7(a)(iv) above, before construction may begin on the Unit. If the Operator begins construction or renovation of the Unit prior to obtaining the above required written acceptances then the Operator will be in default under the terms of Section 14 of this Agreement at the sole right and discretion and exclusive option of Company.

(vi) Operator shall submit, as soon as possible, to Company bona fide and complete copies of all contracts with contractors and suppliers pertaining to the construction and equipping of the Premises and Unit for use as a Huddle House System restaurant.

(vii) Any reviews that Company conducts under this Section 7(a) and Sections 7(b) through 7(d) are only for Company's benefit. Operator acknowledges that Company's review and acceptance of a site, lease, sublease, Unit Plans, permits, and/or certifications for a Franchised Business do not constitute a recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, or sublease, or purchase agreement, or that such are all required permits and certifications for the Franchised Business. Operator is solely responsible for compliance with all such laws and regulations; and Company's acceptance is not, and will not be deemed to be, an assessment as to whether or not Operator has complied with those laws and regulations. Additionally, and notwithstanding any other term of this Agreement, Operator acknowledges that Company may provide templates, generic design plans, or specifications for branding and imaging compliance purposes, but Operator shall not rely on these for compliance with any applicable law, ordinance, best practice, or regulation.

(b) Permits and Certifications. At least ten (10) days prior to the commencement of business to the public, Operator shall submit to Company all applicable permits and certifications as may be required for the lawful operation of the Franchised Business, together with copies of any building inspection reports and certifications from all regulatory or governmental authorities having jurisdiction over the Premises and the Franchised Business that all necessary permits have been obtained and that all requirements for construction and operation have been met.

(c) Fixtures, Equipment, Supplies and Signs. All fixtures, equipment and supplies for the Franchised Business selected by Operator must meet the quality System standards set forth in Company's Confidential Operations Manual or otherwise in writing, subject to compliance with applicable laws and regulations. Subject to any applicable local zoning or regulatory requirements, Operator shall acquire by lease or purchase all signs as required by Company at any time and from time to time for use at or in connection with the Franchised Business including signs containing or displaying the Licensed Marks including new, modified, substituted, or replacement Licensed Marks.

(d) Completion of Construction and Commencement of Operations. Operator, whether as owner or lessee, shall complete construction of the Unit at the Premises in accordance with the then approved site and building plans and shall make no changes to such plans without the written consent of Company. Operator shall open the Franchised Business to the public not later than the earlier to occur of the following events: (i) the date on which Operator's lease of the Premises requires Operator to commence its business; (ii) three hundred (300) days after (a) execution of the lease by all parties thereto if the lease for the Premises was not signed prior to the Effective Date, or (b) the Effective Date hereof if the lease for the Premises was signed prior to the Effective Date (the applicable deadline for opening the Franchised Business is the "**Opening Deadline**"). Operator shall secure to Company and its agents the right to inspect the construction at any reasonable time although Company has no obligation to do so; shall correct, upon request and at Operator's expense, any deviation from the accepted site layout and plan; and shall furnish to Company a copy of the certificate of completion and obtain Company's acceptance of the completed construction prior to opening all or any part of the Franchised Business for operation. Additionally, prior to opening the Unit and prior to renovating the Unit after the initial opening of the Unit, Operator shall execute an ADA Certification in the form attached to this Agreement as Exhibit D that certifies in writing to Company that the Unit and any proposed renovations comply with the ADA. In the event Operator receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Operator shall provide Company with a copy of such notice within five (5) days after receipt thereof. As provided in Section 18(a) below, Operator shall indemnify Company and the

officers, directors, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Operator's compliance with the ADA, as well as the costs, including attorneys' fees, related to the same.

(i) Operator acknowledges that Company has the right to terminate this Agreement if either: (i) construction on the Unit has not commenced within sixty (60) days of the earlier to occur of (a) execution of the lease for the Premises by all parties thereto if the lease for the Premises was not signed prior to the Effective Date, or (b) the Effective Date if the lease for the Premises was signed before the parties entered into this Agreement; or (ii) the Franchised Business is not open to the public by the Opening Deadline, unless Operator has been granted an extension in accordance with Section 7(d)(ii) below.

(ii) Company reserves the right to grant extensions of the Opening Deadline at Company's sole right and discretion in the event that Operator has complied (in Company's opinion) with all of the terms and conditions herein and has, in good faith, diligently pursued the construction of the Unit according to the terms of this Agreement. Additionally, Operator may apply to Company, in writing, for an extension of the Opening Deadline. Operator's written application for an extension must be submitted not fewer than thirty (30) days in advance of the Opening Deadline and specify the reasons for the requested extension and specify a proposed revised opening date for the Unit, which shall not exceed six (6) months. Operator has no rights to receive an extension of the Opening Deadline, and Company will have the right to determine whether to grant an extension. No extension will be effective unless and until Company provides its written approval, and Operator has paid to Company an extension fee in an amount equal to Five Thousand Dollars (\$5,000) per month of the extension period granted by Company. Company's decision to extend the Opening Deadline shall not, absent a written agreement, renew or extend any deadline with respect to any other Huddle House Restaurant that Operator (or any affiliate) may develop under other agreements with us.

(e) Security Deposit. Prior to beginning construction of the Unit at the Premises, Operator shall deposit with Company as a security deposit the sum set forth on Exhibit B hereto plus such other sums as required by this Section 7(e) ("**Security Deposit**") as security for the full and faithful performance by Operator of all the terms and conditions of this Agreement required to be performed by Operator. Company may, but shall not be required to, use, apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any sums which Operator may owe to Company, whether due pursuant to the terms of this Agreement or otherwise, or for any sum which Company may expend or may be required to expend by reason of Operator's default in respect to the terms of this Agreement or any other agreement. Whenever the amount of the Security Deposit is reduced below the sum designated on Exhibit B as the Security Deposit by reason of Company's use, application or retention thereof, Operator shall deliver to Company additional cash sufficient to restore the sum on deposit to the amount set forth on Exhibit B hereto, and failure to do so within five (5) days of demand from Company shall have the same consequences as failure to pay any other sums required to be paid by this Agreement.

In the event that Operator fails to pay any financial obligation due Company and receives written notice from Company that any such obligations are delinquent on one or more occasions during the Initial Term or Renewal Term, if any, Operator shall upon written notice by Company within five (5) days deliver to Company an additional Five Thousand Dollars (\$5,000) to Fifteen Thousand Dollars (\$15,000) as specified by Company, to become a part of the Security Deposit and thereafter the amount required to be maintained as the Security Deposit shall be the sum set forth on Exhibit B hereto plus such additional amount as Company requires pursuant to this Section 7(e). Company's right to demand that the Security

Deposit be increased as described in the preceding sentence shall be in addition to all other remedies of Company set forth in this Agreement. Company while holding the Security Deposit shall be entitled to commingle such deposit with its own funds and to use such sums for such purposes as Company may determine. Operator shall not be entitled to any interest on the Security Deposit. In the event that Operator shall comply with all of the terms of this Agreement, and of all other agreements with Company, the balance of the Security Deposit shall be returned to Operator after expiration of this Agreement and the return to Company of all property in Operator's possession belonging to Company. In the event of an assignment of this Agreement by Company, Company shall have the right to transfer the Security Deposit to the assignee and Company shall thereupon be released from all liability for the return of all or any part of the Security Deposit. Operator shall not assign or encumber the Security Deposit, neither shall Company nor its successors or assigns be bound by any such assignment or encumbrance. Failure to deliver the initial Security Deposit or additional amounts as described above to Company shall have the same consequences as failure to pay any other sums required to be paid by this Agreement.

(f) Authorization to Open Unit Required. The Franchised Business shall not be opened to the public until authorized in writing by Company. The date on which the Franchised Business first opens for business to the public as a Huddle House® restaurant is the “**Opening Date**”.

(g) Management of Unit. Operator agrees that at all times during this Agreement the Franchised Business shall only be operated directly by Operator, if Operator is an individual, or by at least one Owner or employee of Operator (the “**designated manager**”) who meets all of the following criteria:

(i) The individual must be principally responsible for the operation of the Franchised Business on a full-time, in-person basis at the Huddle House Unit. During any period that an individual will serve as the designated manager for the Franchised Business, his or her activities must be dedicated to the Franchised Business and not shared with any other business activity; and

(ii) The individual must have attended and satisfactorily completed such training, retraining or refresher training program as Company may require, in its sole right and discretion, at such times and places prior to the expiration of this Agreement as Company may reasonably designate.

(iii) In addition to the above requirements that will apply through the Term, during the first two (2) months the Franchised Business is open to the public, Operator (if the Operator is an individual) or (if the Operator is an entity) one Owner with at least ten percent (10%) equity in Operator must serve as an on-Premises designated manager for a minimum of thirty (30) peak operating hours per week. The parties agree that this Section 7(g)(iii) is a condition of the grant of this Agreement in order to facilitate Operator's restaurant experience, and not as a labor or employment requirement. The in-store experience is material to the grant of this Agreement to ensure that Operator has the operational familiarity, business management and compliance with all of Company's standards. The individual serving as the designated manager under this Section 7(g)(iii) must meet all qualifications and training requirements of this Agreement relating to designated managers, including subsections 7(g)(i) and 7(g)(ii) above and Sections 7(h), and 7(i) below.

(h) Designation of Managers. Prior to opening the Franchised Business to the public, if Operator is an entity, Operator will advise Company if any Owner (as defined in Section 12(k) of this Agreement) will serve as a designated manager. Prior to opening the Franchised Business to the public, three (3) designated managers (one of which may be Operator if Operator is an individual) shall have been certified by Company as meeting Company's qualifications for management of the Unit. Also, at any time during this Agreement within sixty (60) days after Operator designates an employee as manager

of the Unit, such employee shall satisfactorily complete Company's training program(s) required for managers. It shall be the responsibility of the Operator to initiate requests for training of its designated managers and to make such managers available to receive all training required.

(i) Training Program.

(i) Prior to the commencement of business to the public, three (3) managerial personnel (one of whom may be Operator if Operator is an individual) who are acceptable to Company shall complete, to Company's reasonable satisfaction, any and all training programs as Company may reasonably require. Additionally, if either (a) Operator is an individual but will not become trained and certified as a designated manager, or (b) Operator is an entity and none of its Owners will become trained and certified as a designated manager as described above, then at least one (1) Owner must attend the initial training program designated by Company for non-manager operators, which as of the Effective Date consists of approximately four (4) days of training at or in a Huddle House Unit designated by Company and three (3) days of classroom training at Company's headquarters.

(ii) If any trainee fails to complete the required initial training program to Company's satisfaction, Company shall notify Operator of such failure and Operator shall designate a substitute trainee. If Operator fails to designate a substitute trainee, or if the substitute trainee fails to complete the training to Company's satisfaction, Company may, at its sole right and discretion, elect to terminate this Agreement, in which event Operator shall be entitled to receive a refund of the initial franchise fee less an amount equal to (i) fifty percent (50%) of the initial franchise fee paid by Operator and received by Company, plus (ii) any costs and expenses incurred by Company in training Operator and its managerial personnel or any expenses incurred by Company in connection with its review, acceptance and supervision of the development of such Unit, which in no event shall be less than Two Thousand Five Hundred Dollars (\$2,500). Any such refund shall be in full and complete satisfaction of Company's obligations to Operator. Furthermore, Operator acknowledges and agrees that the refund to Operator, as described above, is conditioned upon Operator's execution of a general release in a form prescribed by Company, of any claims or causes of action that Operator may have against Company and its affiliates, officers, directors, employees, and agents under or pursuant to this Agreement or otherwise.

(iii) At any time during the term of this Agreement, Company may at its option require others of Operator's initial and subsequent management employees to attend and satisfactorily complete all or any part of such training programs and any other courses, seminars, refresher and/or additional training that Company may develop or designate. All expenses incurred in training, including, without limitation, costs of travel, room, board and wages of the person(s) receiving such training shall be borne by Operator. Operator shall also bear the cost of any additional training which may be required by Company, which may include, without limitation, tuition or other fees for such training.

(iv) In addition to the initial training described above, Company has the right to conduct an orientation program for new franchisees and/or existing franchisees as Company determines appropriate ("**Franchisee Orientation Program**"). During any periods that Company does so, Company has the right to require that Operator, and such of its managerial personnel as designated or accepted by Company, attend and successfully complete the Franchisee Orientation Program within such time period as Company designates, which may be before Operator is authorized to begin operating the Franchised Business if Operator has not yet commenced operations. Company may conduct the Franchisee Orientation Program at Company's headquarters or such other location(s) as Company may designate. Company has the right to charge Operator a fee for the Franchisee Orientation Program, and Operator will bear all expenses associated with participation, including, without limitation, costs of travel, room, board and wages of the person(s) attending the program. As of the date of this Agreement, Company required

that, after the time Operator has secured a site that Company has accepted to be the Premises and before Operator begins any site design, Operator will travel to Company's headquarters (or such other support center as Company may specify) and participate in a one day meeting to review Company's new restaurant opening guidelines and complete initial project timelines and checklists, as Company may then require, with Company's construction and design and operations personnel. Company does not charge a fee for this session, but Operator will be responsible for and pay all travel and related costs and expenses that Operator incurs in connection with such session.

(j) Use of Premises. Operator agrees to use the Premises solely for the operation of the Franchised Business in the manner and pursuant to the System standards prescribed herein, in the Confidential Operations Manual or otherwise in writing, and to refrain from using or permitting the use of the Premises for any other purpose or activity at any time. Without limiting the generality of the foregoing, Operator agrees that no alcoholic beverages shall be sold, consumed or possessed on the Premises. Additionally, as described in Section 2(b) herein, Operator may engage in Catering and delivery, but only in accordance with the terms and conditions stated in this Agreement and in the Confidential Operations Manual, or as otherwise in writing by the Company.

(k) Purchases From Approved Sources. Operator shall purchase or lease all fixtures, furnishings, signs, equipment (including without limitation the Computer System described in Section 7(u)), inventory, uniforms, advertising materials, operational and support services and other supplies, products and materials required for the operation of the Franchised Business solely from suppliers (which term, as used in this Agreement, refers to manufacturers, vendors, distributors, and other sources of supply) who demonstrate, to the continuing satisfaction of Company, the ability to meet Company's standards and specifications for such items (including services); who possess adequate quality controls and capacity to supply Operator's needs promptly and reliably; and who have been approved for such items in writing by Company and not thereafter disapproved. If Operator desires to purchase or lease any items from an unapproved supplier, Operator shall submit to Company a written request for such approval in accordance with procedures which may be prescribed from time to time by Company in the Confidential Operations Manual, the Food Purchasing Manual, or otherwise in writing. As a condition of its approval, Company may require that Company be allowed access to inspect the facilities of the proposed supplier and that samples of the proposed products and/or services be delivered, or otherwise provided, to Company or Company's designee for testing. Operator shall pay a fee to Company for such testing. Such fee shall be equal to, but shall not exceed, an amount equal to all of Company's costs incurred for such testing. If thirty (30) days should pass without Company having given written approval for such purchase or lease, it shall be deemed to have been disapproved. Notwithstanding anything above to the contrary, Company reserves the right to disapprove proposed or existing suppliers based on its desire to achieve purchasing efficiencies for the Huddle House System and/or to consolidate Huddle House System purchases through a single supplier (which could be Company or its affiliates) or fewer suppliers. Company has designated itself or its affiliates as an approved supplier of various items (and in some instances, Company or its affiliate may be the sole approved supplier) and earns a profit from the sale or lease of such items to Operator; however, Company is not required to be an approved supplier to the Huddle House System and may discontinue being an approved supplier at any time. Operator acknowledges and agrees that Company has the right, without restriction, to collect and retain, and in connection therewith Operator assigns to Company (or its designee) any interests that Operator may have in, all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits offered by suppliers to Operator or to Company (or its affiliates) based upon Operator's purchases from approved sources under this Agreement. Company reserves the right, at its option, to reinspect the facilities and products and services of any such approved supplier from time to time and to revoke approval for any product, service, or supplier upon the failure of the product, service, or supplier to continue to meet any of Company's then current criteria, or to change suppliers for any other reason.

Operator shall discontinue purchasing any product or service for which, or from any supplier for whom, Company has revoked its approval. Nothing in the foregoing provisions shall be construed to require Company to approve any particular product, service, or supplier, or to require Company to make available to prospective suppliers, standards and specifications for formulas that Company, in its sole right and discretion, deems confidential.

(l) Operation of Unit. Operator agrees to operate the Franchised Business in an ethical and professional manner at all times, including providing prompt and courteous service to all customers and treating all of its employees, invitees, and Company representatives with respect and professionalism. In particular, Operator shall use, adopt, maintain, and comply with the System standards of quality, appearance and operation for the Franchised Business as Company has or may establish and modify from time to time. Operator shall at all times staff the Franchised Business with such number of employees and otherwise operate the Franchised Business diligently so as to maximize the revenues and profits therefrom. Operator shall at all times sell food products designated on the standard Company menu prepared from time to time by Company and shall not, without the prior written consent of Company, at any time sell any product (food or non-food) which does not appear on such menu. Operator shall, at all times, conform strictly to the method of preparation designated by Company, including, without limitation, food preparation, cooking and serving, maintenance and cleaning procedures, bookkeeping methods and similar items. All paper goods and pre-packaged good items unique to the Huddle House System and used by Operator which can be seen by the public shall bear an approved Licensed Mark as required by Company in its sole right and discretion. No part of the Premises shall be leased by the Operator to any other party without Company's prior written consent.

Operator shall keep the Unit open and in normal operation for such hours and days as Company may from time to time specify in the Confidential Operations Manual or as Company may otherwise designate or approve in writing which may be all hours of each day, during all days of the week. Operator further agrees that: (a) failure to keep the Unit open and in normal operation during all times (other than permitted closure hours as approved for Operator on case by case basis, which may be modified or eliminated by Company at any time) is a default under this Agreement; and (b) if Operator commits such default, Company may, in addition to any other remedies Company may have, require that Operator pay Company the amount equal to One Thousand Dollars (\$1,000) for each day during which Operator did not operate the Unit during all required times.

(m) Approval of Advertising and Other Materials. In no way limiting the terms of Section 8, Operator shall use only business stationery, business cards, marketing materials, advertising materials, printed materials or forms that have been approved in advance by Company. Operator shall not employ any person to act as a representative of Operator in connection with local promotion of the Franchised Business in any public media without the prior written approval of Company. Any and all supplies or materials purchased, leased or licensed by Operator shall always meet those standards specified by Company.

(n) Identification as Franchised Unit. In all advertising displays and materials and at the Premises, Operator shall, in such form and manner as may be specified by Company in the Confidential Operations Manual or otherwise in writing, notify the public that Operator is operating the business licensed hereunder as a franchise owner and independent operator of Company and shall identify its business location in the manner specified by Company in the Confidential Operations Manual, or otherwise in writing by Company.

(o) Response to Customer Complaints. Operator shall promptly respond to customer complaints and shall take such other steps as may be required to ensure positive customer relations.

(p) Evaluation of Unit. Operator acknowledges each of the terms below in this Section 7(p).

(i) Operator hereby grants to Company and its agents the right to enter upon the Premises, without notice, at any time for the purpose of conducting evaluations of the Premises, Operator's books, records and register tapes to ensure compliance with this Agreement, the Confidential Operations Manual and any other written materials, and for the purpose of inspecting and examining the operations and facilities (including, but not limited to, testing, sampling and inspecting ingredients and products used by Operator and the products sold by Operator, as well as the storage and preparation of such ingredients and products), and Operator agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an evaluation upon the request of Company or its agents. In conducting such evaluations and inspections, Company may take such actions as it deems appropriate to memorialize the conditions, including without limitation to take pictures and make video recordings.

(ii) Operator shall permit Company's agents or representatives to remove from the Premises samples of any ingredients, products, materials, supplies, and expendables without payment therefor in amounts reasonably necessary for testing, review and evaluation by Company or an independent certified laboratory to determine whether such samples meet Company's then current standards and specifications, with no liability to Operator for any damage to such samples as a result of such testing, review and evaluation. In addition to other remedies that Company may have under this Agreement, Company may require Operator to bear the cost of such testing, review and evaluation if the supplier from which such ingredients and products were acquired has not been approved by Company or if the sample fails to conform to Company's specifications. Upon notice from Company or its agents, Operator shall take such steps as may be necessary immediately to correct any deficiencies detected during any inspection or by such testing, review and evaluation, without limitation, immediately ceasing to use any methods, ingredients, products or advertising materials which do not conform to Company's then current specifications, standards or requirements.

(iii) Company and/or its agents have the right to develop and maintain a quality assurance program that Company may use to monitor customer satisfaction and the operations, facilities and services at Huddle House Units (a "**Quality Evaluation Program**"). As part of a Quality Evaluation Program, Company may, among other things: (a) establish minimum operational standards and standards for quality service, customer satisfaction; performance benchmarks relating to ratings, surveys and customer feedback, and standards and guidelines for addressing customer complaints; (b) require Operator to present to customers such evaluation forms as are periodically prescribed by Company and to participate and/or request its customers to participate in any surveys performed by or on behalf of Company; (c) interview existing and/or prospective customers of the Franchised Business at any time and at any location, including at the Unit, without prior notice to Operator; and (d) require Operator to use and permit the use by Company of "mystery shopper" services to evaluate its compliance with customer service requirements and other Company standards. For any mystery shopper program, the cost of which shall be borne by Operator, the service provider will be authorized to provide reports of the results of the mystery shopper programs to Company. Operator's mystery shopper programs shall be conducted in accordance with any mystery shopper methods or protocols set forth in the Confidential Operations Manual. Operator acknowledges and agrees that, during any periods that a Quality Evaluation Program is in effect, Operator will fully participate in the Quality Evaluation Program in the manner specified in the Confidential Operations Manual and that a failure to satisfy minimum standards that may be established under the Quality Evaluation Program will be a default under this Agreement and subject to Section 14(c)(xi).

(iv) If Operator fails two or more consecutive inspections or reviews under the Quality Evaluation Program, then beginning with the second consecutive failed inspection or report, Operator must pay Company a re-evaluation fee in the amount of Three Hundred Fifty Dollars (\$350) for each failure until such time as Operator achieves a satisfactory score during Company's re-evaluation(s). Nothing in this paragraph shall limit or otherwise modify Company's rights with respect to enforcement against Operator for any of Operator's defaults upon the first failed inspection or report, including Company's rights to terminate this Agreement under Section 14. Company shall have the right to conduct re-evaluations, but is not required to do so, independent from any other actions permitted under this Agreement.

(q) Conformity to System Standards and Specifications. Operator understands and acknowledges that every detail of the System and the Huddle House Units is essential to Operator, Company, and other System franchisees in order to (i) develop and maintain quality and Company's operating standards, (ii) increase the demand for the products and services sold by all franchisees operating under the System, and (iii) protect Company's reputation and goodwill. Operator shall maintain Company's high standards with respect to facilities, services, products, and operations. As such, Operator agrees that in operating the Franchised Business, Operator shall use, adopt, participate in and comply with the System standards, including System rules, methods, standards and specifications as Company may from time to time prescribe in its Confidential Operations Manual, the Food Purchasing Manual, or otherwise in writing to ensure that Company's required degree of quality, service and image is maintained; and to refrain from deviating therefrom and from otherwise operating in any manner which adversely reflects on Company's name and goodwill, or on the Licensed Marks. Without limiting the generality of the foregoing, Operator specifically agrees:

(i) To purchase and install, at Operator's expense, all such fixtures, furnishings, signs and equipment as may be required by Company, and meet the specifications of the accepted site layout and plan, Company's parking lot lighting specifications, and all other such items as Company may prescribe from time to time; and to refrain from installing, or permitting to be installed, on or about or in connection with the Premises or the Franchised Business, any such item not meeting Company's standards and specifications;

(ii) To maintain in sufficient supply, and use at all times, only operating products, materials, supplies and expendables, including paper goods, as conform with Company's then current standards and specifications, and to refrain from using non-conforming items without Company's prior written consent;

(iii) To sell and to offer for sale all such products, goods and services as Company may, from time to time require, and only those which Company may, from time to time approve, and which are not subsequently disapproved, as meeting its quality standards and specifications. In addition to any remodeling, repairs, replacement and redecoration required by Section 7(s) hereof, in order to introduce new products or services, Operator may be required to expend additional amounts on new, different or modified equipment or fixtures necessary to offer such new services or products. In such event, Operator shall immediately complete any modifications necessitated by the introduction of such new products and services if the additional amount expended to introduce such new products and services is less than Five Thousand Dollars (\$5,000), and if such amount is greater than Five Thousand Dollars (\$5,000), Operator shall have up to three (3) months to complete any modifications necessitated by the introduction of such new products and services;

(iv) With respect to any products, menu items or services that Company designates as mandatory offerings to customers, or with respect to any equipment, supplies, or materials that Company

designates for use in providing or promoting and advertising mandatory product offerings to customers (any such product, menu item, service, equipment, supply and/or material designated as mandatory, whether on a temporary or permanent basis, is a “**Mandatory Item**”), Company shall have the right to: (a) require that Operator purchase such Mandatory Items from designated vendors pursuant to Section 7(k) above; and (b) place purchase and/or shipment orders on behalf of Operator with the designated suppliers for such Mandatory Items, according to the terms negotiated with, or specified by, the designated supplier for each such Mandatory Item. To the extent that Company places purchase and/or shipment orders of Mandatory Items for Operator, Company or the designated supplier will provide Operator with an invoice for the purchase and shipment costs of the Mandatory Items. Operator agrees to accept such orders and deliveries and to make timely payment for the invoiced amounts. Company may designate suppliers for Mandatory Items in accordance with Section 7(k) above; and

(v) Any requirements or specifications that Company conducts under this Section 7(q) are for purposes of complying with Company's standard for brand image and Huddle House System standards, and are not specified for purposes of compliance with applicable laws and regulations.

(r) Maintenance and Appearance of Premises. Operator agrees to maintain the Unit and the Premises, including but not limited to site improvements, the parking lot, landscaping, all fixtures, furnishings, signs and equipment thereon, in conformity with Company's then current standards at all times during the Initial Term and Renewal Term of this Agreement, if any and to make such additions, updates, repairs and replacements thereto as Company may reasonably require. Without limiting the generality of the foregoing, Operator specifically agrees:

(i) To keep the Franchised Business at all times in a high degree of sanitation, repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the Unit, such maintenance and repairs to all fixtures, furnishings, uniforms, signs and equipment as Company may from time to time reasonably direct;

(ii) To meet and maintain at all times all Huddle House System rules, methods, standards and specifications as Company may from time to time prescribe in its Confidential Operations Manual or otherwise in writing for the operation of the Franchised Business; and

(iii) To cause its employees to wear apparel which conforms strictly to the specifications, design, color and style approved by Company from time to time.

In the event that Operator fails to perform its obligations under this Section 7(r), such failure shall constitute a default under the terms of this Agreement. In addition to its other remedies hereunder, in such event Company shall have the right at its election (without being obligated to do so) to correct the deficiency or cause the deficiency to be corrected at the cost and expense of Operator, and Operator shall promptly pay to Company all costs and expenses advanced on its behalf together with interest at the rate of twelve percent (12%) per annum. In the event that Company determines, in its sole right and discretion, that Operator's default under this Section 7(r) involves conditions which are unsafe, unhealthy, or hazardous to its customers, employees, or to the public, Company shall have the right to require that Operator, upon notice from Company, immediately suspend operations of the Franchised Business until such time as Company determines that said conditions have been cured. Company is specifically permitted to force shutdown in this case. The foregoing shall not affect Company's ability to terminate this Agreement as set forth in Section 14(c)(x).

(s) Remodeling. Operator agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Company shall have the right, at any time and from time to time or at any time upon

the transfer or renewal of the Franchise, to require Operator to perform such remodeling, repairs, replacements and redecoration in and upon the Premises, and upon the equipment and furnishings used by Operator as Company shall reasonably deem necessary and practical to bring the Premises, including equipment and fixtures, up to the then current standards of newly developed Huddle House Units. Notwithstanding new equipment may be required earlier for products and services in accordance with Section 7(q)(iii).

(t) Replacement of Equipment. In no way limiting Company's rights under any other provision of this Agreement, upon Company's request, Operator agrees to install, update or replace any equipment (including without limitation the Computer System described below), and to utilize equipment of the kind and in such manner as is specified by Company from time to time.

(u) Technology, POS, and Communication and Information Systems. Company has the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among Huddle House Units, and in accordance with Company's standards, including without limitation: (1) back office and management systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Huddle House Units, between or among Huddle House Units, and between and among the Operator and Company or its designee; (2) computer based point of sale systems, including cash registers or other computer components with locked totaling device (a "**POS System**"), which may include, or be supplemented by, related technology, equipment, and services for customer online and mobile ordering systems and services, customer loyalty programs, and third-party delivery services; (3) physical, electronic, and other security systems; (4) printers and other peripheral devices; (5) archival back-up systems; and (6) internet access mode (*e.g.*, form of telecommunications connection) and speed (collectively including with the POS System, the "**Computer System**"). Additionally, the terms provided below in this Section 7(u) apply with respect to the Computer System.

(i) Operator shall purchase or lease (from Company, or from a supplier approved by Company in the Confidential Operations Manual or otherwise in writing, before commencing operation of the Franchised Business, the Computer System and shall thereafter comply with Company's requirements, specifications and policies concerning the use of technology, as they may be specified in this Agreement, or specified or modified in the Confidential Operations Manual or otherwise in writing.

(ii) Company shall have the right, but not the obligation, to develop or have developed for Company, or to designate: (a) computer software programs and accounting system software that Operator must use in connection with the Computer System ("**Required Software**"), which Operator must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Operator must install; (c) the tangible media upon which Operator must record data; and (d) the database file structure of Operator's Computer System. If Company requires Operator to use any or all of the above items, then Operator agrees that it will do so.

(iii) In connection with the Computer System and Required Software, Operator shall execute any license, sublicense, or maintenance agreement required by Company or any other approved licensor of such software programs and comply with their terms, including making payments to those suppliers according to the terms of those arrangements.

(iv) Operator shall obtain and maintain throughout the term of this Agreement, a contract with one or more suppliers, approved by Company in the Confidential Operations Manual or otherwise in writing, for services, as may be specified by Company from time to time, for the maintenance of, and assistance (including a help desk) in operating the Computer System and/or

designated components and functions of the Computer System. Additionally, Company or its affiliate may be an approved supplier of such services, and if Operator obtains these services from Company or its affiliate, then Operator shall pay to Company or its affiliate each month the maintenance fee and help desk fee specified by Company for such services. Additionally, Company may from time to time develop proprietary software programs for use in the Huddle House System, which Operator may be required to purchase and use in connection with the Franchised Business.

(v) Operator shall maintain, at its own expense, all aspects of the Computer System. Operator also shall upgrade and update its computer hardware and software within thirty (30) days of any notice from Company requiring such upgrade or update, and any such upgrade or update shall be at Operator's cost and expense.

(vi) Operator shall promptly enter into its Computer System and maintain all information required to be entered and maintained by this Agreement and the Confidential Operations Manual, or otherwise in writing by Company, and shall permit Company to access Operator's Computer System at all times via modem or other means specified by Company from time to time. Operator shall cooperate with Company and shall execute all documents required by Company to permit access to Operator's Computer System and data contained therein. All data provided by Operator, downloaded from Operator's Computer System, and otherwise collected from Operator's Computer System by Company (excluding consumers' credit card and/or other payment information), and/or provided to Company is and will be owned exclusively by Company, and Company shall have the right to use such data in any manner that Company deems appropriate without compensation to Operator. In no way limiting the above, with respect to the POS System, Company shall have right, but not the obligation to exercise, full access to, and authority to use and take actions regarding, any data, including terminal key information, that is entered into or otherwise maintained on or for the POS System, including software, hardware, applications, physical connections or any other device or technology, in connection with configurations, updates, modifications, monitoring, verifications of compliance, an emergency, investigation of possible breach, and/or possible remediation activities. In connection with the foregoing, Company may take actions, without liability to Operator, as it deems appropriate, which may include installing, disabling or removing software, hardware, applications, physical connections or any other device or technology.

(vii) Company shall have the right, but not the obligation, to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet) between Company, Operator, other franchisees, and other persons and entities as determined by Company, in its sole right and discretion. If required by Company, Operator shall establish and maintain access to the extranet in the manner specified by Company, including frequency of use, and shall from time to time execute such agreements and/or acknowledge and agree to comply with, such policies concerning the use of the extranet as Company may require.

(viii) In no way limiting any other requirement of Operator pursuant to Section 7(u)(vi), Operator must maintain an internet service that allows Operator an unlimited internet connection, email and online communication abilities as Company requires. Operator must dedicate a high-speed broadband or frame relay connection for the sole purpose of supporting Operator's computer system. Company must approve any other technology options, such as satellite or cellular, before Operator orders service with a provider. Company may require Operator to use an internet service provider Company approves. Company may require Operator to purchase services that meet certain performance criteria (Example: upload/download speeds, security, etc.). Operator must maintain a valid email address to receive communications from Company. Operator must immediately notify Company of Operator's email address and of any changes Operator later makes to Operator's email address. Operator

must access and review all emails received at Operator's email address in accordance with the standards that Company specifies from time to time, including requirements as to frequency in reviewing emails and other communications (which will be no less frequent than once per day).

(ix) Operator acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Operator agrees that Company will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Operator agrees to abide by those reasonable new standards Company establishes as if this Section 7(u) were periodically revised by Company for that purpose.

(x) In no way limiting Section 17(a) below, Operator must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws"). Operator must comply with such standards and policies pertaining to the privacy of consumer, employee, and transactional information that Company may establish. If there is a conflict between Company's standards and policies and Privacy Laws, Operator must: (a) comply with the requirements of Privacy Laws; (b) immediately give Company written notice of such conflict; and (c) promptly and fully cooperate with Company and its counsel in determining the most effective way, if any, to meet Company's standards and policies pertaining to privacy within the bounds of Privacy Laws. Operator must not publish, disseminate, implement, revise, or rescind a data privacy policy without Company's prior written consent as to such policy.

(v) Reservation of Right to Vary Standards. Because complete and detailed uniformity under many varying conditions may not be possible, practical, or desirable, Company specifically reserves the right and privilege, in its sole right and discretion and as Company may determine, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Company deems to be of importance. Operator shall have no recourse against Company on account of any variation from standard specifications and practices granted to any franchise owner and shall not be entitled to require Company to grant Operator a like or similar variation hereunder. Additionally and notwithstanding any other provision contained in this Agreement, Company may: (i) use in its right and discretion one or more Huddle House Units, including that of the Operator, to test market new or different products or services, (ii) authorize or require the use of new, modified, substituted, or replacement Licensed Marks in its discretion at one or more Huddle House Units without incurring any obligation to authorize or require the use of such new, modified, substituted, or replacement Licensed Marks on a system-wide basis (including, without limitation, as part of re-branding and/or re-imaging activities), and (iii) engage in any type of business activity apart from the Huddle House System, including, without limitation, the creation of or participation in any other franchise system without incurring any obligation to allow Operator to utilize all or any part of such system.

(w) Changes to System. Operator acknowledges that the Huddle House System must continue to change in order to reflect the changing market and to meet new and changing consumer demands, and that variations and additions to the Huddle House System may be required from time to time in order to preserve and enhance the public image of the Huddle House System and to ensure the continuing operational efficiency of Huddle House Units generally. Accordingly, Operator agrees that Company may from time to time hereafter, upon reasonable notice, and acting reasonably, add to, subtract from, modify, substitute, or otherwise change the Huddle House System, including, without limitation, the adoption and use of new, substituted, or modified Licensed Marks, products, services, equipment and furnishings and new techniques and methodologies relating to the preparation, sale, promotion and marketing of food products and services. Operator agrees to promptly accept, implement, use and display

in the operation of the Franchised Business all such additions, modifications and changes at its sole cost and expense.

(x) Death or Incapacity of Operator or Managing Interest Holder. Upon the death, physical incapacity, or mental incompetency (as reasonably determined by an independent third party such as a medical doctor) of an individual Operator or of any Interest Holder (as defined in Section 11(g)), who is managing the Unit on behalf of Operator, a replacement for such person must be approved by Company in accordance with Section 13(f)(ii).

(y) Management of Unit by Company. Operator hereby grants to Company the right, but not the obligation, to immediately take such steps as are necessary to manage the Franchised Business for the account of Operator in the event of the death of, or reasonable determination by an independent third party (such as a medical doctor) as to the physical incapacity or mental incompetency of the Operator or the Interest Holder who is managing the Unit on behalf of Operator, until such time as Operator has satisfied the conditions set forth in Sections 7(x) and 13(g) of this Agreement. Operator agrees to hold Company and its respective directors, officers, agents, employees, attorneys and shareholders harmless from all claims or damages arising out of or connected with Company's management of the Franchised Business. Operator shall pay Company in addition to all other amounts due pursuant to the terms of this Agreement a fee of eight percent (8%) of the Net Sales, plus costs during the period in which the Franchised Business is so managed by Company.

(z) Equipment. Operator hereby agrees that only new or high quality refurbished equipment will go into the Unit to be covered by this Agreement. Operator agrees that all equipment that goes into the Unit shall be mechanically and cosmetically in excellent condition so as to meet the standards and specifications of Company. If the equipment is not new or is not up to the standards and specifications of Company then the Unit covered by this Agreement cannot open or continue operations until the equipment is brought into compliance with Company's standards and specifications.

(aa) Signage and Creation of Sign Lien. Operator agrees that in the construction of signage for the Unit covered by this Agreement Operator will use only new signage and will not use signage that has already been in use at other locations. If the signage is not new and does not meet the standards and specifications of Company, then the Unit covered by this Agreement cannot open until the signage is brought into compliance with Company's standards and specifications. Operator agrees that this Agreement shall constitute a lien upon all exterior signage bearing any Licensed Marks which are to be displayed on the exterior of the Premises, and in the event of any termination, non-renewal, or expiration of this Agreement, Operator agrees to remove immediately such signage bearing any of the Licensed Marks from the Premises. Furthermore, if requested by Company, Operator must, even if Operator is the owner, turn over all signage immediately to Company upon the occurrence of either the termination or non-renewal of this Agreement or natural expiration of this Agreement. At Company's sole election, Company may compensate Operator for the reasonable depreciated value of the signage upon receipt of such signage from the Operator. If Operator fails to make such alterations within fifteen (15) days after termination, non-renewal, or expiration of this Agreement, Operator agrees that Company or its designated agents may enter upon the Premises at any time to make such alterations, at Operator's sole risk and expense, without liability for trespass or otherwise. Operator's obligations under this paragraph for signage installed and maintained at the Unit are separate from, and in addition to, any requirements that Company may impose on Operator for purchasing DOT (or equivalent) road signs and billboard advertising under Section 8(a)(vii) below.

(bb) Sale of Company Goods by Operator. Operator may not under any circumstances, without prior written consent from Company, sell, give, loan, etc., for the purpose of operating or

promoting a restaurant or food service establishment, any “Huddle House” labeled goods or items designed specifically for use in the Huddle House System, to include such items as signs, food, equipment, uniforms, menus, paper goods, or any other supplies or goods of any kind or nature purchased from Company or any other vendor, to anyone other than to an Operator currently licensed by Company, who is operating under a franchise agreement with Company, which has not been terminated and is not then in default under the terms of the franchise agreement or any other agreements with Company.

(cc) Managers Used by Operator. Operator will not allow any manager, or other person with management authority in the operation of the Franchised Business, employed in the Unit to either establish and/or participate in the operation of, or own an interest in, another restaurant which serves breakfast at times other than the hours of 6:00 a.m. - 11:00 a.m. while employed in any capacity with the Franchised Business. Operator shall obtain, and upon request of Company shall furnish to Company, covenants executed by all such persons setting forth such restrictions. Every covenant required by this Section 7(cc) shall be in a form approved by Company, including specific identification of Company as a third-party beneficiary of such covenants with the independent right to enforce them. When Operator becomes aware of such, by whatever means, Operator will give the manager and/or employee written notice that they must separate themselves completely from the other restaurant(s) within thirty (30) days or else Operator must refrain from using that individual in a managerial role. In the event the manager and/or employee has failed to comply with this separation at the end of this thirty (30) day period, then in that event, Operator agrees to immediately refrain from using such person in a managerial role. Operator’s failure to comply with such requirements shall be an event of default in accordance with Section 14 of this Agreement.

(dd) Staffing of the Unit. Operator acknowledges that it is of significant importance to the future sales capability of the Franchised Business to have an adequate staff of employees with which to open and continue to operate the Franchised Business. Operator hereby agrees that prior to the opening of the Franchised Business and throughout the term of this Agreement to hire and retain such number of restaurant employees as needed to diligently operate the Franchised Business so as to maximize the revenues and profits therefrom and to provide service according to the standards or specifications for customer service, brand standards and business generation as Company may specify in the Confidential Operations Manual or otherwise in writing. Operator acknowledges that failure to employ an adequate number of employees will be both sufficient cause for withholding approval to open the Franchised Business to the public and will be considered an event of default. However, Company reserves the sole and exclusive right to waive Operators’ compliance with this Section 7(dd) if, in Company’s sole and reasonable determination, the unique conditions in any individual labor market prevent compliance with this covenant. Operator shall be solely responsible for all employment decisions and functions, including, without limitation, those related to recruitment, hiring, firing, establishing remuneration, personnel policies, benefits, disciplining, supervising, scheduling, record keeping, employee relations and labor matters, regardless of whether Operator has consulted with Company on these subjects. Under no circumstances shall Operator’s managerial personnel or other employees be deemed to be employees of Company.

(ee) Change in Ownership. Operator agrees to advise Company of any change in ownership of assets used in conjunction with the Franchised Business that are owned or controlled by Operator. An asset includes, without limitation, the equipment, signs, building, land or easement regardless of ownership. Failure of Operator to perform the above shall result in an event of default in accordance with Section 14 of this Agreement.

(ff) Notification of Actions. Operator will notify Company in writing within ten (10) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction,

award or decree, of or by any court, agency or other governmental instrumentality, which may adversely affect Operator's financial condition or ability to meet its obligations hereunder.

(gg) Gift Cards and Loyalty Programs. Company has the right to implement gift card (the term "card" includes any physical card or certificate and any electronic "cards" or similar technology that may replace or supplement physical cards and certificates), customer incentive, convenience programs, and/or other loyalty programs (together "**Gift Cards and Incentives**"), and if Company does so, Company has the right to require that Operator participate in these programs. For any programs that Company designates as mandatory, Operator agrees to offer for sale, and to honor for purchase by customers, all Gift Cards and Incentives (including programs that Company or a third-party vendor operates); and Operator agrees to do all things in compliance with Company's standards and procedures for such Gift Card and Incentives programs. In order to participate, Operator may be required, among other things, to: purchase software, hardware, and other items needed to sell and process gift cards, and to contract with the gift card supplier or processing services; and pay monthly or per transaction fees as may be required by the vendors of the gift card system or by us, including additional fees. Operator agrees not to sell, issue, or redeem coupons, gift cards other than gift cards Company designates and/or approves in writing. Operator shall conduct all activities relating to Gift Cards and Incentives in compliance with all applicable laws.

(hh) PCI Compliance and Credit Cards. With respect to Operator's acceptance and processing of customer payments by credit and debit cards, Operator agrees to do all of the following:

(i) Operator agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that Company may periodically designate as mandatory;

(ii) Operator agrees not to use any Credit Card Vendor for which Company has not given prior written approval or for which Company has revoked Company's earlier approval. Company has the right to modify Company's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke Company's approval of any service provider;

(iii) Operator agrees to comply with all of Company's policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (Company may set these requirements in the Confidential Operations Manual); and

(iv) Operator agrees to comply with Company's requirements concerning data collection and protection, which may include requirements for Operator to install and maintain security measures and devices to protect data from unauthorized access, disclosure or loss, according to industry-standards or such other standards and specifications that Company may designate in the Confidential Operations Manual. Without limiting the foregoing, Operator agrees to comply with the then current Payment Card Industry Data Security Standards ("**PCI Standards**") as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor or equivalent organization or standards that Company may reasonably specify. Among other things, Operator agrees to implement the enhancements, security requirements, and other changes to the PCI Standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. Operator acknowledges that compliance with PCI Standards is a minimum requirement, and that compliance does not guarantee that no security breach will

occur. In the event of a security breach (including a suspected security breach), Operator agrees to: promptly notify the Company; promptly comply with applicable laws and any instructions that Company may issue regarding data security and data breaches, including regarding responses to customers or the general public to a security breach (which guidance and instructions may be provided in the Confidential Operations Manual or directly to Operator in the event of a breach); and to fully cooperate with, and respond to, any investigations by Company relating to the breach. Without limiting the foregoing, Operator acknowledges and agrees that Company shall have the right, but not the obligation, to directly, or through a designated service provider, conduct any investigations regarding the security breach. Operator acknowledges and agrees that any claims, losses or expenses incurred by Company arising from or related to a security breach will be subject to Company's indemnification obligations under Section 18(a) of this Agreement.

(ii) Prices. Company may provide guidance on the pricing of the products and services sold by Operator. Additionally, to the extent permitted by applicable law, Company has the right to establish maximum and/or minimum pricing guidelines that Operator must follow for products and services. Except for any such maximum or minimum prices specified by Company, Operator will not be required to follow suggested prices. However, if Operator elects to establish pricing different than Company's suggested prices, Operator will be responsible for any additional costs incurred by Company or Operator to produce marketing and promotional materials for Operator containing the prices established by Operator.

(jj) Conferences. Company may conduct an annual conference or periodic system wide or regional conferences, seminars, or meetings (collectively "**Conference(s)**") at such place as Company designates for operators of Huddle House Units. Operator, an Owner or an individual designated by Operator and approved by Company must, at Operator's expense attend any Conference Company may specify as mandatory. If Operator, an Owner, or other approved individual fails to attend a mandatory Conference and Operator does not obtain Company's prior written waiver of attendance at such Conference, Operator agrees to pay to Company a fee of Two Thousand Five Hundred Dollars (\$2,500) for non-attendance at such Conference. The fee will be due and payable at the same time as Operator's weekly royalty fee under Section 5(b) for the week immediately following the missed Conference. The required fee is in addition to any remedy that Company has for Operator's default under this Agreement for failing to attend the mandatory Conference.

(kk) Crisis Situations. In the interest of protecting the Huddle House brand, Marks and the Huddle House System, Company has the sole and absolute right, but not the obligation, to determine a response, including what steps will be taken and what communications will be made, in instances of a Crisis, and Operator agrees to comply with and implement Company's directions in response to a Crisis. For avoidance of doubt and notwithstanding the foregoing, Operator acknowledges and agrees that this Section does not impose an obligation on Company to determine a response in a Crisis, does not impose any liability on Company for any response implemented by Company or Operator, and Operator shall not expect and/or rely on Company to determine such a response. "**Crisis**" means an event or development that negatively impacts the Huddle House brand in such a way that Company determines may cause substantial harm or injury to the Licensed Marks, Huddle House System, reputation or image.

8. ADVERTISING AND MARKETING

(a) Advertising Program.

(i) Operator may develop an advertising program, so long as it is in conformance with Company's standards and approval requirements as described further in Section 8(a)(iii) below. Upon request from Company, Operator will change or cease to use any of its advertising programs, copy, and materials.

(ii) Company and/or its agents have the right at any time without prior notice to Operator to conduct interviews of existing and/or prospective customers as described in Section 7(p)(iii) above, and to conduct market research at the Units and elsewhere, including surveys and focus groups involving customers and prospective customers of the Units, and any other market research and customer satisfaction evaluation deemed appropriate by Company.

(iii) All advertising and marketing by Operator must be in such media, and of such type and format as Company may approve; must be conducted in a dignified manner; and must be in strict accordance and conformity with the standards, formats and specimens contained in the Confidential Operations Manual or as otherwise provided by Company. In the event the Operator wishes to depart from the materials and/or type and format approved in the Confidential Operations Manual, the Operator must submit, in each instance, the proposed marketing, advertising or promotional plans and advertising copy and materials to Company for its prior written approval, which may be granted in its sole right and discretion. Company's approval will expire after six (6) months. Therefore, Operator must submit for reapproval prior to the end of the six (6) months if Operator plans on continuing to use the same materials beyond the six (6) month approval limit. In no event shall the Operator's advertising contain any statement or material which may be considered: (a) in bad taste or offensive to the public or to any group of persons; or (b) defamatory of any person or an attack on any competitor. All advertising submitted to Company for approval shall become the property of Company and may be used by Company and other authorized franchisees of Company, without any payment to Operator. Company's review of any proposed marketing and promotional plans, materials, and/or medium for dissemination of such advertising and marketing will be limited to reviewing the trademarks and the content of the proposed advertising from a branding, promotional, and trademark protection perspective, and Company will not evaluate proposed materials or plans for compliance with applicable legal requirements.

(iv) Operator shall spend on a quarterly basis (or such other time period as Company may reasonably specify) at least one percent (1.0%) of the Net Sales on local advertising and promotional activities (the "**Local Advertising Requirement**"), except during any periods that Company requires Operator contribute these monies to the Fund as described in Sections 8(a)(v) and 8(a)(vi) below. Operator shall account for such expenditures on a routine basis and shall prepare and maintain, in accordance with the schedules and procedures specified by Company from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such period. Operator shall submit, on or before the tenth (10th) day of the following quarter, all such statements, reports and records as Company may specify to evidence Operator's compliance with the Local Advertising Requirement. The term "local advertising and promotional activity" shall refer to advertising and promotion related directly to the Franchised Business, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including advertising agency fees and expenses, cash and "in-kind" promotional payments to landlords, postage, shipping, telephone, and photocopying), approved DOT (or equivalent) road signs and billboard advertising, and such other activities and expenses as Company may

specify. Company may provide to Operator, in the Confidential Operations Manual or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as “local advertising and promotional activities,” including the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations which do not qualify.

(v) Company has the right, at any time(s) during the Initial Term and Renewal of this Agreement, if any, to require that, in lieu of Operator directly spending monies on local advertising to satisfy the Local Advertising Requirement, Operator will instead contribute such amounts to the Fund for use under the terms of Section 8(b) below. If Company makes such an election, Company will notify Operator in writing at least thirty (30) days in advance of such change. Company and Operator agree that: (a) Company has the right to make an election under this Section 8(a)(v) on a temporary or permanent basis; (b) amounts that Operator must contribute to the Fund under this Section 8(a)(v) are in addition to contributions that Operator must make to the Fund under Sections 5(h) and 8(b) for the same period(s); and (c) during any periods that Operator makes contributions under this section as required by Company, Operator will not be required to make expenditure under the Local Advertising Requirement for the same period(s), except as described in Section 8(a)(vi) below. If Operator was in default of its Local Advertising Requirement at the time that Company elects to require contributions to the Fund under this section, Operator shall also contribute to the Fund the monies Operator had failed to spend to satisfy the Local Advertising Requirement, which amounts will permanently become part of the Fund.

(vi) Operator acknowledges and agrees that Company may exercise its rights under Section 8(a)(v) above with respect to Operator alone, without any similar requirement being imposed on other franchises, in the event that Operator fails to fully comply with all of its Local Advertising Requirement (including any requirements relating to approval of advertising and allocation of the required amounts among approved advertising). If Company exercises its right to have Operator contribute its Local Advertising Requirements monies to the Fund due to Operator’s non-compliance, Company shall have the right (in addition to the terms of Section 8(a)(v) above) to either: (A) spend the contributed Local Advertising Requirement monies on Operator’s behalf; or (B) hold the contributed Local Advertising Requirement and require that Operator spend amounts equal to the contributed Local Advertising Requirement on approved advertising, and then, upon receiving from Operator proof of Operator’s compliance, return the contributed Local Advertising Requirement to Operator. Upon Company’s request, Operator must pay the amount of the Local Advertising Requirement as required under this Section 8(a)(vi) to a special bank account that Company establishes and maintains and from which Operator may apply to withdraw funds for the purpose of paying (or reimbursing Operator) for mutually-agreeable local marketing as specified in this Section 8(a)(vi).

(vii) Operator must, at its sole expense, purchase and maintain a “DOT” (or equivalent) road sign at all times if one is available that meets Company’s standards, in Company’s sole right and discretion. If DOT (or equivalent) signage is not immediately available at the Opening Date, Operator must register on the wait list (if applicable) and purchase the signage at the earliest time it becomes available to Operator. Company may also require that Operator, at its sole expense, purchase advertising on other billboard signage, and Operator agrees to purchase such billboard advertising upon Company’s request. All road signage and billboard advertising must comply with Company’s then current standards and specifications. Operator’s expenditures on approved DOT (or equivalent) road signage and billboard advertising will count towards Operator’s Local Advertising Requirements for the periods that Operator maintains such signage and billboard advertising.

(b) Advertising Fund. Company has established an advertising fund (the “**Fund**”) to meet the costs of conducting advertising, marketing, and promotional activities designed to promote the Huddle House System. The Fund is maintained and administered as described below in this Section 8(b).

(i) Company shall choose and determine, in its sole right and discretion, the type, quantity, timing, placement and choice of media, areas of coverage, and the agencies and services that may be used to conduct advertising or promotional activities. Operator acknowledges and agrees that the Fund will be administered by Company to promote general public recognition and awareness of the Huddle House System, and that Company has no obligation to administer the Fund to ensure that any particular franchisee, including Operator, benefits directly or pro rata from amounts contributed to the Fund by Operator.

(ii) The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities that Company believes will promote and enhance the image of the Huddle House System and general public awareness of and favorable support for the Huddle House System. This includes, among other things, the costs of preparing and conducting marketing campaigns through media advertising (such as television, radio, magazine, newspaper, outdoor, digital, social, email, direct mail); market surveys; developing and maintaining our website and affiliated websites; employing advertising personnel (in-house) or retaining third-party agencies to support marketing, advertising and public relations; consumer and product research and development; marketing technology; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; providing promotional and other marketing related materials and services to Huddle House Restaurants; sponsorship of organizations and events, including meetings for the Huddle House System; developing and maintaining Online Sites (as defined in Section 8(c) below) (except for the portion, if any, specifically relating to soliciting franchisees); purchasing promotional items; conducting and administering in-store promotions; product research and other surveys; providing promotional and other marketing materials and services; and providing rebates or reimbursements to franchisees for local expenditures on products, services, or improvements as approved by Company. The Fund shall be responsible for the administrative costs incurred in relation to the management of the Fund, including the costs of Company’s employees, accounting expenses, and other internal or third-party expenses attributable to the management and implementation of the Fund. The coverage of any advertising or promotion paid for by the Fund is determined by Company in its sole right and discretion, and Company chooses and determines, in its sole right and discretion, the concepts, materials and media used in any advertising or promotional activities paid for by the Fund.

(iii) Operator shall contribute to the Fund by separate payment to Company, or to its designee as directed by Company, which shall be made by electronic funds transfer unless otherwise specified in writing by Company. All sums paid by Operator to the Fund shall be accounted for separately and shall not be used to defray any of the expenses of Company, except for such reasonable costs and overhead, if any, as Company may incur in activities reasonably related to the direction and implementation of the Fund and marketing programs for Company’s franchisees and the Huddle House System, including costs of personnel and pro-rata office expenses for creating and implementing marketing, advertising, and promotional programs. The Fund and any earnings from it shall not otherwise inure to the benefit of Company. Company shall maintain separate bookkeeping accounts for the Fund. If any amounts contributed to the Fund are not spent in the year in which they are contributed, they will be spent in the following year.

(iv) Upon written request from Operator, Company shall provide to Operator an unaudited statement within one hundred twenty (120) days from Company's fiscal year end of how the amounts contributed to the Fund were used in Company's most recent fiscal year. Company maintains the right to terminate the Fund. Upon termination, Company will disburse the remaining funds for the purposes authorized under this Agreement.

(c) Grand Opening Promotion. In addition to and not instead of Operator's marketing contributions to the Fund or Local Advertising Requirements, Operator agrees to spend at least the amount specified on Exhibit B as the "Minimum Grand Opening Expenditure" on local promotion and a grand opening event conducted in conjunction with the unit's initial opening (the "**Grand Opening Program**"), in accordance with Company's specifications. The Grand Opening Program will generally be conducted during the first sixty (60) days from the date on which the Unit first opens for business, provided however that exact beginning and end dates of the Grand Opening Program will be determined as part of the marketing plan that Operator must submit to, and have approved by, Company. All materials used in the Grand Opening Program will be subject to Company's standards and prior written approval under Sections 8(a) above. Operator must submit to Company receipts and such other proof as Company may request documenting the amounts Operator spent on the Grand Opening Program. Upon Company's request, Operator must pay the Minimum Grand Opening Expenditure to a special bank account that Company establishes and maintains and from which Operator may apply to withdraw funds for the purpose of paying (or reimbursing itself) for mutually agreeable local marketing as specified in this Section 8(c). In the event Operator should fail to conduct the Grand Opening Program as required, Company shall have the right, at its election, without being obligated to do so, to conduct the Grand Opening Program on Operator's behalf. If Company elects to conduct the Grand Opening Program, Operator shall, upon demand from Company, pay to Company all amounts that Company expended on the Grand Opening Program.

(d) Online Sites and Electronic Communications. Unless Company has otherwise approved in writing, Operator agrees to not establish, use, maintain, sponsor, or permit any other party to establish or maintain an Online Site (as defined below) that relates in any manner whatsoever to the Franchised Business or that in any way refers to the Licensed Marks, Company, and/or the Huddle House System. Operator specifically acknowledges and agrees that any Online Site shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Company's approval under the provisions of Section 8(a) above. As used in this Agreement, the term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the internet, world wide web, webpages, microsites, social or business networking sites (*e.g.*, Facebook, Twitter, Instagram, LinkedIn, YouTube, Google Plus, Google My Business, Pinterest, Foursquare, virtual worlds, file, audio and video sharing sites, and other similar social networking media or tools, etc.), blogs, vlogs, applications to be installed on mobile devices (*e.g.*, iOS or Android apps), business listings, search tools and other applications, etc. Additionally, the terms provided below in this Section 8(d) apply to any Online Site.

(i) Company shall have the right, but not the obligation, to establish and maintain one or more Online Sites, which may, without limitation, promote the Licensed Marks, any or all of the Products, Huddle House Units, the franchising of Huddle House Units, and/or the Huddle House System. Company shall have the sole right to control all aspects of any Online Sites, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Company shall also have the right to discontinue operation of Online Sites.

(ii) Unless approved in writing by Company, Operator shall not establish or use a separate Online Site. Company shall have the right, but not the obligation, to designate one or more

webpage(s) to describe Operator and/or the Unit, with such webpage(s) to be located within Company's Online Site or any other Online Site that Company approves.

(iii) If Company approves, in writing, a separate Online Site for Operator, then each of the following provisions shall apply:

(a) before establishing any Online Site, Operator shall submit to Company, for Company's prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, but not limited to, proposed screen shots), and non-visible content (including, but not limited to, meta tags), or such other information about the proposed Online Site in the form and manner Company may reasonably require; and Operator shall not use or modify such website without Company's prior written approval as to such proposed use or modification;

(b) in addition to any other applicable requirements, Operator shall comply with Company's standards and specifications for Online Sites as prescribed by Company from time to time in the Confidential Operations Manual or otherwise in writing;

(c) if required by Company, Operator shall establish such hyperlinks to Company's Online Site(s) and others as Company may request in writing;

(d) Company may revoke its approval at any time, in writing, and require that Operator discontinue use of, take down, disable connectivity to, and remove content from, any separate Online Site; and

(e) Company may require Operator to make Company the sole administrator (or co-administrator or other designee with rights to control the site) of any social networking pages that Operator maintains or that are maintained on Operator's behalf, and Company will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator (or co-administrator or other designee with rights to control the site) may exercise, and may require that Operator relinquish passwords relating to any Online Site promoting the Franchise Business or otherwise relating to or using the Licensed Marks.

(iv) In no way limiting the foregoing, Operator further agrees not to transmit or cause any other party to transmit advertisements or solicitations by telephone, email, text message, instant message, social networking website, VoIP, streaming media, or other electronic media without first obtaining Company's written consent as to: (a) the content of such advertisements or solicitations; (b) the type of media intended to be used; and (c) vendor to be used. All telephone answering messages, email auto-signatures, and other identifiers of the Franchised Business must be in the form prescribed by Company. If Company approves the use of an electronic medium (which Company is not obligated to approve), Company may later revoke its approval and Operator shall immediately discontinue any further use.

(v) Company shall have the right to modify the provisions of this Section 8 relating to Online Sites as Company shall solely determine is necessary or appropriate for the best interests of the Huddle House System.

(e) Participation in System-wide Programs, Marketing and Advertising. In no way limiting any other obligation of Operator under this Section 8, Operator must participate in all Huddle House marketing initiatives that Company offers to, or designates for, franchisees and the consuming public. These initiatives may include: advertising through all media channels including, but not limited to, on-line social media, electronic media, print, outdoor, digital media and public relations; promotional activity

including, but not limited to, in-store programs and community programs; programs and services for frequent customers, loyalty programs, which may include providing discounts or complimentary products or menu items; discounts or other offers communicated to customers via any distribution method; online ordering and delivery activities; use and promotion of Gift Cards and Incentives (as provided in Section 7.3(gg) above), coupons and other promotional programs; and charitable fundraising and donation programs and related activities. In no way limiting the foregoing, Operator will follow Company's requirements and guidelines concerning the use, acceptance and reimbursement of Gift Cards and Incentives, coupons and other promotional programs as Company sets forth from time to time in the Confidential Operations Manual or otherwise communicates. Company may use, or require Operator to use, designated third-party service providers to carry out such programs (which may include, without limitation, required payment of fees and purchase and use of additional equipment and services). Company may periodically formulate, develop, produce, and conduct, in its sole right and discretion, marketing or promotional programs in such form and media as Company determines to be most effective and Operator is required to participate.

9. CONFIDENTIAL OPERATIONS MANUAL AND FOOD PURCHASING MANUAL

(a) Operation in Accordance With Manuals. In order to protect the reputation and goodwill of the businesses operating under the Huddle House System and to maintain standards of operation under the Licensed Marks, Operator shall conduct the Franchised Business operated under the Huddle House System in accordance with various written instructions and confidential manuals, each of which may be set forth in several volumes, including such amendments thereto, as Company may publish from time to time (hereinafter and previously referred to as the “**Confidential Operations Manual**” and the “**Food Purchasing Manual**”), all of which Operator acknowledges belong solely to Company and shall be on loan from Company during the Initial Term and Renewal Term of this Agreement, if any. Additionally, Operator acknowledges and agrees that Company may provide a portion or all (including updates and amendments) of the Confidential Operations Manual, Food Purchasing Manual, and other instructional information and materials in, or via, electronic media, including without limitation, through the use of computer disks, the internet or an extranet. Operator shall at all times use reasonable safeguards to ensure that these materials, both in electronic and other formats, are kept confidential and secure. When any provision in this Agreement requires that Operator comply with any standard, specification or requirement of Company, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Company in the Confidential Operations Manual and the Food Purchasing Manual, or otherwise in writing by the Company. As used in this Section 9(a), the phrase “otherwise in writing by the Company” is deemed to include all written or recorded communications made by the Company through any means including, but not limited to, letters, pamphlets, forms, memoranda, flyers, handouts, promotional materials, and the like, whether presented in hard-copy printed materials or via electronic formats; and all such items will become part of the Confidential Operations Manual and/or Food Purchasing Manual, as applicable, upon issuance by Company.

(b) Revision of Manual. Operator understands and acknowledges that Company may, from time to time, revise and/or supplement the contents of the Confidential Operations Manual and/or the Food Purchasing Manual to implement new or different requirements and/or standards for the operation of the Franchised Business, and Operator expressly agrees to comply with all such changed requirements which are by their terms mandatory. The implementation of such requirements may require the expenditure of money by Operator.

(c) Dispute as to Contents. Operator shall at all times ensure that its copy of the Confidential Operations Manual and the Food Purchasing Manual are kept current and up to date and, in the event of

any dispute as to the contents thereof, the terms of the master copy thereof maintained by Company at its principal place of business shall be controlling.

10. CONFIDENTIAL INFORMATION

(a) Designation of Confidential Information. Operator shall at all times during the Initial Term and Renewal Term of this Agreement (if any), and thereafter keep the Confidential Operations Manual, the Food Purchasing Manual, the Computer System, and any other “**Confidential Information**” as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. For purposes of this Agreement, “Confidential Information” shall mean any and all information, knowledge and know-how about the Huddle House System and Company’s products, services, standards, procedures, techniques communicated to Operator (whether communicated in writing, orally, electronically, by inspection, by sample, exhibit, training, demonstration, or otherwise), any and all manuals, order guides, materials, goods and information created or used by Company and designated by Company for confidential use within the Huddle House System, and such other information or material as Company reasonably considers to be material that is not generally known by the public.

(b) Nondisclosure. Operator shall not communicate directly or indirectly, divulge to or use for its benefit or the benefit of any other person or legal entity (except as is necessary in the operation of the Franchised Business), any Confidential Information, and shall limit access to employees of Operator on a need-to-know basis. Operator acknowledges that the unauthorized use or disclosure of Company’s Confidential Information will cause irreparable injury to Company and that damages are not an adequate remedy. Operator accordingly covenants that Operator shall not during the Initial Term and Renewal Term of this Agreement, if any, without Company’s prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit or otherwise reproduce such information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source.

11. STATEMENTS AND RECORDS

(a) Maintenance of Records. Operator shall maintain for Company’s inspection and copying at any reasonable time original, full and complete register tapes, other records, accounts, books, data, licenses, contracts and product supplier invoices which shall accurately reflect all particulars relating to Operator’s business and such statistical and other information or records as Company may require and shall keep all such information for not less than three (3) years. Also, Operator acknowledges that:

(i) Upon Company’s request, from time to time, Operator shall furnish Company with copies of any or all product supply invoices reflecting purchases by the Franchised Business. In addition, upon the request of Company, Operator shall compile and provide to Company any statistical or financial information regarding the operation of the Franchised Business, the products sold by it, or data of a similar nature as Company may reasonably request for purposes of evaluating or promoting the Franchised Business or the Huddle House System in general;

(ii) Company and its designated agents shall have the right to examine and audit such records, accounts, books and data at all reasonable times to ensure that Operator is complying with the terms of this Agreement. If such inspection discloses that the Net Sales during any month actually exceeded the amount reported by Operator as its Net Sales by an amount equal to one and one-half percent (1.5%) or more of the Net Sales originally reported to Company, Operator shall bear the cost of such inspection and audit. In any event, Operator shall pay any such deficiency discovered by the audit with interest from the date due at the lesser of twelve percent (12%) per annum of such overdue amount

or the highest rate permitted by applicable law, immediately upon the request of Company. This interest payment shall be in lieu of the service charge specified in Section 5(d) hereof. Otherwise, entitlement to such interest shall be in addition to any other remedies Company may have. In addition, but without limitation, Operator hereby consents to Company obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by Company or disclosed to Company in accordance with this Agreement; and

(iii) Operator shall notify Company of any investigation or audit initiated by any agency, regulatory, or other governmental instrumentality concerning the financial operation or reporting of sales or taxes paid pursuant to the operation of the Franchised Business and will allow Company access to the results of any such investigation or audit. In the event such investigation or audit should indicate that Operator shall have under-reported its Net Sales to Company in an amount greater than one and one-half percent (1.5%) then, and in that event, Company shall be entitled to all remedies available under the terms of this Agreement or applicable Law for such under-reporting.

(b) Weekly Reports. No later than the designated day of each week, Company shall have received from Operator by the method and on forms prescribed by Company, statements stating the fees due to Company during the preceding week itemized by revenue producing activity as specified from time to time by Company, the Net Sales at the Premises for the prior week, the gross amount of items sold including the amount of sales generated by each and all such items sold in or from the Franchised Business and such other information as Company may require, all signed and certified as true and correct by an authorized agent of Operator. In addition, Company may require additional reports pertaining to the Franchised Business by telephone or other means of communication.

(c) Tax Returns. Upon Company's request, Operator shall furnish Company with a copy of each of its reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Business including, without limitation, Form 941-Employers Quarterly Federal Tax Returns or other tax returns or forms from which it may be possible to determine the amount of income reported, and insurance premiums and other expenses incurred, all of which Operator shall certify as true and correct.

(d) Profit and Loss Statements. Operator shall prepare and deliver to Company on a monthly basis, no later than the twentieth day of each month, an unaudited profit and loss statement in a form satisfactory to Company acting in its sole and subjective discretion covering Operator's business for the prior month and such additional reports as Company may require, all of which shall be certified by Operator as true and correct. In the event that Operator operates additional businesses utilizing the Huddle House System and the Licensed Marks pursuant to other franchise or license agreements between Operator and Company, Operator shall also prepare and deliver to Company a consolidated Profit and Loss Statement in a form satisfactory to Company covering all of such franchised or licensed businesses. Operator shall also submit to Company by March 1 and September 1 of each year during the Initial Term and Renewal Term of this Agreement, if any, an unaudited balance sheet reflecting the financial position of the Franchised Business as of the preceding December 31 and June 30, respectively. In addition, Operator, as well as any individual or entity guaranteeing Operator's obligations under this Agreement or in connection with the Franchised Business (each a "**Guarantor**"), shall, within sixty (60) days after request from Company, deliver to Company a financial statement, certified as correct and current, in a form which is satisfactory to Company and which fairly represents the total assets and liabilities of Operator and any such Guarantor(s).

(e) Annual Financial Statements. In addition to the foregoing statements, within sixty (60) days after the close of each calendar year, Operator shall furnish to Company, at Operator's expense, a statement of income and retained earnings of Operator for such calendar year and a balance sheet of Operator as of the end of such calendar year, all prepared in accordance with generally accepted accounting principles.

(f) Delinquent Reports. Operator does hereby acknowledge that failure to deliver to Company any report required hereunder promptly when due (or any report hereafter required by Company), or failure to forward to Company when requested any documents or forms as described herein shall result in delay and confusion in Company's books and records systems, a decrease in the efficiency of preparing Company's books and records and additional expense and damage to Company. In as much as the amount of expense and damage to pay to Company is difficult to compute, it is hereby agreed that Operator shall pay to Company the sum of Ten Dollars (\$10) per report, document or other form as above said for each day that such report, document or other form remains unfiled.

(g) Ownership Interest in Operator and Assets. Operator shall provide Company with a report in such form as Company may reasonably require listing all holders of direct or indirect equity and voting interest of record in Operator, the Franchised Business, the Unit, or this Agreement ("**Interest Holders**") and their respective present direct or indirect interests, and listing the spouses of any individuals who are Interest Holders. Additionally, Operator shall provide Company additional reports as needed to advise Company of any change. Operator shall also provide Company with copies of any security agreements, liens, or other forms of encumbrances relating to the assets of the Franchised Business (including, but not limited to, fixtures, furnishings, signs, equipment, POS System, Computer System, and inventory of the Franchised Business), whether existing as of the Effective Date or subsequently arising in connection with the Franchised Business.

12. COVENANTS

(a) Full Time Efforts. Operator covenants that during the Initial Term and Renewal Term of this Agreement, if any, except as Company has otherwise approved in writing, Operator (or one of Operator's designated management employees who will assume primary responsibility for the franchise operations and who Company has previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the business franchised hereunder.

(b) Understandings. Operator acknowledges and agrees that: (a) pursuant to this Agreement, Operator will have access to valuable trade secrets, specialized training and Confidential Information from Company and Company's affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the Huddle House System; (b) the Huddle House System and the opportunities, associations and experience Company has established and that Operator will have access to under this Agreement are of substantial and material value; (c) in developing the Huddle House System, Company and Company's affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) Company would be unable to adequately protect the Huddle House System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in the Huddle House System if franchisees were permitted to hold interests in any Competitive Business (as defined below); and (e) restrictions on Operator's right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder Operator's activities. "**Competitive Business**" is defined as any family style restaurant, pancake house, buffet serving breakfast, or diner, or any other table-service food service operation that sells pancakes or waffles or derives more than twenty five percent (25%) of its total sales from sit down breakfast items.

(c) Covenant Not to Compete or Engage in Injurious Conduct. In recognition of the points that are described above in this Section 12, Operator covenants and agrees that during the Initial Term and Renewal Term of this Agreement, if any, including any extension or renewal thereof, and for a continuous period of two (2) years after the later to occur of (1) the expiration including nonrenewal or termination of this Agreement, (2) a transfer as contemplated in Section 13 below, or (3) the date on which Operator actually ceases its operations of the Unit and its use of the Licensed Marks (the “**Post-Term Period**”), Operator will not directly, indirectly, for itself, or through, on behalf of, or in conjunction or participation with any party, in any manner whatsoever, do any of the following:

(i) Divert or attempt to divert any actual or potential business or customer of any Huddle House Unit to any Competitive Business or otherwise take any action injurious or prejudicial to the goodwill associated with the Licensed Marks and the Huddle House System;

(ii) Solicit any person who is (or has been within the prior year) a customer or a prospective customer of the Franchised Business (or a customer or prospective customer of any other Huddle House Unit) with respect to (or on behalf of) a Competitive Business;

(iii) With respect to any person who is then employed by Company at Company’s headquarters or distribution center as an executive, manager, field supervisor, or other position receiving Huddle House specialty training, solicit such person to leave his or her employment with Company for employment by Operator without Operator first obtaining the consent of Company. In addition to any other rights and remedies available to Company under this Agreement, in the event of a violation of this Section, Company will have the right to require Operator to pay to Company an amount equal to Forty Thousand Dollars (\$40,000) as liquidated damages and not as a penalty and to compensate for damages caused by such violation. Operator and Company agree that it would be impracticable to determine precisely the actual damages to Company due to a violation of this Section 12(c)(iii), as such damages could arise from various factors including: increased workloads for Company Employees; reduced efficiency of Company’s operation and management; and increased expenditures to locate, hire and train personnel to replace the Company’s employee hired by Operator in violation of this Section 12(c)(iii). The liquidated damages amount set forth hereinabove is a genuine bona fide pre-estimate made by the parties hereto of such damages and is for the purpose of compensating for all such damages. The liquidated damages amount set forth herein above shall be in addition to all other sums due to Company through the date of termination whether due pursuant to the terms of this Agreement or otherwise. Liquidated damages are a non-exclusive remedy and Company’s right to receive other amounts due under this Agreement is not affected by an actual or attempted enforcement of Company’s right to liquidated damages; and

(iv) Own, control, maintain, develop, operate, engage in, franchise or license, have financial interest in, make loans to, lease real or personal property to, and/or have any other interest whatsoever in, or render services or give advice to, any Competitive Business.

(d) Where Restrictions Apply. During the Initial Term and Renewal Term of this Agreement, if any, including any extension thereof, there is no geographical limitation on the restrictions set forth in Section 12(c) above. During the Post-Term Period, these restrictions will apply only within a five (5) mile radius of the Premises of the Franchised Business and also within a five (5) mile radius of any Huddle House Unit then-existing or to be developed under franchise agreements or development agreements executed by such time (provided, that if required by applicable law in the state where Operator is located, the five (5) mile radius restriction will apply only to the Premises and as to any other Huddle House Units operating or to be developed under franchise agreements and development agreements that are in existence as of the date this Agreement is executed by Operator and Company),

except as Company may otherwise approve in writing. These restrictions will not apply to any Huddle House Unit that Company (or Company's affiliates) have franchised to Operator (or affiliates of Operator) pursuant to a valid franchise agreement.

(e) Application to Transfers. Operator further covenants and agrees that during the Post-Term Period, Operator will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction or participation with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Premises to any person, firm, partnership, corporation, or other entity that Operator knows, or has reason to know, intends to operate a Competitive Business at the Premises. Operator, by the terms of any conveyance selling, assigning, leasing or transferring Operator's interest in the Premises, must include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section 12 is not operated at the Premises for this two (2) year period, and Operator must take all steps necessary to ensure that these restrictive covenants become a matter of public record.

(f) Periods of Non-Compliance. If, at any time during the Post-Term Period, Operator fails to comply with Operator's obligations under this Section 12, then the Post-Term Period will be tolled during any period of noncompliance and will not be credited toward Operator's satisfaction of the Post-Term Period obligation as specified above.

(g) Publicly Held Entities. Section 12(c) above will not apply to ownership by Operator of less than one percent (1%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" will be deemed to refer to a corporation which has securities that have been registered under the Federal Securities Exchange Act of 1934.

(h) Personal Covenants. At Company's request, Operator must require and obtain execution of covenants similar to those set forth in Sections 6(a), 10, 13, 15, and this Section 12 (as modified to apply to an individual) from any or all of the following persons: (1) the designated manager and any other managerial personnel that attend the Company's training course; (2) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of Operator, and of any corporation directly or indirectly controlling Operator, if Operator is a corporation; and (3) the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general partner), if Operator is a partnership. Every covenant required by this Section 12(h) must be in a form satisfactory to Company, including, without limitation, specific identification of Company as a third party beneficiary of such covenants with the independent right to enforce them. Operator's failure to obtain execution of a covenant required by this Section 12(h) will constitute a default under Section 14(c) below.

(i) Construction. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Company is a party, Operator expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

(j) Claims Not a Defense. Operator expressly agrees that the existence of any claims Operator may have against Company, whether or not arising from this Agreement, will not constitute a defense to Company's enforcement of the covenants in this Section 12. Operator agrees to pay all

damages, costs, and expenses (including, but not limited to, reasonable attorneys' fees) Company incurs in connection with the enforcement of this Section 12.

(k) Covenant as to Anti-Terrorism Laws. Operator and the owners of Operator's business ("Owners") agree to comply with and/or to assist Company to the fullest extent possible in Company's efforts to comply with Anti-Terrorism Laws (as defined below), and further agree to require that any Operator Related Party (as defined below) also complies with and/or assist Company in Company efforts to comply with Anti-Terrorism Law. In connection with such compliance, Operator and the Owners certify, represent, and warrant that none of their, or any Operator Related Parties' respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Operator nor any of the Owners or Operator Related Parties are in violation of any of the Anti-Terrorism Laws. Operator also agrees not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war. The term "**Operator Related Party**" as used in this Section 12(k) means any spouse of an Owner, any Guarantor, and any other person or entity under common control with or affiliated with Operator or any Owner.

(l) Defaults. Operator acknowledges that Operator's violation of the terms of this Section 12 would result in irreparable injury to Company for which no adequate remedy at law may be available, and Operator accordingly consents to the issuance of a temporary, interim, interlocutory, preliminary or permanent injunction and/or other specific performance without Company proving actual damages or posting of bond, or seeking other security, prohibiting any conduct in violation of the terms of this Section 12.

13. TRANSFER AND ASSIGNMENT

(a) Assignment of Agreement by Company. This Agreement and all rights and duties hereunder and all related agreements and all rights and duties thereunder may be freely assigned or transferred by Company and shall be binding upon and inure to the benefit of Company's successors and assigns.

(b) Restrictions on Transfers. Operator understands and acknowledges that the rights and duties created by this Agreement are personal to Operator, and that Company has granted this franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Operator and Operator's principals. Accordingly, neither Operator nor any individual, partnership, corporation, limited liability company, or any other legal entity owning any direct or indirect interest therein, shall, without Company's prior written consent given prior to the proposed transfer, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber (collectively, "**transfer**") any interest in this Agreement or any portion or aspect thereof, the Premises, the Unit, the Franchised Business, any beneficial, equity or voting interest in Operator, or the assets of the Franchised Business (collectively, "**Interest**").

(c) Consent by Company to Proposed Transfer. Operator understands and acknowledges the vital importance of the performance of Operator to the market position and overall image of Company. Operator also recognizes the many subjective factors that comprise the process by which Company selects a suitable franchise owner. The consent of Company to a transfer by Operator of any Interest shall remain a subjective determination of Company, and shall not be unreasonably withheld; provided,

however, that prior to any proposed transfer, Company may in its sole right and discretion require, without limitation, that any of the following conditions be met:

(i) The proposed transferee is a person or entity which meets Company's standards of qualification then applicable with respect to all new applicants for similar Huddle House System franchises and possesses a good moral character, business reputation, solid financial position, and satisfactory credit rating;

(ii) The proposed transfer is at the price and upon such terms and conditions as Company, in its sole judgment, shall deem reasonable;

(iii) The proposed transferee and Operator shall execute and deliver to Company all documents that Company shall require (*e.g.*, tax returns, financial statements, lender approval, etc.), including all documents Company then requires new franchisee applicants to provide to Company including the Company's then current form of franchise agreement, the terms and conditions of which may differ materially from those in this Agreement. Company shall have the right to communicate with the proposed buyer (and its counsel) and to: truthfully answer their questions about the System, Company, and Operator's operations; exchange information; and seek information from the buyer about their qualifications and characteristics. The proposed transferor(s) and the proposed buyer(s) must cooperate with Company in this regard for the purpose of evaluating and providing approval of the transfer;

(iv) As of the effective date of the proposed transfer, all obligations of Operator hereunder and under any other agreements between Operator and Company are fully satisfied;

(v) As of the effective date of the proposed transfer, all obligations of the proposed transferee to Company under all other agreements, franchise agreements, and leases between the proposed transferee and Company must be fully satisfied;

(vi) That any transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and their officers, directors, attorneys, shareholders, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement; or related agreements to the Franchised Business;

(vii) That any transferor must acknowledge and agree that the transferor shall remain bound by any covenants that survive the termination, non-renewal, or expiration of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement), and must execute and deliver to Company any and all instruments Company may reasonably request to evidence such liability;

(viii) If required by Company, those requirements found in Section 13(d);

(ix) Prior to the effective date of the proposed transfer, Operator acknowledges and agrees to take whatever actions as may be necessary immediately to correct any and all deficiencies in the standards of operation and to assure compliance with the operating standards as defined in Section 7 of this Agreement, including, but not limited to, the maintenance of or quantity of equipment and signs or to any remodeling of the Premises as Company may require;

(x) As of the date of the proposed transfer, the Unit must be open and in operation, unless Operator is making an assignment pursuant to Section 13(h) of this Agreement; and

(xi) Operator shall submit to Company prior to any proposed transfer a list of all Interest Holders, as defined in Section 11(g), reflecting their respective present and proposed interests.

(d) Transfer of Majority Interest. Company may require, as a condition of its approval of any proposed transfer, satisfaction of the additional requirements set forth in this Section 13(d) in the event Operator is a partnership, privately-held corporation, limited liability company, or other legal entity, and the proposed transfer, alone or together with all other previous, simultaneous and/or proposed transfers, would have the effect of reducing to less than fifty-one percent (51%) the percentage of equity and voting interest owned in Operator by the initial equity and voting owners, or in the event Operator is a natural person and the proposed transfer, alone or together with other simultaneous or proposed transfers, would have the effect of reducing Operator's equity or voting interest in the transferee to less than fifty-one percent (51%). The additional requirements for all such transfers are as described below in the following provisions of this Section 13(d):

(i) Operator must provide Company with information sufficient to enable Company to cause the prospective transferee to be provided in a timely manner with Company's current form of disclosure document required by the Federal Trade Commission's Trade Regulation Rule on Franchising and/or other applicable state franchise registration/disclosure laws, and receipt for same shall be delivered to Company. Operator acknowledges that Company shall not be liable for any representations other than those contained in such disclosure document;

(ii) There shall have been paid to Company, together with the application for consent to the transfer, a transfer fee in an amount equal to twenty-five percent (25%) of the initial franchise fee being charged to new Huddle House franchise owners at the time of the Transfer;

(iii) The Operator shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and their officers, directors, attorneys, shareholders, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement;

(iv) Any covenants that survive the termination, non-renewal, or expiration of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement), and Operator and any other transferors must execute and deliver to Company any and all instruments that Company may reasonably request to evidence such liability;

(v) That Operator and any other transferor must acknowledge and agree that the Operator, and if applicable any other transferor, shall remain bound by any covenants that survive the termination or expiration (and non-renewal) of this Agreement (including those applicable to Operator under Section 12 and to other transferors under covenants executed pursuant to Section 12(h) of this Agreement) and that Operator will comply with the post-termination obligations in Section 15(a) of this Agreement;

(vi) That any Operator shall remain liable for all of the obligations to Company in connection with the Franchised Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments reasonably requested by Company to evidence such liability;

(vii) The transferee shall at Company's request execute the then current standard form of Huddle House franchise agreement (the terms and conditions of which may differ materially from those in this Agreement) and all related agreements, provided that an initial franchise fee shall not be required to be paid by such transferee and that the term of such agreement(s) shall be for the balance of the term of this Agreement, or at Company's request shall enter into a written assignment, under seal, and in a form satisfactory to Company, assuming and agreeing to discharge all of Operator's obligations under this Agreement. Additionally, if the transferee is other than a sole proprietor, the owners of a beneficial interest in the transferee shall, at the request of Company, execute guaranty(s) of the performance of all such obligations in writing in a form satisfactory to Company;

(viii) The transferee shall demonstrate to Company's sole satisfaction that it meets all of Company's requirements for becoming a franchise owner, including, without limitation, that it meets Company's managerial and business standards then in effect for similarly situated franchise owners; meets all other then-effective requirements of Company relative to the issuance of a franchise; and has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise);

(ix) The transferee and/or its designated managerial personnel shall have completed, or will complete in the time frame specified by Company, all of Company's then current instruction and training requirements, to Company's satisfaction;

(x) The transferee commits to develop and open an additional new Huddle House Unit within two (2) years from the date of transfer of the existing Franchised Business, and for this purpose the transferee shall, as part of the transfer process, execute a second Huddle House franchise agreement and all related agreements (using the then-current forms) and pay to Company the then-current initial franchise fee for such additional Huddle House Unit; and

(xi) Without limiting the above, in order to carry out a transfer under this Section 13(d), and regardless of whether Company requires the transferee to sign a new form of franchise agreement or permits the transferee to assume this Agreement under Section 13(d)(vii) above, Operator and the proposed transferee shall execute, at Company's election, an assignment agreement and/or any other documents as Company may deem necessary or desirable to reflect the terms and conditions of the transfer and the manner in which Operator and/or the proposed transferee will satisfy all conditions required for Company's approval of the transfer under this Section 13. Operator further acknowledges and agrees that if, notwithstanding Company's right to withhold approval of a transfer unless and until the transferee has completed all training and management staffing requirements of Sections 13(d)(viii) and (ix) to Company's full satisfaction, Company, in its sole determination, agrees to permit the transfer to proceed prior to the transferee's satisfaction of all training and/or management staffing requirements, the conditions that Company may impose on its approval will include such terms as Company deems appropriate to ensure the proper operations of the Unit until such time as transferee completes all such requirements to Company's satisfaction. Such additional terms may include, without limitation: Operator remaining obligated for proper operation of the Unit until the transferee satisfactorily completes all such training and management staffing requirements; the transferee entering into a management agreement with Operator (or such Owners of Operator as who are fully trained and approved as managers by Company) with terms relating to the Unit's operation as are reasonably acceptable to Company; and/or Operator and transferee entering into escrow arrangements relating to the transfer until such time as Company provides written notice that such training and management requirements have been completed to Company satisfaction. If an escrow arrangement is required pending the completion of the transfer conditions, Company may require the use of an escrow agreement and/or agent that Company designates or approves in writing.

(e) Bankruptcy or Transfer by Operation of Law. If Operator, or any person holding any interest (direct or indirect) in Operator, as provided by Section 11(g) or otherwise, or this Agreement, or the Franchised Business becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, or is subject to receivership, it is the parties' understanding and agreement that any such transfer of Interest, as defined in Section 13(b), shall be subject to all of the terms of this Section 13 of this Agreement. Operator acknowledges and agrees that Company holds the exclusive right to license the Licensed Marks, and, as such, Company may restrict any voluntary or involuntary assignment or transfer of this Agreement and the use of the Licensed Marks thereunder as Company so elects in any bankruptcy proceeding or otherwise.

(i) Public Offerings. All materials for an offering of stock or partnership interests in Operator or any affiliate of Operator which are required by federal or state law shall be submitted to Company for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to Company for such review prior to their use. No offering by Operator or any affiliate of Operator shall imply (by use of the Licensed Marks or otherwise) that Company is providing legal or accounting advice; that Company is participating in an underwriting, issuance, or offering of the securities of Operator or Operator's affiliates; that Company has undertaken due diligence to verify the accuracy of the statements in the materials, except that Company has reviewed the materials solely with respect to the relationship between Company and Operator and any subsidiaries and affiliates, if applicable; that Company has determined that the securities are a suitable investment for the potential investors to which the securities are offered. Any review of the offering materials and approval by Company to conduct the offering, shall be for Company's sole benefit, and are not intended for the benefit of any other party, including, but not limited to, the offeror and any prospective investor. At its option, Company may require the offering materials to contain written statements or disclaimers prescribed by Company including, but, not limited to, any limitations stated above in this section. Operator (and the offeror if not Operator), the Interest Holders, and all other participants in the offering must fully indemnify Company, its affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, Operator shall pay Company a non-refundable fee of Ten Thousand Dollars (\$10,000) or such greater amount as is necessary to reimburse Company for its reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. Operator shall give Company written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 13(e) commences. Any such offering shall be subject to all of the other provisions of this Section 13; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to Company's approval as to the structure and voting control of the offeror (and Operator, if Operator is not the offeror) after the financing is completed.

(f) Transfers Upon Death or Incapacity of Operator.

(i) Upon the death, physical incapacity or mental incompetency (as reasonably determined by an independent third party such as a medical doctor) of any person with any direct or indirect interest in Operator the ("**Deceased/Incapacitated Interest Holder**"), the executor, administrator, or personal representative of the Deceased/Incapacitated Interest Holder shall appoint a third party approved by Company within one hundred twenty (120) days after the death, incapacity or incompetency of the Deceased/Incapacitated Interest Holder, to administer the ownership rights of the Deceased/Incapacitated Interest Holder until a final disposition of his ownership interest can be transferred subject to the terms of this Agreement, or this Agreement and all related agreements shall at the option of Company be terminated. Such transfers shall be subject to the same conditions as any inter vivos transfer and shall be subject to the terms and conditions of Section 13 of this Agreement. If the executor, administrator, or personal representative of any such person is unable to fulfill the obligations of

Operator, and/or the proposed transferee(s) does not meet the conditions, set forth in Sections 13 (c) and 13(d) hereof, Company may terminate this Agreement.

(ii) If the Deceased/Incapacitated Interest Holder was involved in management of the Unit, Operator must obtain Company's approval for a replacement for such person. If such Deceased/Incapacitated Interest Holder was part of a corporation, partnership, limited liability company, or other legal entity, then Operator must obtain Company's approval of the shareholder or partner who will actively manage the Unit. The replacement individual approved by Company must, within sixty (60) days after the death or incapacitation of the Deceased/Incapacitated Interest Holder, successfully complete the Training Program, as set forth by Company at the time of the training, before permanently taking over management of the Unit. In the event the replacement individual has previously completed the Training Program, such person shall only be required to complete such portions of the Training Program deemed by Company necessary to train that person to then current standards. Non-compliance with this section by the replacement individual will be considered an event of default hereunder. Until such time as the requirements of this Section 13(f)(ii) have been satisfied, Company may, but is not obligated to, exercise its rights under Section 7(y) to manage the Unit for the account of Operator.

(g) Right of Offer and Right of First Refusal. If Operator or any person or entity holding any direct or indirect interest in Operator, this Agreement, the Franchised Business, the Unit or the Premises ("seller") is preparing to sell or transfer for value, any such interest, Operator shall first notify Company in writing of such offer to sell or transfer such interest to Company upon the terms and conditions set forth in such notice, net of any applicable real estate and/or business brokerage commissions, or the cash equivalent thereof, at Company's option. Company shall have the irrevocable right and option, exercisable within thirty (30) days after receipt of the written transfer request, to send written notice to the seller that Company intends to purchase the seller's interest on the same terms and conditions offered by seller or the cash equivalent thereof. In the event the parties cannot agree within a reasonable time on the cash equivalent, the cash equivalent for such interest shall be as established by an appraiser selected by both parties. In the event the parties cannot agree on an appraiser, each party shall choose its own appraiser, and the two appraisers shall together determine the cash equivalent of such interest. Each party shall pay one half (1/2) of all cost associated with the appraiser(s). If Company elects to purchase the seller's interest, closing on such purchase shall occur within thirty (30) days from the date of notice to the seller of the election to purchase by Company, or, if longer, on the same timetable as contained in the offer. If Company elects not to purchase the seller's interest, seller may sell or transfer such interest to a bona fide third party; provided that:

(i) such sale or transfer is made within one hundred eighty (180) days after the expiration of any offer to Company;

(ii) such sale or transfer is made at a net price and on terms no more favorable than those offered in writing to Company. Any material change in the terms of the offer, including any negotiated terms, between seller and a third party shall constitute a new offer and Company shall have a right of first refusal with respect to the new offer to the third party, subject to the same conditions as apply in the case of Company's right of offer (including, but not limited to, Company's right to request and receive information and the time period during which Company may exercise its right of first refusal); and

(iii) all applicable requirements of Section 13 hereof are met, and in connection with such sale or transfer, that the Premises shall continue to be operated pursuant to the Huddle House System.

Failure of Company to exercise the right of offer or right of first refusal afforded by this Section 13(g) shall not constitute a waiver of any other provision of this Agreement, including all requirements of this Section 13, with respect to a proposed transfer. However, if the sale to the third party does not take place, then Company's right of offer and right of first refusal will apply to each and every such situation as outlined hereinabove in the future.

In the event Company seeks to enforce its purchase rights, as set forth herein, in a bankruptcy, receivership or other insolvency-related proceeding, Operator agrees and consents to forever waive any objection to any sale, including a sale conducted under Section 363 of the Bankruptcy Code.

(h) Limited Assignment Right. Notwithstanding the foregoing, for a period up to one (1) year after the Effective Date, it is understood that Operator (if an individual) may, subject to the conditions of this Section 13, assign and delegate this Agreement and Operator's rights and obligations hereunder on one occasion to a legal entity (*e.g.*, a privately-held corporation, limited liability company, partnership or other legal entity) provided that (i) the entity is organized by Operator for that purpose only, (ii) at least fifty-one percent (51%) of all the issued and outstanding shares of voting stock and/or membership interests of the entity shall be owned and voted continuously by Operator, and (iii) if the proposed transfer is to a legal entity in which Operator will not own one hundred percent (100%) of all of the issued and outstanding shares of voting stock and/or membership interests, Company, prior to such transfer, shall have the right to approve any other shareholders and/or members, and such approval shall be subject to the terms and conditions of Section 13. Company shall be given prior written notice of such proposed assignments, and upon such notification and approval of any minority Interest Holders, if any, all parties involved will execute such documents as Company may require, and in the form approved by Company, to effectuate the assignment, including without limitation any amendments to this Agreement and personal guarantees by Operator's owners, and Operator shall pay the transfer fee, if any, due under this Section 13(h). If the transfer under this Section 13(h) is to an entity that is one hundred percent (100%) owned by Operator, there will be no fee due for this transfer. If the transfer under this Section 13(h) is to an entity in which Operator owns less than one hundred percent (100%) but at least fifty-one percent (51%) of the ownership interests, then Operator shall pay to Company a Fee of Two Thousand Dollars (\$2,000) for the additional expense Company has expended for this Assignment. Upon completion of the transfer conditions required by Company, such entity shall have all of said rights and obligations, and the term "**Operator**" as used herein shall refer to said entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated "Operator," who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such corporation. Such entity shall at no time engage in any business or activities other than the exercise of the rights herein granted to the Operator and the performance of its obligations as Operator hereunder.

(i) Consent to Transfer Not Constituting Waiver. Company's consent to a transfer of any interest in the Operator granted herein shall not constitute a waiver of any claims Company may have against the transferring party, nor shall it be deemed a waiver of Company's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(j) Legend on Stock or Membership Certificate. If Operator is a corporation or limited liability company, all shares or membership certificates of Operator, whether already or hereafter issued by Operator, shall from and after the date hereof bear a legend sufficient under applicable law to constitute notice of the restrictions on such stock or membership certificates contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form:

“The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to Section 13 of a Franchise Agreement dated MONTH _____, YEAR, between Huddle House, Inc., its successors and assigns, and the issuer of these shares.”

(k) Corporate or Partnership Resolution. If Operator is a corporation, partnership, limited liability company, or other legal entity, Operator agrees to deliver to Company a certified copy of resolutions adopted by Operator’s board of directors or controlling partners in a form acceptable to Company. The certified copy of the resolutions shall be delivered to Company no later than thirty (30) days after: (i) the Effective Date of this Agreement, or (ii) the date of Operator’s incorporation, whichever is later.

(l) Guaranty. If Operator is a corporation, partnership, limited liability company, or other legal entity, each present and future shareholder, partner, or member holding at least five percent (5%) ownership interest, and each of their spouses (if applicable) shall execute a guaranty, in the form required by Company, under which each signing guarantor agrees to jointly and severally guarantee Operator’s performance of all of Operator’s obligations under this Agreement and any other agreements that Operator enters into with Company or Company’s affiliates.

14. DEFAULT AND TERMINATION

(a) Events of Default and Grounds for Automatic Termination (Without Notice or Opportunity to Cure). Operator shall be in default under this Agreement, and all rights granted to Operator shall automatically terminate without notice to Operator or opportunity to cure upon the occurrence of any of the following events:

(i) Operator becomes insolvent or makes a general assignment for the benefit of creditors, or if a bankruptcy petition is filed by Operator, or an involuntary petition is filed against Operator, or if a bill in equity or other proceeding for the appointment for a receiver of Operator or other custodian for Operator’s business or assets is filed and consented to by Operator, or if a receiver or other custodian (permanent or temporary) of Operator’s assets or property, or any part thereof, is appointed, or Operator is adjudicated insolvent by any judicial or administrative proceedings;

(ii) Operator abandons the Premises or ceases to operate all or any part of the Franchised Business conducted under this Agreement for three (3) or more days in any ninety (90) day period for reasons other than acts of God or natural disaster, then at the option of Company this Agreement shall terminate and be at an end without any notice to the Operator;

(iii) The termination, non-renewal, or expiration of Operator’s Interest in the Premises or right to possess the Premises as determined by the landlord of the Premises, including the termination of Operator’s Interest in any lease or sublease of the Premises as determined by the landlord of the Premises, or the issuance of any notice of taking or condemnation of the Premises by a governmental authority; and

(iv) If Operator's assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if Operator is otherwise in violation of any such law, ordinance or regulation.

(b) Events of Default and Grounds for Termination Upon Notice (Without Opportunity to Cure). Operator shall be in default under this Agreement, and Company shall have the right to terminate this Agreement and all rights granted hereunder, without affording Operator any opportunity to cure the default, effective immediately upon Company's delivery of written notice to Operator (in the manner set forth under Section 15 below), upon the occurrence of any of the following events:

(i) If Operator fails to commence operation of the Franchised Business as required by Section 7(d) hereof;

(ii) If Operator makes, or has made, any materially false statement or report to Company, or takes or has taken any dishonest, misleading or fraudulent action or inaction, in connection with this Agreement or application therefor;

(iii) If Operator or any person owning an interest in the Franchised Business is convicted of a felony, an indictable offense, a crime of moral turpitude, or any other crime or offense relating to the operation of the Franchised Business, or engages in any type of conduct, behavior or action that may negatively impact the goodwill and reputation of the Company, the Licensed Marks, the brand and/or the Huddle House System;

(iv) If Operator violates any covenant of confidentiality or non-disclosure or non-competition contained in Section 12 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, including the Confidential Operations Manual, materials, goods or information created or used by Company and designated for confidential use within the Huddle House System without Company's prior approval or otherwise breaches its obligations under Section 10 of this Agreement;

(v) If there is any violation of any transfer and assignment provision contained in Section 13 of this Agreement; or

(vi) Upon written notice to Operator, if Operator receives from Company three (3) or more notices of default of this Agreement during any twelve (12) month period (whether or not such defaults were cured after notice) or six (6) or more notices of default of this Agreement during the Initial Term and Renewal Term of this Agreement, if any (whether or not such defaults were cured after notice).

(c) Events of Default and Grounds for Termination Upon Notice and Opportunity to Cure. Company may terminate this Agreement prior to the expiration of its Initial Term or Renewal Term (if any) upon the occurrence of any event of default described below which remains uncured after the cure period, if any, as specified below or as specified by Company in its written notice of default provided to Operator if no such period is provided below or such longer time as applicable law may require. Upon the expiration of such cure period, as applicable, Company may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Operator's rights hereunder and all related agreements and all of Operator's rights thereunder effective immediately upon the expiration of the applicable cure period, if any. The occurrence of any one or more of the following events shall constitute an event of default and grounds for termination, in the manner described above in this paragraph, of this Agreement and all related agreements by Company:

(i) If Operator or its designated managers fails to complete to Company's reasonable satisfaction any of the training required pursuant to Section 7(i) of this Agreement within ninety (90) days of the Effective Date hereof;

(ii) If Operator fails to construct, maintain or remodel the Franchised Business in accordance with the terms of this Agreement and Company's plans and specifications, or fails to equip the Franchised Business in accordance with the terms of this Agreement and Company's standards and specifications, or fails to put up signs in accordance with Company's standards and specifications, and then fails to cure such default within ten (10) days of the date on which Company gives written notice of Operator's noncompliance;

(iii) If Operator fails to pay any financial obligation pursuant to this Agreement, or under any financing or loan documents relating to the Franchised Business, within three (3) days of the date on which Company gives written notice that such payment is delinquent, as described above;

(iv) If Operator fails, for a period of three (3) days after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business;

(v) If Operator fails to correct conditions which Company deems, in its sole right and discretion, are unsafe, unhealthy, or hazardous to its customers, employees, or to the public, within twenty-four (24) hours of the date on which Company gives written notice to correct such conditions, and/or if Operator fails to immediately suspend operations of Franchised Business in order to correct (within the required time period) the foregoing conditions upon receipt of written notice from Company as set forth in Section 7(r);

(vi) If Operator defaults under any loan, mortgage, deed of trust or lease with Company or any third party relating to the Franchised Business or the Premises as determined solely by Company or any other such third party, and Company or such third party treats such act or omission as a default, and Operator fails to cure such default to the satisfaction of Company or such third party, as determined in Company's or such third party's sole discretion, within any applicable cure period granted Operator by Company or such third party;

(vii) If Operator or any of its principals, or Guarantor(s) hereof, or any entities that are under common control with or affiliated with Operator or its Interest Holders or Guarantors, defaults on any other agreement with Company, or any affiliate or parent corporation of Company, or any lender to Operator relating to the Franchised Business, including, without limitation, any franchise agreement, sign lease, equipment lease, premises lease, or financing document, and such default is not cured in accordance with the terms of such other agreement. Operator hereby also agrees that any such other agreement may be terminated at the election of Company in the event any default on this Agreement is not cured in accordance with the terms of this Agreement, and that Company may elect to so terminate any one or more of such agreements while choosing not to terminate other such agreements. The remedies provided hereunder shall be in addition to any other remedies Company may have regarding such other agreements;

(viii) If Operator fails to pay its suppliers, trade creditors, employees and other creditors within three (3) days of the date on which Company gives written notice that payments to such persons or entities are delinquent. Operator must at all times pay its suppliers, trade creditors, employees and other creditors promptly as the debts to such persons become due and failure to do so shall constitute a breach of this Agreement. In the event Operator shall fail to pay any such obligations promptly as the debts to such persons or entities become due, Company shall in addition to its other remedies provided in this Agreement have the right, at its election and without being obligated to do so, to pay such obligations and the amount or amounts paid therefor shall be paid by Operator to Company with the next succeeding

payment due Company under this Agreement together with interest at the rate of twelve percent (12%) per annum for all amounts so advanced by Company for Operator's benefit;

(ix) If Operator shall fail within five (5) days of the date on which Company gives written notice to submit to Company the financial or other information required hereunder;

(x) If Operator fails to cure any default under this Agreement arising from Operator's purchase of any food product that is not approved by Company, that is from a supplier not approved by Company, or that does not otherwise conform to Company's standards and specifications, by: (i) immediately ceasing use of, and removing from the Restaurant, the unauthorized product; and (ii) if required by Company, replacing the unauthorized product with product(s) that comply with Company's specifications and supplier requirements within three (3) days of the date on which the Company gives written notice to Operator of such default; or

(xi) If Operator fails to perform or breaches any covenant (other than those set forth in this Section 14(b)), obligation, term, condition, warranty or certification contained herein in this Agreement or fails to operate the Franchised Business as specified by Company or in the Confidential Operations Manual or the Food Purchasing Manual and fails to cure such non-compliance or deficiency within ten (10) days after Company's written notice thereof.

(d) Liquidated Damages. Upon termination of this Agreement by Company due to an event of default, Operator shall pay the Company upon demand, as liquidated damages and not as a penalty and to compensate the Company for damages caused by such termination, the greater of the following: (a) the sum of One Hundred Forty Five Thousand Dollars (\$145,000); or (b) an amount equal to three (3) years of estimated weekly continuing fees (royalty and marketing contributions), which shall be calculated by Company by using the average weekly continuing fees due by Operator during the preceding twenty-four (24) full months (or, if Operator has been operating the Unit for a shorter period, then for the full months that Operator operated the Unit). It is agreed by the parties that it will be impracticable to determine precisely the actual damages such early termination would cause the Company in that such early termination would, among other things, hurt the cash flow upon which the Company makes its budgets due to Company's inability to collect future weekly continuing fees, hurt the reputation (and therefore the goodwill) of the Company and the value to the Company of the Licensed Marks with its actual and potential customers, and would impair the Company's ability to obtain new operators. The liquidated damages amount set forth herein above is the genuine bona fide pre-estimate made by the parties hereto of such damages and is for the purpose of compensating the Company for all such damages. The liquidated damages amount set forth herein above shall be in addition to all other sums due the Company through the date of termination whether due pursuant to the terms of this Agreement or otherwise. Liquidated damages are a non-exclusive remedy and Company's right to receive other amounts due under this Agreement is not affected by an actual or attempted enforcement of Company's right to liquidated damages. Operator further acknowledges that payment of the liquidated damages shall not relieve Operator, or any of its owners, from any of their respective obligations pursuant to Sections 12 and 15 of this Agreement.

(e) Applicable Law. If applicable law requires notice or an opportunity to cure greater than that otherwise provided for in this Agreement, Company shall give such notice and such opportunity to cure.

15. POST-TERM OBLIGATIONS

(a) Obligations of Operator Upon Expiration or Termination. Upon the expiration or termination of this Agreement, Operator shall immediately comply with the following (the parties agree that, as used in this Section 15, the terms “expire” or “expiration” refer to the circumstances when Operator’s rights to operate the Franchised Business expire and are not renewed):

(i) Cease to be a franchise owner of Company under this Agreement and cease to operate the former Franchised Business under the Huddle House System. Operator shall not thereafter, directly or indirectly, represent to the public that Operator, or as applicable, the then-former Franchised Business is or was operated or in any way connected with the Huddle House System or hold itself out as a present or former franchise owner of Company;

(ii) Pay all sums owing to Company and its affiliates under this Agreement and all related agreements and any other agreements between Operator and Company. Upon termination for any default by Operator, such sums shall include actual and consequential damages, costs and expenses (including reasonable attorneys’ fees) incurred by Company as a result of the termination. Operator also will immediately pay and satisfy all of its obligations to suppliers, trade creditors, regulator and governmental agencies;

(iii) Return to Company the Confidential Operations Manual, the Food Purchasing Manual, and all other trade secrets and confidential materials, equipment and other property owned by Company, and all copies thereof and all signage bearing any Licensed Marks and other materials, though owned by the Operator, which bear the Licensed Marks or utilize the trade dress, designs or colors of Company. Operator shall retain no copy or record of any of the foregoing; provided Operator may retain its copy of this Agreement, any correspondence between the parties, and any other document which Operator reasonably needs for compliance with any applicable provision of law;

(iv) Take such action as may be required by Company to transfer and assign to Company or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, domain names, websites, email addresses, and any other print and electronic identifiers (whether or not Company has authorized them) that Operator used while operating the Franchised Business, and to cancel any interest which Operator may have in the same, provided, however, that Company shall have no obligation to accept such transfers or assignments and that the obligations of Operator pursuant to Section 15(a)(iv) hereof may only be invoked by Company by giving written notice to Operator which specifically refers to Section 15(a)(iv) hereof; and

(v) Cease to use in advertising, or in any manner whatsoever, the Confidential Operations Manual, the Food Purchasing Manual, any methods, procedures or techniques associated with the Huddle House System in which Company has a proprietary right, title or interest; cease to use the Licensed Marks and any other marks and indicia of operation associated with the Huddle House System and remove all trade dress, signage, and other indications of operation under the Huddle House System from the Premises. Additionally, Operator agrees to make such modifications or alterations to the Premises operated under this Agreement as may be necessary to distinguish the appearance of said Premises from that of other Huddle House Units, including any specific additional changes thereto as Company may require for that purpose. Operator agrees that Company or a designated agent may enter upon the Premises at any time to make such changes at Operator’s sole risk and expense and without liability for trespass.

Nothing in this Section 15(a) or elsewhere in this Agreement shall be deemed to relieve any obligations incurred by the Operator prior to, at the time of, or extending beyond the time of termination. Additionally, unless otherwise stated herein, the termination, non-renewal or expiration of this Agreement shall not terminate any written leases, collateral assignments or option agreements between the parties or their affiliates.

(b) Company's Option for Premises. Due to the unique nature of the Huddle House System, there may be certain locations that Company believes are irreplaceable, and vital to the Huddle House System, resulting from development and growth patterns or otherwise, and which locations Company believes must remain as Huddle House Units. If, upon termination, non-renewal or expiration of the Agreement or upon a default by Operator for which Company has the right to terminate this Agreement, Company in good faith believes the Premises are vital to the Huddle House System, and if the Premises would not otherwise remain a Huddle House Unit (e.g., by way of renewal or transfer to a new franchise owner), and if Company is willing to acquire such Premises, either by purchase or lease, for fair market value, then Company, its successors and assigns, or its nominee shall have the right, at its option, upon notice to Operator within thirty (30) days after termination, non-renewal or expiration of this Agreement to state its preliminary intent to either purchase for cash or to lease, upon such terms as agreed upon, Operator's interest in the Premises at the fair market value. For purpose of this Section 15(b), the term "fair market value" shall refer to, as applicable based on Company's election regarding the Premises: (a) the fair market purchase price for the Premises in the event Company intends to purchase Operator's ownership interest in the Premises; or (b) the fair market rental price for the Premises in the event Company intends to lease the Premises from Operator or to assume Operator's leasehold interest in the Premises. If Company and Operator have not agreed upon a fair market value within the thirty (30) day period and cannot, by mutual agreement within seven (7) days of the expiration of such period, appoint an appraiser to determine fair market value, Company, within seven (7) days thereafter, shall notify Operator of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises. Operator shall select, within seven (7) days after such notification by Company, one of such appraisers or firms to be responsible for determining fair market value; otherwise, Company shall select one such appraiser or firm to be responsible for determining fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm. Within ten (10) days after Company has been notified of the fair market value, Company may exercise its option to acquire, by purchase or lease as specified in Company's notice to Operator, with closing on the purchase or lease to be held no sooner than fifteen (15) days from the date Company exercises its option and no later than ninety (90) days thereafter; otherwise such option shall expire. Operator acknowledges and agrees that Company's rights and Operator's obligations under this Section 15(b) will apply in the event that Operator, or any other entity under common control with Operator, controls in any fashion, directly or indirectly, the Premises, and that Operator will take such actions, and execute such documents, as may be needed to implement this Section 15(b). Operator further acknowledges and agrees that nothing herein will limit or otherwise reduce Company's rights under any Collateral Assignment of Lease as set forth in Section 7(a). The purchase price and fair market value shall take into account the termination, non-renewal or expiration of this Agreement. In no event shall the purchase price and fair market value include any consideration or factor for trademarks, service marks, reputation, good will or other "going concern" value. Company may exclude from its purchase any furniture, fixtures, equipment, signage or inventory which do not meet Company's then current standards and specifications, or for which Operator cannot deliver clean title and a bill of sale.

16. INSURANCE

(a) Obligation of Operator to Procure Insurance. Operator shall, at its expense and no later than Opening Deadline contemplated by this Agreement, procure and maintain in full force and effect throughout the Initial Term and Renewal Term of this Agreement, if any, including any extensions thereof, the types of insurance enumerated in the Confidential Operations Manual or otherwise in writing by Company which shall be in such amounts as may from time to time be required by Company, underwritten by a reputable insurance carrier approved by Company, which shall contain such endorsements and stipulations as Company may require and which shall designate Company as an additional insured with respect to liability arising out of the operations of the named insured or the performance of this Agreement, including, without limitation, the following:

- (1) Employer's liability and workers' compensation insurance as prescribed by law;
- (2) Comprehensive general liability insurance covering the operation of the Franchised Business;
- (3) Business interruption insurance;
- (4) Automobile liability;
- (5) Coverage insuring the Premises, contents and sign; and
- (6) Employment practices liability insurance.

As of the Effective Date, Company recommends, but does not require, that Operator maintain policies with umbrella liability coverage and cyber liability and network data breach coverage.

(b) Certificates of Insurance. Operator shall make timely delivery of certificates of all required insurance to Company, each of which shall contain statements by the insurer that the policy will not be canceled or materially altered without at least thirty (30) days' prior written notice to Company, that Operator waives its rights of subrogation against Company for any reasons whatsoever, and that the insurer expressly waives any right of subrogation against Company for any reasons whatsoever to the extent permitted by applicable laws.

(c) Liability of Operator. The procurement and maintenance of such insurance shall not relieve Operator of any liability to Company under the indemnity requirements of this Agreement.

(d) Right of Company to Procure Insurance for Operator. In the event Operator should fail when required to obtain, renew or keep in force any of the insurance required by this Agreement or the Confidential Operations Manual, such failure shall constitute a breach of this Agreement. In such event Company shall have the right, at its election, without being obligated to do so, to procure, renew or keep in force such insurance, and the amount or amounts paid therefore shall be paid by Operator to Company with the next payment of the weekly royalty fee required by Section 5(b) of this Agreement together with interest at the daily equivalent of twelve percent (12%) per annum or the highest rate then permitted by applicable law.

17. COMPLIANCE WITH LAWS, TAXES, PERMITS, AND INDEBTEDNESS

(a) Compliance with Laws. Operator shall comply with all federal, state and local laws, rules and regulations (including without limitation health and sanitation, employment, Fair Labor Standards Act, Americans With Disabilities Act, food and beverage, gift cards, fictitious name registrations, fire clearances, privacy, anti-spam, and any other laws applicable to the operation of restaurants) and timely obtain any and all permits, certificates and licenses for the full and proper conduct of the Franchised Business.

(b) Obligation to Pay Taxes. Operator shall promptly pay when due any and all federal, state and local taxes including, without limitation, unemployment, use and sales taxes, rental taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Operator in the operation of the Franchised Business. Operator will provide Company, upon request, with timely verification of payment of all such taxes, levies or assignments.

(c) Responsibility for Debts. Operator hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts, obligations and expenses incurred in the operation of the Franchised Business.

18. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) Indemnification. Operator agrees to protect, defend, indemnify, and hold Company, and its respective directors, officers, employees, representatives, agents, attorneys and shareholders, jointly and severally, harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' and accountants' fees) as a result of, arising out of, or connected with this Agreement and/or the operation of the Franchised Business.

(b) Independent Contractor Status. In all dealings with third parties including, without limitation, employees, suppliers and customers, Operator shall disclose in an appropriate manner acceptable to Company that Operator is an independent entity licensed by Company. Operator shall be solely responsible for compliance with all federal, state and local laws, rules and regulations, and for Operator's policies, practices, and decisions relating to the operation of the Franchise Business. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Operator an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of Company for any purpose whatsoever. It is understood and agreed that Operator is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Company. Operator further acknowledges and agrees that: (i) Operator is the only party that employs Operator's employees (even though Company may provide Operator with advice, guidance, and training); (ii) the guidance that Company provides and requirements under which Operator will operate are intended to promote and protect the value of the Huddle House System and the Licensed Marks; (iii) when forming and in operating Operator's business, Operator had to adopt standards to operate that business, and that instead of developing and implementing Operator's own standards (or those of another party), Operator contracted to adopt and implement Company's operational standards for Operator's business (including, but not limited to, the Huddle House System and the requirements under this Agreement); and (iv) Operator has made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming Operator's entity, operating Operator's business, hiring employees and employment matters, engaging professional advisors, and all other facets of Operator's operation.

19. WRITTEN APPROVALS, WAIVERS AND AMENDMENT

(a) Requests for Company Approval. Whenever this Agreement requires Company's prior approval, Operator shall make a timely written request. Unless a different time period is specified in this Agreement, Company shall respond with its approval or disapproval within thirty (30) days of receipt of such request. If Company has not specifically approved a request, in writing, within such thirty (30) day period, such failure to respond shall be deemed a disapproval of any such request.

(b) Non-Waiver. No failure of Company to exercise any power reserved to Company by this Agreement or to insist upon strict compliance by the Operator as to any obligation or condition hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Company's right to demand exact compliance with any of the terms herein or of any related agreements. A waiver or approval by Company of any particular default by Operator or acceptance by Company of any payments due hereunder shall not be considered a waiver or approval by Company of any preceding or subsequent breach or default by Operator of any term, covenant or condition of this Agreement, or of any of the related agreements nor shall any delay or omission by Company to exercise any rights arising from a default affect or impair Company's rights as to said default or any subsequent default.

(c) No Warranties or Representations. No warranty or representation is made by Company that all Huddle House System franchise agreements heretofore or hereafter issued by Company do or will contain terms substantially similar to those contained in this Agreement. Further, Operator recognizes and agrees that Company may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Huddle House System franchise owners in a non-uniform manner.

(d) No Oral Modifications. No amendment, change or variance from this Agreement shall be binding upon either Company or Operator except by mutual written agreement, provided, however, that Company may unilaterally and in writing lessen or reduce any obligation imposed on Operator hereunder including, but not limited to, the covenants described in Section 12 of this Agreement. If an amendment of this Agreement is executed at Operator's request, any legal fees or costs of preparation in connection therewith shall be paid by Operator.

20. ENFORCEMENT

(a) Evaluation of Premises and Inspection of Records. In order to ensure compliance with this Agreement and to enable Company to carry out its obligations under this Agreement, Operator agrees that Company and its designated agents shall be permitted, with or without notice, full and complete access during all business hours to evaluate the Premises and inspect all records thereof including, but not limited to, records relating to Operator's customers, trade creditors, suppliers, employees and agents. Operator shall cooperate fully with Company and its designated agents requesting such access.

(b) Injunctive Relief. Company or its designee shall be entitled to obtain, without bond, declarations or other security, temporary, interim and interlocutory or permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to Operator's use of the Licensed Marks, the obligations of Operator during this Agreement and upon termination or expiration (and non-renewal) of this Agreement, or with respect to any transfer contemplated under Section 13, or to prohibit any act or omission by Operator or its employees that constitutes a violation of any applicable law or regulation, is dishonest or misleading to prospective or current customers or any business operated under the Huddle House System, constitutes a danger to other franchise owners,

employees, customers or the public, or may impair the goodwill associated with the Licensed Marks or the Huddle House System.

(c) Attorneys' Fees. If (i) either Company or Operator commences any action or proceeding, whether by judicial or quasi-judicial action or otherwise and at trial and appellate level, for the purpose of enforcing or preventing the breach of any provision hereof, or for a declaration of the party's rights or obligations hereunder, and Company prevails wholly or partially on such efforts, or (ii) any amounts due from Operator to Company are, at any time, collected by or through an attorney at law or collection agency, Operator shall be liable to, and promptly reimburse, Company for all of costs and expenses that Company incurred in connection therewith, including, but not limited to, court costs and reasonable attorneys' fees.

21. NOTICES

Any notice required or permitted hereunder shall be in writing and shall be either mailed by certified or registered mail, return receipt requested, or delivered by a nationally recognized courier service. Notices to Operator shall be addressed to Operator at the address listed on Exhibit B to this Agreement. Notices to Company shall be addressed to Company at the address listed in Section 1 of this Agreement, Attention, President and Legal Department, if delivered by a recognized courier service, or if mailed by certified or registered mail addressed to it at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, Attention: President and Legal Department. Any notice complying with the provisions hereof shall be deemed to be received on the date of delivery if by courier or three (3) days from the postmark date if mailed. A "**recognized courier service**" shall be deemed to include, without limitation, Federal Express. Each party shall have the right to designate any other address for such notices by providing notice thereof in the foregoing manner, and in such event, all notices to be mailed or delivered after receipt of such notice shall be sent to such other address. In lieu of the foregoing method of providing notice to Operator, Operator hereby also appoints as its agent to receive service of all notice the person in charge of the Premises or occupying the Premises, then such service or notice may be deemed received by Operator when the same is delivered to the Premises. If the latter method of providing notice to Operator is used, a copy of all such notices shall also be mailed to Operator's last known address, if different from the Premises. All such notices to Operator may be provided by Company or its attorney.

22. GOVERNING LAW

(a) Choice of Law. This Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Georgia law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, and (ii) any Georgia law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

(b) Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers. The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree to each of the terms provided below in this Section 22(b).

(i) Operator consents and agrees that the following courts shall have personal jurisdiction over Operator in all lawsuits relating to or arising out of this Agreement and related

agreements and hereby waives any defense Operator may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(ii) Operator consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and related agreements and hereby waives any defense Operator may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator against Company relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court in Georgia having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator may be filed in any of the courts named in this Section 22(b) or in any court in which jurisdiction and venue are otherwise proper.

(iii) In all lawsuits relating to or arising out of the Agreement and related agreements, Operator consents and agrees that Operator may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator hereby waives any defense Operator may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(iv) Company and Operator irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

(v) Any and all claims and actions arising out of or relating to this Agreement, the relationship of Operator and Company (or Company's affiliates), or Operator's operation of the Franchised Business, brought by either party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

(vi) Company and Operator hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

(c) No Class or Consolidated Actions. Any litigation between the Company and Operator, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, group, or class action.

23. SEVERABILITY AND CONSTRUCTION

(a) Severability. Should any part of this Agreement, for any reason, be declared invalid by a court of competent jurisdiction, such decision or determination shall not affect the validity of any remaining portion and such remaining portion shall remain in full force and effect as if this Agreement has been executed with the invalid portion eliminated; provided, however, that in the event of a

declaration of invalidity, the provision declared invalid shall not be invalidated in its entirety, but shall be observed and performed by the parties to the extent such provision is valid and enforceable. The parties hereby agree that any such provision shall be deemed to be altered and amended to the extent necessary to affect such validity and enforceability. Additionally, the parties agree that each of the covenants described in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. Should any part of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Operator and Company agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

(b) Existence of Cause of Action Against Company. Operator expressly agrees that the existence of any claim or cause of action of the Operator against Company whether predicted on this Agreement and its covenants and conditions, or otherwise, shall not constitute a defense to the enforcement by Company of the terms of this Agreement, including any covenant contained herein, or executed in connection with this Agreement.

(c) Execution of Agreement; Counterparts Electronic Signatures.

(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument, and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties.

(ii) The exchange of copies of this Agreement and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

(d) Headings and Captions. The headings and captions contained herein are for the purpose of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each Section of this Agreement shall be construed independently of any other Section or provision of this Agreement.

24. ACKNOWLEDGMENTS

(a) Success Dependent Upon Operator’s Efforts. Operator understands and acknowledges that the business licensed under this Agreement involves business risks and that Operator’s volume, profit, income and success is primarily dependent upon Operator’s ability and efforts as an independent business operator.

(b) No Warranties or Guarantees. Company expressly disclaims the making of, and Operator acknowledges that Operator has not received from any party, any representations, promise, condition,

warranty or guarantee, express, implied or collateral, legal, contractual, oral or written, as to the actual or potential volume, profit, income, sales, revenues, or success of the business licensed under this Agreement except as stated (if at all) in the Company's franchise disclosure document described in Section 24(c) below.

(c) Franchise Disclosure Document. OPERATOR ACKNOWLEDGES THAT COMPANY HAS PROVIDED OPERATOR WITH A FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY CONSIDERATION. CERTAIN STATE LAWS REQUIRE THAT THE OPERATOR RECEIVE THE FRANCHISE DISCLOSURE DOCUMENT NO LATER THAN THE EARLIER OF THE FIRST PERSONAL MEETING HELD TO DISCUSS THE SALE OF A FRANCHISE, TEN (10) BUSINESS DAYS BEFORE THE EXECUTION OF THIS AGREEMENT, OR TEN (10) BUSINESS DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION. (WE SUGGEST THAT YOU SPEAK WITH YOUR ATTORNEY ABOUT THESE STATE REGULATIONS.) OPERATOR ACKNOWLEDGES THAT IT HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY THE APPLICABLE STATE AND FEDERAL REGULATIONS. OPERATOR FURTHER ACKNOWLEDGES THAT OPERATOR HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT, ITS EXHIBITS AND AMENDMENTS, AND UNDERSTANDS ITS CONTENTS.

(d) Receipt of Completed Documents. OPERATOR ACKNOWLEDGES THAT COMPANY HAS PROVIDED OPERATOR WITH A COPY OF THIS AGREEMENT AND ALL RELATED DOCUMENTS, FULLY COMPLETED, AT LEAST SEVEN (7) DAYS PRIOR TO OPERATOR'S EXECUTION OF THE AGREEMENT AND AFTER THE OCCURRENCE OF ANY UNILATERAL CHANGES TO THIS AGREEMENT MADE BY THE FRANCHISOR, WHEN APPLICABLE.

(e) Opportunity to Consult Attorney. Operator acknowledges that Operator has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Company have not advised or represented Operator with respect to this Agreement or the relationship thereby created.

(f) Entire Agreement. Operator acknowledges that this Agreement, the exhibits attached to this Agreement, and the documents referred to in this Agreement, shall be construed together and constitute the entire, full and complete agreement between Company and Operator concerning the subject matter hereof, and supersede all prior agreements between the parties concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Operator to waive reliance on any representation that Company has made in the most recent Disclosure Document (including its exhibits and amendments) that Company delivered to Operator or its representative. This Agreement and all related agreements may not be modified except in writing signed by both parties. Any inducements, representations, promises or commitments, oral or otherwise, not embodied herein or in any of the related agreements or in the Disclosure Document, in writing, signed by both parties, shall be of no force and effect.

(g) Special Stipulations. Insofar as the special stipulations, if any, on Exhibit C, attached hereto and made a part hereof by reference, conflict with any of the foregoing provisions, the special stipulations shall control.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written above.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

EXHIBIT A

LEGAL DESCRIPTION

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

EXHIBIT B-1

Map of Territory

EXHIBIT C
SPECIAL STIPULATIONS

(SPECIAL STIPULATIONS ARE INSERTED HERE)

EXHIBIT D

ADA CERTIFICATION

Huddle House, Inc., a Georgia corporation (“**Company**”), and the party identified as Operator in the signature block below (“**Operator**”) are parties to the Huddle House, Inc. Franchise Agreement (the “**Franchise Agreement**”) concerning the operation of the “Huddle House” Restaurant Unit identified below (the “**Unit**”) located on the real property described on Exhibit A attached to the Franchise Agreement and made a part hereof by reference and (hereinafter the “**Premises**”). In accordance with Sections 7(a) and 7(d) of the Franchise Agreement, Operator certifies to Company that, to the best of Operator’s knowledge, the Unit and its adjacent areas comply, or will be completed in a manner that complies, with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Operator acknowledges that it is an independent contractor and the requirement of this certification by Company does not constitute ownership, control, leasing or operation of the Unit. Operator acknowledges that Company has relied on the information contained in this certification. Furthermore, Operator agrees to indemnify Company and the officers, directors, and employees of Company in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Operator’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

For Huddle House® Restaurant Unit Number: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

EXHIBIT E

SITE SELECTION ADDENDUM

Huddle House, Inc., a Georgia corporation, (“**Company**”) and the party identified as Operator in the signature block below (“**Operator**”) have entered into a franchise agreement of this same date (the “**Franchise Agreement**”) and desire to supplement its terms as set out below in this site selection addendum (the “**Site Selection Addendum**”).

The parties hereto agree as follows:

1. Site Standards. Company will furnish Operator with Company’s minimum standards for the location of a “Huddle House” restaurant. These requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage. Company may vary its standards and specifications depending on factors that Company determines appropriate. Company, in its discretion, may offer assistance in site selection as Company determines appropriate. Except as described in this Site Selection Addendum, Company is not required to provide any other assistance in selecting or securing a site.

2. Summary of Dates and Deadlines. This Site Selection Addendum sets forth certain time frames and deadlines for actions that Operator must make to locate and secure an acceptable site in the manner described in this Site Selection Addendum. As used in this Site Selection Addendum, “Effective Date” refers to the Effective Date of the Franchise Agreement. The following is a summary of such time frames and deadlines:

Action to be Completed	Deadline
<u>Submission of proposed site</u> Operator must have submitted a written request to Company for acceptance of a proposed site (in the manner required by Section 4 of this Addendum).	90 days after Effective Date
<u>Submission of alternate site</u> If Company rejects a site proposed by Operator, Operator must submit another proposed site (in the manner required by Section 4 of this Addendum).	30 days after notice of Company’s rejection of previous proposed site
<u>Sign lease and/or purchase Accepted Site</u> Operator must sign a lease (which must comply with lease requirements of Franchise Agreement) or a purchase agreement for the proposed site accepted by Company (see Section 5 below).	90 days after Company’s written acceptance of proposed site
<u>Secure Accepted Site and Expiration of Site Selection Addendum</u> Operator has secured Accepted Location for Premises (in manner required by 4 below).	210 days after Effective Date

3. Time to Locate Site and Default.

a. Within two hundred ten (210) days after the Effective Date (the “**Site Selection Period**”), Operator must acquire or lease/sublease, at its expense, commercial real estate that is properly

zoned for use as a “Huddle House” restaurant that Operator will operate under the Franchise Agreement (the “Unit”) at a site that Company accepts as described in this Addendum. In no event may the Site Submission and Evaluation process and actions under “Lease Responsibilities” set forth in this Site Selection Addendum exceed the Site Selection Period.

b. If Operator fails to identify and acquire or lease a site that Company accepts for the Unit within the Site Selection Period or fails to comply with the deadlines set forth in this Site Selection Addendum for submitting a proposed site as provided in Section 4 of this Site Selection Addendum, Operator will be in default under the Franchise Agreement and this Site Selection Addendum, and Company will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 14(b)(i) of the Franchise Agreement.

4. Site Submission and Evaluation. Within ninety (90) days after the Effective Date, Operator must notify Company of the proposed site and submit a written request for acceptance of a site (including such information and items that Company may require to evaluate the proposed site, which may include an option contract, letter of intent, or other evidence satisfactory to Company that describes Operator’s favorable prospects for obtaining such site, photographs of the site, demographic statistics, and such other information or materials that Company may require). Company will have fifteen (15) days after receipt of all required information and materials from Operator to evaluate the proposed site as the location for the Premises. Company may, but is not obligated to, conduct on site evaluation of any proposed sites, and Company will not perform any on-site review until Company receives a completed site approval form for such site. If Company conducts any in-person visit for site evaluation purposes, then Company will have the right to require Operator to reimburse Company for Company’s reasonable costs of travel, lodging, wages, and meals with any such on-site evaluation(s). Until Company has given its written acceptance, a site will not be “accepted.” If Company does not accept in writing the proposed site, Operator must, within thirty (30) days after Company rejection of the proposed site, submit an additional site for Company’s review and acceptance. Operator may not lease or otherwise acquire the right to occupy the proposed site without Company’s prior written acceptance.

5. Lease Responsibilities. Operator will be solely responsible for securing the site Company accepts as the Premises of the Unit by entering into a lease for the Premises (the duration of which must be the same as the Initial Term of the Franchise Agreement) or a binding agreement to purchase the site Company has accepted, and Operator must do so within thirty (30) days after Company provides its written acceptance of a proposed site. If Operator will lease the Premises, Operator must comply with the terms of Sections 7(a)(iii) and (iv) of the Franchise Agreement regarding the submission and acceptance of any lease and the terms and conditions of any lease, and Collateral Assignment of Lease, that Company may require. Operator must comply with such requirements and obtain Company’s acceptance of such lease documents before entering into any lease.

6. Accepted Location as Premises. Upon Company’s written acceptance of a site under Section 3 of this Addendum, and after Operator secures the site pursuant to Section 5 of this Addendum and Sections 7(a)(iii) and (iv) of the Franchise Agreement, such site, as identified in Company’s acceptance letter, will be the “Premises” under the Franchise Agreement. Company and Operator agree that the specific address of the Premises, as set forth in Company’s site acceptance letter will be incorporated by reference into Exhibit A of the Franchise Agreement. Operator acknowledges and agrees that, if Company has recommended, accepted or given Operator any assistance or information with respect to locating or selecting a site for the Premises, that is not a representation, warranty, or guaranty of any kind, express or implied, of the suitability of the site for a “Huddle House” restaurant or any other purpose, or the success of a restaurant. Company’s acceptance indicates only that Company believes that the site meets Company’s then acceptable criteria. Applying criteria that have appeared effective with

other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from Company's criteria could change, altering the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond Company's control, and Company is not responsible if a site and premises Company accepts fail to meet Operator's expectations. Operator acknowledges and agrees that Operator's acceptance of the obligation to develop the Unit is based on Operator's own independent investigation of the suitability of the site for the Unit.

7. Defaults. Upon any default by Operator of Operator's obligations under this Site Selection Addendum, Company may terminate this Site Selection Addendum and the Franchise Agreement by giving written notice of termination (in the manner set forth under Section 21 of the Franchise Agreement) stating the nature of such default to Operator at least ten (10) days prior to the effective date of termination; provided, however, that Operator may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the ten (10) day period. If any such default is not cured within such time (or such longer period as applicable law may require), this Site Selection Addendum and the Franchise Agreement will terminate without further notice to Operator, effective immediately upon the expiration of the ten (10) day period or such longer period as applicable law may require.

8. Entire Agreement. This Addendum is an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as used in the Franchise Agreement. Except as modified or supplemented by this Addendum, Operator and Company ratify and confirm the terms of the Franchise Agreement.

For Huddle House® Restaurant Unit Number: _____

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

MARKET DEVELOPMENT AGREEMENT

This Market Development Agreement (“**Agreement**”) is entered into as of the Effective Date shown on the signature page of this Agreement (the “**Effective Date**”) by and between **HUDDLE HOUSE, INC.**, a Georgia corporation, with its principal place of business at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Fulton County, Georgia 30328 (“**Company**”), and the individual or legal entity identified as the Developer on the signature page of this Agreement, whose principal place of business is set forth on the signature page (“**Developer**”).

WHEREAS, Company owns or has the sole and exclusive right to license certain trade names, trademarks, service marks, logos, symbols and other indicia of origin (the “**Licensed Marks**”), including but not limited to, “Huddle House”, “HH”, “Huddle House, Inc.” and such other trade names, trademarks, service marks, associated logos and symbols as are now designated by Company (and as may hereafter be designated by Company in writing); and

WHEREAS, Company, at a substantial expenditure of time, effort and money, has developed a distinctive system relating to retail food sales and restaurant operations, which system as it presently exists is identified by the Licensed Marks and includes methods, standards and specifications that Company specifies from time to time, including regarding site evaluation and selection, equipment selection and layouts, accounting methods, merchandising, advertising, sales and promotional techniques, personnel training, and other matters relating to the operation and promotion of the restaurants, both by Company and the franchisees of Company that operate in buildings that display Company’s exterior and interior trade dress and the Licensed Marks (hereinafter collectively referred to as the “**Huddle House System**”); and

WHEREAS, Company has acquired knowledge and experience in the composition, distribution, advertising and sale of food products by restaurants under the Huddle House System (each a “**Huddle House Restaurant**”), and has successfully established a reputation, demand and goodwill for the products sold by such Huddle House Restaurants; and

WHEREAS, Developer recognizes the value of uniformity in the Huddle House System and Developer further recognizes the value of Company's knowledge and experience gained through the operation of Huddle House Restaurants, and the value of the trade names, trademarks, service marks and other distinctive features of Huddle House Restaurants; and

WHEREAS, Developer acknowledges Company's sole and exclusive ownership of any rights to Company's current and future trade names, trademarks and service marks and to all current and future related practices, procedures, methods, devices, techniques, recipes and systems; and

WHEREAS, Developer desires to open and operate one or more Huddle House Restaurant franchises to be located within that certain geographic area described on Exhibit 1 to this Agreement (the “**Development Area**”) and to secure the agreement of Company that, during the Term (as defined in Section 2 below), except as set forth in this Agreement, Company will not grant any other franchise license that authorizes the establishment of a Huddle House Restaurant in the Development Area or otherwise establish any Huddle House Restaurant in the Development Area; and

WHEREAS, Company is willing to grant Developer certain Huddle House Restaurant franchise license(s) and the protected right to establish one or more Huddle House Restaurants within the Development Area in accordance with the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual promises stated herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by both Company and Developer, the parties hereby agree as follows:

1. Grant. Company hereby grants to Developer, subject to the terms and conditions of this Agreement, the right to open and operate the number of Huddle House Restaurants specified in Exhibit 1 (the “**Required Number of Units**”) within the Development Area during the period of the Development Schedule set forth in Exhibit 2 (the “**Development Schedule**”). In accordance with the Development Schedule, Developer shall develop and construct the Required Number of Units, shall perform all actions necessary to construct and open for retail operation, and shall operate each Huddle House Restaurant at a site accepted by Company within the Development Area pursuant to a separate franchise agreement (each a “**Franchise Agreement**”) to be entered into between Developer and Company for the operation of a Huddle House Restaurant.

a. Rights in Development Area. During the Term, except as provided in this Agreement (including Section 1(b) below) and so long as Developer is in full compliance with the terms of this Agreement and all other agreements between Developer and Company, Company shall not, without the consent of Developer, grant options for or license others to operate, nor shall Company operate, any new or additional traditional Huddle House Restaurants at locations within the Development Area.

b. Company’s Retained Rights and Exclusions from Development Area. Developer expressly acknowledges and agrees that, except as expressly provided in Section 1(a) above, Company and its affiliates (including parents, subsidiaries and related companies) have the right to conduct any business activities, under any name, in any geographic area, and at any location, on any terms and conditions Company deems advisable without compensation or granting any rights to Developer. Among other things (and without limiting Company’s rights under the previous sentence), this means that Company and its affiliates have the right to do any or all of the following:

(i) To own, acquire, establish, and/or operate and license others to establish and operate, Huddle House Restaurants under the Huddle House System at any location (a) outside of the Development Area, or (b) inside the Development Area on food trucks and other mobile units and in arenas, sports stadiums, sports complexes, shopping malls, food courts, department stores, retail stores, convenience stores, hotels, casinos, amusement parks, arcades, theaters, bowling centers, festivals, fairs, schools, colleges, universities, educational institutions, national parks, state and local parks, public beaches, convention centers, conference centers, factories, hospitals, penal institutions, airports, train stations, public transit stations, cruise ship ports, turnpikes, military bases and establishments, government buildings, office complexes, high-rise apartment buildings, senior living facilities, Indian reservations, and other premises where the primary activity conducted at the premises is other than the retail sale of food prepared for immediate consumption and venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, and other similar environments (“**Non-Traditional Sites**”), notwithstanding such Huddle House Unit’s proximity to, or impact on, any of Developer’s Huddle House Restaurants;

(ii) To own, acquire, establish, and/or operate, and license others to operate, businesses under other proprietary marks and/or other systems, whether such businesses are the same, similar to, or different from a Huddle House Restaurant, at any location within or outside of the Development Area, notwithstanding such business’ proximity to, or impact on any of Developer’s Huddle House Restaurants;

(iii) To acquire and operate (or be acquired by) any business of any kind, whether located within or outside the Development Area, and following such acquisition or other business

combination or transaction, such businesses may operate under other marks or may be converted to use Licensed Marks and Huddle House System;

(iv) To sell or distribute at retail or wholesale, directly or indirectly, or license others to sell or distribute, directly or indirectly, any products, such as coffee, under any proprietary mark(s), including the Licensed Marks: from any location notwithstanding such location's proximity to, or impact on, any of Developer's Huddle House Restaurants; at and/or to accounts other than Huddle House Restaurants (except any located at Non-Traditional Sites) operated inside the Development Area (including without limitation educational institutions, military bases, public transportation facilities, health care facilities, toll road plazas or highway rest stops, stadiums, casinos, business and industrial complexes, government offices or institutions, contract or institutional food service operators, national or international or group accounts); to retail food outlets (including without limitation supermarkets, theme parks, truck stops, gourmet shops, and convenience stores); non-food retail stores (including without limitation warehouse clubs and book stores); and through catalogs, mail order, toll free numbers for delivery, electronic means (such as the internet and mobile applications), phone sales, or other distributions means or methods that may be developed following the date of this Agreement to any customer regardless of their location; and

(v) To create, place, and/or distribute or authorize others to create place and/or distribute any advertising and promotional materials, which may appear in media, or be received by prospective customers located, within the Development Area.

c. Operation of Terminated Franchised Business. Notwithstanding anything stated to the contrary in Section 1(a) above, if during the Term, (defined below), Company terminates the franchise of, or if the franchise expires and is not renewed for, any Huddle House Restaurant developed pursuant to this Agreement by Developer, Company shall have the right to operate, or to franchise another person or entity to operate, a Huddle House Restaurant at the site where each such terminated franchised business had been established and operated.

2. Term.

a. Term. Unless earlier terminated as provided herein, or unless the parties agree to a Term Extension (defined below) pursuant to Section 2(b) below, the term of this Agreement (the "**Term**") begins on the Effective Date and shall expire on the earlier to occur of (a) the date of execution by Company of the Franchise Agreement for the last of the Huddle House Restaurants then required to be opened and operated pursuant to this Agreement, or (b) the date that the last Huddle House Restaurant is required to be opened pursuant to the Development Schedule.

b. Extension of Term. Company has the right in its sole discretion to offer Developer an option, on the terms and conditions described in this Section 2(b), to purchase an extension of the Term beyond the date this Agreement would expire under Section 2(a) above (a "**Term Extension**"). Company has no obligation to grant a Term Extension.

i. The following terms and conditions apply to any requests for a Term Extension: (a) unless otherwise agreed by the parties, if Company agrees to a Term Extension, the Term Extension will not grant Developer the right to develop additional Huddle House Restaurants beyond the number required under the Development Schedule, nor will it extend any deadlines in the Development Schedule; (b) Developer shall pay a fee (the "**Term Extension Fee**") calculated as described in Section 2(b)(iii) below; and (c) if Developer wishes to purchase a Term Extension after the Effective Date, Developer must be in full compliance with the terms of this Agreement and all other agreements between Developer

and Company and give notice of its request to extend no fewer than six (6) months prior to the expiration of the Term.

ii. If the parties agree to an extension of this Agreement pursuant to this Section 2(a), then the “Term” will include the period of the Term Extension. Exhibit A of this Agreement indicates if Developer has, as of the Effective Date, purchased an Extension Term and the modified period of the Term. If Developer purchases the Term Extension after the Effective Date, Developer and Company will amend this Agreement to reflect the new expiration of the Term.

iii. The Term Extension Fee is calculated as: Five Thousand Dollars (\$5,000) per additional year to be added to the Term (with each additional year measured as twelve months from the last date of the Development Schedule) multiplied by the Required Number of Units. The Term Extension Fee is due in full when Company and Developer agree upon the Term Extension and is fully earned and non-refundable at the time of payment.

3. Development Fees. Developer shall pay to Company the following:

a. Development Fees. In consideration of the development rights granted by Company to Developer herein, the development fees (“**Development Fees**”) shall be the amount specified in Section 2. of Exhibit 1 hereto. The Development Fees shall be calculated as the total of (i) Thirty Five Thousand Dollars (\$35,000) for the first unit to be developed and (ii) Seventeen Thousand Five Hundred Dollars (\$17,500) for every additional unit that is part of the Required Number of Units; except that if any of the Required Number of Units is to be operated by Developer as an approved Huddle House non-traditional Unit (a “**Non-Traditional Unit**”), the Development Fee attributable to any such Non-Traditional Unit will be Fifteen Thousand Dollars (\$15,000) for the first Non-Traditional Unit and Seven Thousand Five Hundred Dollars (\$7,500) for any additional Non-Traditional Unit in the Development Schedule. The Development Fees are separate from the initial franchise fees that will be due under the Franchise Agreement for each Huddle House Restaurant (for each Unit, this is the “**Initial Franchise Fee**”), as further described in Section 7 of this Agreement. The Development Fees, receipt of which are hereby acknowledged, are fully earned and non-refundable in consideration of Company’s lost or deferred opportunities to enter into a development or franchise agreement with others pertaining to the Development Area, and for administrative and other expenses incurred by Company.

b. Development Credit Towards Initial Franchise Fees. If Developer is in full compliance with the Development Schedule and is not in default under other terms of this Agreement or any other Franchise Agreement between Developer (or its affiliates) and Company, then as Developer enters into Franchise Agreements for the Huddle House Restaurants developed pursuant to this Agreement, Company shall credit the portion of Development Fee actually paid by Developer pursuant to Section 3(a) above for the applicable Huddle House Restaurant toward the Initial Franchise Fee payable under each such Franchise Agreement (see Exhibit 1 of this Agreement). The total amount of the credits that Company may grant to Developer under this Section 3(b) during the Term will not exceed the total Development Fees that Developer has actually paid to Company.

4. Development Schedule. Developer shall build, open and operate properly licensed Huddle House Restaurants in accordance with the Development Schedule. In the event that Developer opens and continuously operates a greater number of Huddle House Restaurants in the Development Area than required during any interim period of the Development Schedule, the requirement of the succeeding period(s) shall be deemed satisfied to the extent of such excess number of restaurants, up to the total number of restaurants specified in the Development Schedule.

5. Conditions Precedent to Exercising of Franchises for Huddle House Restaurants. The following shall be conditions precedent to the right of the Developer to open and operate any franchised business within the Development Area under the Huddle House System pursuant to this Agreement:

a. Location of Restaurants. Developer is responsible for locating proposed sites for any Huddle House Restaurant contemplated within the Development Area. Developer shall use its best efforts to locate suitable sites to fully comply with the Development Schedule. Company, in its discretion, may (directly or indirectly by an affiliate or one or more third parties) offer assistance in site selection. In no event, however, shall Company be obligated to loan money, guarantee leases, provide financing or otherwise become directly involved and/or obligated to Developer or to any third party in respect of such site selection or development; these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Developer.

b. Site Acceptance.

i. Upon selection by Developer of a proposed site for a Huddle House Restaurant, Developer promptly shall submit to Company such specific site data and demographic and other information concerning the site as may be reasonably required by Company, utilizing such forms as may be required by Company. Company shall either accept or reject such site in accordance with Company's then-current site selection policies and procedures. To be effective, any acceptance must be in writing. Developer understands and acknowledges that Company may reject any proposed site, in which event Developer will not proceed at the rejected site, but will seek to locate an acceptable site. Developer acknowledges that in the event Developer should submit site(s) to Company that are not accepted by Company, such non-acceptance will not constitute a defense for nonperformance according to the Development Schedule by Developer. The acquisition in any manner of any proposed site prior to acceptance by Company shall be at the sole risk and responsibility of Developer and shall not obligate Company in any way to accept such site or to enter into a Franchise Agreement for operation of a Huddle House Restaurant at such site.

ii. As a condition for accepting a proposed site, Company may require Developer to negotiate a lease or sales contract that includes certain terms regarding duration or other specified matters. Developer understands and acknowledges that a site acceptance may be conditioned on such matters and that if Developer does not wish to, or cannot, satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected.

iii. In executing this Agreement, accepting a proposed site, giving acceptance or advice or providing services or assistance in connection with this Agreement, Company does not guarantee the suitability of an accepted site or the success of any particular Huddle House Restaurant established at any such site. Company expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any restaurant. Developer understands and acknowledges that the suitability of a site and the success of any restaurant depend on many factors outside the control of either Company or Developer (including, without limitation, such factors as interest rates, unemployment rates, demographic trends and the general economic climate), but principally depend on Developer's efforts in the operation and management of the restaurant.

c. Restaurant Construction.

i. Following execution of a Franchise Agreement as provided in Section 5(d), below, and upon receiving acceptance for a proposed site, Developer shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. Following acceptance of any site, Company shall provide Developer with approved standard architectural

plans and specifications for a prototype Huddle House Restaurant. Such prototype plans shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Huddle House Restaurant. Developer shall be solely responsible for compliance with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Huddle House Restaurant. After a site is accepted but before commencing construction of any Huddle House Restaurant contemplated by this Agreement, Developer shall, if requested by Company, at Developer's expense, furnish to Company for Company's acceptance, the following:

ii. A proposed preliminary site plan for the Huddle House Restaurant which, if accepted, shall not thereafter be changed without Company's prior written consent; and

iii. A copy of Developer's plans and specifications for construction of the Huddle House Restaurant in proposed final form, which plans and specifications shall have been adapted, at Developer's expense, from Company's then standard plans and specifications and which, if accepted, shall not thereafter be changed without Company's prior written consent. Company's approval shall be limited to review of such plans to assess compliance with Company's design standards for Huddle House Restaurants, including such items as trade dress, presentation of the License Marks, and the provision to the potential customer of certain products and services that are central to the functioning of Huddle House Restaurants. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is the sole responsibility of Developer. In addition, upon request by Company, Developer shall furnish Company information as Company may from time to time request, which may include, without limitation, copies of all commitments and plans for construction and permanent financing, the name, address and contact with respect to each lender, the name and address of the contractor, together with a copy of the construction contract.

iv. Thereafter, Developer shall commence construction of the particular Huddle House Restaurant in accordance with the accepted site plan and building plans and specifications as soon as possible and shall complete all the construction thereof, including the acquisition and installation of all equipment specified by Company, and have the restaurant(s) ready to open for business within the time(s) specified in this Agreement. Company and its agents shall have the right to inspect the construction at any reasonable time. Developer agrees to give Company at least ten (10) days' notice prior to pouring the concrete slab for any Huddle House Restaurant to be opened pursuant to this Agreement and to give Company notice immediately after completion of the electrical and mechanical rough-ins to enable Company to inspect the construction at such times. Developer shall correct, upon request and at Developer's expense, any deviation from any approved site plan or plans and specifications. Company assumes no responsibility for the quality of any construction because of any inspections made by it or any reports or recommendations made as a result of such inspections.

v. In the event Developer either (a) fails to open any Huddle House Restaurant within the time periods set forth in this Agreement, except for any delay due in material part to war, strikes, lock-outs, governmentally imposed building moratoriums, or similar causes beyond the control of Developer (which do not include general construction delays) or unless Developer has been granted an extension in accordance with Section 5(c)(vi) below, or (b) commences construction of any Huddle House Restaurant according to plans and specifications not accepted by Company or alters such accepted site plan or plans and specifications without Company's approval, then, Company, at its option, may cancel and terminate this Agreement, by written notice to Developer, in which case any Development Fee paid to Company pursuant to the terms hereof shall be retained by Company as liquidated and agreed

damages and no further Franchise Agreements will be issued under this Agreement for any proposed Huddle House Restaurants. The liquidated damages amount set forth hereinabove is a genuine bona fide pre-estimate made by the parties hereto of such damages and is for the purpose of compensating for all such damages and not a penalty. The liquidated damages amount set forth herein above shall be in addition to all other sums due to Company through the date of termination whether due pursuant to the terms of this Agreement or otherwise. Liquidated damages are a non-exclusive remedy and Company's right to receive other amounts due under this Agreement is not affected by an actual or attempted enforcement of Company's right to liquidated damages.

vi. Company reserves the right to grant extensions or renewals of this Agreement at Company's sole right and discretion in the event that Developer has complied (in Company's opinion) with all of the terms and conditions herein and has, in good faith, diligently pursued the construction of the Huddle House Restaurants according to the Development Schedule. Additionally, if Developer will not be able to comply with the Development Schedule for any particular Huddle House Restaurant to be constructed and opened, then Developer may apply to Company, in writing, not fewer than thirty (30) days in advance of the applicable deadline under the Development Schedule for an extension of the Development Schedule relating to such Huddle House Restaurant. Developer's written application for an extension must specify the reasons for the requested extension and specify a proposed revised opening date for the effected Huddle House Restaurant. Developer has no right to receive an extension of a deadline in the Development Schedule, and Company will determine, in its sole right and discretion, whether to grant an extension of a deadline in the Development Schedule. No extension of a deadline will be effective unless and until Company provides its written approval, and Developer has paid to Company a fee in an amount equal to Five Thousand Dollars (\$5,000) per month (or partial month) of the extension granted by Company (unless the Huddle House Restaurant to be developed for such deadline is a Non-Traditional Unit, in which case the extension fee shall be Two Thousand Five Hundred Dollars (\$2,500) per month (or partial month)). Company's decision to extend a deadline of the Development Schedule for a particular Huddle House Restaurant(s) shall not, absent a written agreement, renew or extend the Development Schedule with respect to any other Huddle House Restaurant to be developed. Developer agrees that any such extensions shall in no way be construed as a waiver or modification of Company's rights hereunder or as a limitation of Company's right to terminate this Agreement for Developer's failure to adhere to the Development Schedule. An extension of a deadline of the Development Schedule under this Section 5(c)(vi) is separate from, and does not grant Developer, an extension of the Term as described in Section 2(b) above.

d. Franchise Agreements

i. With respect to each Huddle House Restaurant contemplated by this Agreement, upon the due performance by Developer within all applicable time periods of all of the requirements of this Agreement (including, without limitation, payment of the Development Fees) and prior to commencing the construction of such Huddle House Restaurant or undergoing any training required under this Agreement and the Franchise Agreement, Company and Developer shall execute and deliver Company's standard form of Franchise Agreement for the operation of a Huddle House Restaurant. The Franchise Agreement for each Huddle House Restaurant to be developed under this Agreement shall be the then-current form of Franchise Agreement, (the terms and conditions of which may differ materially from those in the current form of Franchise Agreement), and the Initial Franchise Fee for such Huddle House Restaurant shall be due and payable as described in Section 7 below. Any such Franchise Agreement or other agreement executed in connection therewith may include certain lease or purchase options, either from Developer or any other owner of the real property upon which the restaurant is to be constructed and operated, in favor of Company.

ii. As a condition of Company's execution of any Franchise Agreement, Company may require Developer and/or its principals to provide a personal guaranty, letter of credit or corporate guaranty in a form acceptable to Company to secure payment of continuing and other fees required to be paid to Company or its affiliates under such agreement, or otherwise. Developer shall comply with Company's then-current franchising policies and procedures with respect to each franchise developed hereunder. Company shall be under no obligation to execute a Franchise Agreement for any such franchise unless Developer has complied in a timely manner with all terms and conditions of this Agreement and has satisfied all requirements set forth herein with respect to such franchise. In addition, Company shall be under no obligation to execute any Franchise Agreement if Developer is in breach or default of any other Franchise Agreement, market development agreement, or any other agreement between Company (and its affiliates) and Developer, or if Developer is not eligible for expansion pursuant to Company's then-current criteria for expansion. If and when any Franchise Agreement contemplated in this Agreement is executed by Company, it shall supersede this Agreement and govern the relations between the parties with respect to the particular restaurant.

6. Advisory Services and Training.

a. Advisory Services. Company shall at reasonable times during the Development Schedule, and subject to the availability of Company personnel, upon the request of, and at no charge to Developer (except as otherwise expressly provided in this Agreement), furnish certain counseling and advisory services to Developer with respect to the site selection, construction, and pre-opening activities related to the operation of Huddle House Restaurants.

b. Training. As required by the Franchise Agreements therefor, Developer and its employees shall attend and conduct such training programs as Company may reasonably require in order to train Developer's personnel properly to operate the Huddle House Restaurants contemplated by this Agreement.

c. Solicitation of Company Employees. Developer shall not, with respect to any person who is employed by Company at Company's headquarters or distribution center as an executive, manager, field director or supervisor, or other position that receives Huddle House specialty training, solicit such person to leave his or her employment in such positions with Company for the purpose of employment by Developer without Developer first obtaining Company's consent. In addition to any other rights and remedies available to Company under this Agreement, in the event of a violation of this Section, Company will have the right to require Developer to pay to Company an amount equal to Forty Thousand Dollars (\$40,000) as liquidated damages and not as a penalty and to compensate for damages caused by such violation. Developer and Company agree that it would be impracticable to determine precisely the actual damages to Company due to a violation of this Section 6(c) as such damages could arise from various factors including: increased workloads for Company employees; reduced efficiency of Company's operation and management; and increased expenditures to locate, hire and train personnel to replace Company's employee hired by Developer in violation of this Section 6(c). The liquidated damages amount set forth hereinabove is a reasonable best estimate made by the parties hereto of such damages and is for the purpose of compensating for all such damages. The liquidated damages amount set forth herein above shall be in addition to all other sums due the Company through the date of termination whether due pursuant to the terms of this Agreement or otherwise. Liquidated damages are a non-exclusive remedy and Company's right to receive other amounts due under this Agreement is not affected by an actual or attempted enforcement of Company's right to liquidated damages.

7. Initial Franchise Fee. Upon execution by Company of a Franchise Agreement for any Huddle House Restaurant contemplated by this Agreement, Developer shall pay to Company an Initial Franchise Fee. The Initial Franchise Fee for each Huddle House Restaurant shall be the amount set forth in the

then-current form of Franchise Agreement to be signed for that Huddle House Restaurant. The Initial Franchise Fee for each Huddle House Restaurant must be paid in full upon Developer's execution of such Franchise Agreement, less any credit that may be applied pursuant to Section 3(b) above. Each Initial Franchise Fee is fully earned by Company upon execution of the Franchise Agreement and thereafter shall be non-refundable.

8. Termination.

a. Automatic Termination. Developer shall be in default under this Agreement, and all rights granted to Developer shall automatically terminate without notice to Developer upon the occurrence of any of the following events: Developer becomes insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Developer, or such a petition is filed against and consented to by Developer; or if a bill in equity or other proceeding for the appointment for a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed.

b. By Company. Company may terminate this Agreement prior to the expiration of the Term upon the occurrence of any event of default described below. Upon the occurrence of any event of default which remains uncured after the cure period specified, if any, Company may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Developer's rights hereunder. Company, at its option, may terminate this Agreement immediately upon notice to Developer, upon the occurrence of any of the following:

i. failure to open any Huddle House Restaurant within the time period(s) specified in this Agreement, unless Company granted Developer's request for an extension made in accordance with Section 5(d), above;

ii. the assignment of this Agreement without the prior written approval of Company;

iii. if Developer is a corporation, partnership, limited liability company, trust, or other association or entity (each an "**Entity**"), the transfer of any equity or other ownership interest in such Entity during the Term of this Agreement without the prior written approval of Company; or, in the event that any shareholder, partner, member or other holder of an ownership or equity interest (each, an "**Owner**") of Developer is an Entity, the transfer of any equity or other ownership interest in such Owner during the Term without the prior written approval of Company;

iv. the discovery by Company of any material misrepresentation in any of the information or documents submitted to Company by or on behalf of Developer;

v. Developer fails to take any action required herein (including but not limited to, construction, execution of Franchise Agreements, and payment of Initial Franchise Fees) to establish the Required Number of Units, and any additional restaurants agreed upon by Developer and Company, within the times established in the Development Schedule;

vi. any other violation by Developer of any provision of this Agreement if such violation shall continue for ten (10) days after Company gives written notice of such material violation to Developer or if such material violation cannot be reasonably corrected within such ten (10) day period, then if such material violation is not corrected within such additional time as may be required in the

reasonable opinion of Company, provided that Developer proceeds with reasonable diligence; provided, however, that such written notice and a reasonable time to correct material violations shall not be required if Developer has committed more than three (3) such violations during any one-year period (and has been notified by Company of each such violation); or

vii. Developer or any of its Owners or guarantors, or any entities that are under common control with or affiliated with Developer or its Owners or guarantors, defaults on any other agreement with Company, or any affiliate or parent corporation of Company, or any lender to Developer relating to the Huddle House Restaurants to be developed under this Agreement, and such default is not cured in accordance with the terms of such other agreement.

9. Effect of Expiration or Termination. Upon expiration of this Agreement (and this Agreement is not renewed), or upon its termination for any reason, any and all rights granted to Developer hereunder shall immediately terminate. Company shall be under no further obligation whatsoever to grant any additional franchise license(s) to Developer, and Company thereafter shall have the right to operate or license others to operate Huddle House Restaurants within the Development Area, except as limited by the provisions of any other then effective agreements between Developer and Company.

10. Restrictions. Company is engaged in the business of developing and franchising Huddle House Restaurants on a national and international basis. Developer acknowledges that the appropriation or duplication of Huddle House Restaurants, the Huddle House System, or any part thereof for a purpose other than to operate a Huddle House Restaurant pursuant to a Franchise Agreement with Company would damage the franchising business of Company. Developer acknowledges that Company owns “**Confidential Information**” which includes any and all information, knowledge and know-how about the Huddle House System and Company's products, services, standards, procedures, techniques communicated to Developer, and such other information or material which Company reasonably considers to be material which is not generally known by the public. Developer acknowledges and agrees that it shall not, during the Term or thereafter, communicate, directly or indirectly, divulge to or use for its benefit or the benefit of any other person or legal entity (except in the necessary operation of the businesses) any Confidential Information and that Developer shall limit access to Confidential Information by Developer's employees on a need-to-know basis. Developer acknowledges that the unauthorized use or disclosure of Company's Confidential Information will cause irreparable injury to Company and that damages are not an adequate remedy. Company shall be entitled to obtain injunctive relief in addition to any other legal or equitable remedies it may have if Developer fails to comply with the provisions contained herein.

11. Use of Licensed Marks. Developer acknowledges that until a Franchise Agreement has been issued for a specified site, Developer shall not have or be entitled to exercise any of the rights, powers and privileges granted by such Franchise Agreement, including without limitation the right to use the Licensed Marks; that the execution of this Agreement shall not be deemed to grant any such rights, powers or privileges to Developer; and that Developer may not under any circumstances commence operation of any Huddle House Restaurant prior to execution by Company of a Franchise Agreement for the particular location.

12. No Right to Sub-Franchise. Developer acknowledges that this Agreement does not contemplate, authorize or permit Developer to operate or function as a sub-franchisor or franchise broker of Company.

13. Transfer.

a. Consent to Transfer Required. Developer understands and acknowledges that Company has granted the rights hereunder in reliance on the business skill, financial capacity, and personal

character of Developer or the Owners, if Developer is not an individual. Accordingly, Developer shall not directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber its rights and obligations hereunder or suffer or permit any such assignment, transfer or encumbrance to occur by operation of law (collectively, “**Transfer**”) without the prior express written consent of Company. In the event Developer is an Entity, the Owners, beneficiaries, or investors, as the case may be of any such Entity, may not effectuate a Transfer of any equity or voting interest in such Entity without the prior written consent of Company. Furthermore, in the event that any Owner of Developer is an Entity, the interests of the shareholders, limited partners, trustees, beneficiaries, partners or investors, as the case may be, in such Owner, may not effectuate a Transfer of any equity or voting interest in such Entity without the prior written consent of Company. Any purported assignment or Transfer without the written consent of Company shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate this Agreement without opportunity to cure.

b. Limited Transfer Right. Notwithstanding the foregoing, for a period of one (1) year from the Effective Date, if Developer is an individual, Developer may, subject to the conditions of this Section 13, assign this Agreement and Developer’s rights and obligations hereunder on one occasion to one Entity (as defined in Section 8(b)(iii) of this Agreement) provided that (i) the Entity is organized by Developer for that purpose only; (ii) at least fifty-one percent (51%) of all the issued and outstanding shares of voting stock and/or membership interests of the Entity shall be owned and voted continuously by Developer, and (iii) if the proposed transfer is to a legal entity in which Developer will not own one hundred percent (100%) of all of the issued and outstanding shares of voting stock and/or membership interests, Company, prior to such transfer, shall have the right to approve any other shareholders and/or members, and such approval shall be subject to the terms and conditions of Section 13. Developer must give Company prior written notice of such proposed assignment, and if approved by Company, all parties involved will execute such documents as Company may require, and in the form approved by Company, to effectuate the assignment, including without limitation any amendments to this Agreement and personal guarantees by Developer’s owners, and Developer shall pay the transfer fee, if any, due under this Section 13(b). If the transfer under this Section 13(b) is to an entity that is one hundred percent (100%) owned by Developer, there will be no fee due for this transfer. If the transfer under this Section 13(b) is to an entity in which Developer owns less than one hundred percent (100%) but at least fifty-one percent (51%) of the ownership interests, then Developer shall pay to Company a Fee of Two Thousand Dollars (\$2,000) for the additional expense Company has expended for this Assignment. Upon completion of all conditions required by Company, such Entity will have all of said rights and obligations under this Agreement, and the term “Developer” as used herein shall refer to said Entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated “Developer,” who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such Entity. Further, Developer must acknowledge that no such assignment will relieve Developer from the cross default or any other provisions of this Agreement (which shall continue to apply to any entities that are under common control with Developer). In addition to agreements executed pursuant to the terms of this Agreement, Developer shall not effectuate a Transfer any of Developer’s ownership or control in such an Entity without the prior written consent of Company.

c. Conditions. Developer acknowledges and agrees that it shall be reasonable for Company to condition its consent to a Transfer on any or all of the conditions and requirements for transfers set forth in the Franchise Agreement which was included in the Franchise Disclosure Document provided to Developer in connection with this Agreement, that Company deems applicable to a proposed transfer under this Agreement. Additionally, Company may further condition its consent on, among other factors: the requirement that the proposed Transfer under this Agreement is to be made in conjunction with a simultaneous transfer to the same transferee of all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement; transferee’s execution of Company’s then-

current form of market development agreement (as updated to reflect the remaining development rights under this Agreement); and payment to Company by Developer of a non-refundable transfer fee in the amount of Five Thousand Dollars (\$5,000), which amount shall be due at the time the transferor submits its application to Company requesting Company's consent to the transfer.

d. Death of Developer. In the event of the death of Developer, or if Developer is an Entity, then in the event of the death of any Owner of Developer, Company shall not unreasonably withhold its consent to a Transfer of Developer's interest herein, or if Developer is an Entity, the Transfer of the deceased Owner's interest in such Entity, to a descendant, heir or legatee of the decedent, so long as, in the sole judgment of Company, such successor is capable of performing the duties and obligations of the decedent hereunder (or of the decedent as an Owner of Developer) and under any Franchise Agreement to which the decedent (or of the decedent as an Owner of Developer) is a party, or to a responsible bona fide purchaser acceptable to Company. Any approval by Company of such Transfer shall be subject to the assignee's agreement in writing to assume and perform all of Developer's (or the decedent's as an Owner of Developer) duties and obligations hereunder and under any Franchise Agreement to be issued pursuant to this Agreement, and with respect to this Agreement and each such Franchise Agreement, all conditions for Transfer set forth in such agreement shall be met.

e. Assignment by Company. Company shall have the right to assign all or any part of its rights or obligations hereunder to any person or entity.

14. Notices. All notices, requests, and demands to or upon the respective parties hereto shall be deemed to have been given or made when mailed by registered or certified mail or nationally recognized overnight courier, postage prepaid, addressed as follows:

If to Developer, at the "Notice Address" listed on the signature page.

If to Company, at:

HUDDLE HOUSE, INC.
Attn: Legal Department
5901-B Peachtree Dunwoody Road, Suite 450
Sandy Springs, Georgia 30328

or to such other address as may be designated hereafter in writing by the respective parties hereto.

15. Mediation

Except as expressly provided in this Section, any dispute arising under or relating to this Agreement (each, a "**Dispute**") shall be submitted to mediation in accordance with the following alternative dispute resolution ("**ADR**") procedure prior to the filing of any lawsuit with respect to such Dispute.

a. Any party to this Agreement claiming that a Dispute has arisen shall give written notice to the other party of the Dispute and shall designate a person as its representative in negotiations with authority to settle the Dispute. The party who has received written notice of the Dispute shall promptly give written notice to the other party acknowledging notice of the Dispute and designating a person as its representative in negotiations with authority to settle the Dispute.

b. If the parties cannot reach a resolution of the Dispute within seven (7) days, either party may notify the other in writing that it seeks to have such dispute resolved by mediation.

c. The parties shall have ten (10) days from the date of submission to mediation to agree upon a mutually acceptable neutral person not affiliated with either of the parties (the “**Mediator**”). If no Mediator has been selected within such time, the parties agree jointly to request the American Arbitration Association, the Center for Public Resources, and/or another mutually agreed-upon provider of mediation services to supply, within ten (10) days, a list of potential mediators with qualifications as specified by the parties to the joint request. Within five (5) days of receipt of the list, the parties shall independently rank the proposed candidates, simultaneously exchange rankings, and select as the Mediator the individual receiving the highest combined ranking who is available to serve.

d. In consultation with the Mediator, the parties shall promptly designate a mutually convenient time and place in Georgia for the mediation (and unless circumstances require otherwise, such time shall not be later than twenty-one (21) days after selection of the Mediator). In the event that either party has substantial need for information in the possession of the other party in order to prepare for the mediation, the parties shall attempt in good faith to agree on procedures for the expeditious exchange of information, with the assistance of the Mediator if required.

e. One week prior to the first scheduled session of the mediation, and unless the Mediator instructs otherwise, each party shall deliver to the Mediator and to the other party a concise written summary of its views on the matter in dispute.

f. The Mediator shall have the right to determine the procedures for the conduct of the mediation proceedings (the “**Proceedings**”), provided that the mediation will proceed with each respective party and their legal counsel, without the use of expert witnesses as part of the Proceedings. All Proceedings shall be (i) as informal as is consistent with the proper conduct of the dispute resolution, (ii) at a place to allow the Mediator to communicate privately with the parties or their legal representatives, (iii) in confidence and in closed session, (iv) on a without prejudice basis, including all discussions leading up to the Proceedings, (v) on the basis that no documents brought into existence, or admissions, or offers for settlement, specifically for the purpose of the mediation process or the Proceedings, will be called into evidence in any subsequent litigation by either party, and (vi) heard and completed within seven (7) days of the commencement of the Proceedings.

g. The Mediator shall (i) provide his/her opinion to both parties on the probable outcome should the matter be litigated, unless requested not to do so by both parties; and (ii) make one or more recommendations as to the terms of a possible settlement, upon any conditions imposed by the parties (including, but not limited to, a minimum and maximum amount) if requested to do so by both parties.

h. The Mediator shall base his opinions and recommendations on information then available to both parties, excluding such information as may be disclosed to him by the parties in confidence. The opinions and recommendations of the Mediator shall not be binding upon the parties.

i. The parties agree to participate in the mediation procedure to its conclusion (as designated by the Mediator) and not to terminate negotiations concerning resolution of the matters in dispute until at least ten (10) days thereafter. Each party agrees not to commence a lawsuit or seek other remedies with respect to the Dispute prior to the conclusion of the ten (10) day post-mediation negotiation period; provided, however, that either party may commence litigation within five (5) days prior to the date after which the commencement of litigation could be barred by an applicable statute of limitations or in order to request an injunction to prevent irreparable harm, in which event the parties agree (except as prohibited by court order) to nevertheless continue to participate in the mediation to its conclusion.

j. The fees of the Mediator shall be shared equally by the parties. The Mediator shall be disqualified as a witness, consultant, expert or counsel for either party with respect to the matters related to the Dispute.

k. It is agreed that any Proceeding is a compromise negotiation for purposes of the Federal Rules of Evidence and state rules of evidence. Each Proceeding shall be confidential, and no stenographic, visual or audio record shall be made. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of any Proceeding by either of the parties, their agents, employees, representatives, or other invitees and by the Mediator are confidential and shall, in addition and where appropriate, be deemed to be work product and privileged. Such conduct, statements, promises, offers, views, and opinions shall not be discoverable or admissible for any purposes, including impeachment in any litigation or other proceeding involving the parties, and shall not be disclosed to anyone not an agent, employee, expert, witness or representative of either of the parties; provided, however, that evidence otherwise discoverable or admissible is not excluded from discovery or admission as a result of its use in a Proceeding.

l. Notwithstanding anything herein to the contrary, the requirements of this Section 15 shall not apply to claims relating to, or disputes relating to, Company's Licensed Marks, to claims relating to Developer's non-payment of monies to Company, or to requests by Company or Developer for temporary restraining orders, preliminary injunctions, or other procedures in a court of competent jurisdiction to obtain injunctive relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by mediation. If Company secures any declaration, injunction or order of specific performance, if any provision of this Agreement is enforced at any time by Company, or if any amounts due from Developer to Company are, at any time, collected by or through an attorney at law or collection agency, Developer shall be liable to Company for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorney's fees.

16. Miscellaneous Provisions.

a. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.

b. Headings. Captions and section and paragraph headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

c. Modification. Neither this Agreement, nor any provision of this Agreement, may be changed, waived, discharged, modified, or terminated orally, but may be modified only by an instrument in writing signed by the party against whom enforcement is sought.

d. Governing Law/Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Georgia. The parties agree and consent to personal jurisdiction of the Superior Court of Fulton County, Georgia, and the United States District Court for the Northern District of Georgia, Atlanta Division, with regard to any civil action relating to any claim arising under this Agreement, and agree that venue shall be proper in such courts for such action.

e. Time for Claims. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Company (or Company's affiliates), or Developer's development of Huddle House Restaurants under this Agreement, brought by either party hereto against the other shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

f. Jury Trial Waiver. Company and Developer irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other.

g. Waiver of Punitive Damages. Company and Developer hereby waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other, except for punitive or exemplary damages authorized by applicable federal law.

h. No Class or Consolidated Actions. Any litigation between the Company and Developer, and any of their respective affiliates, directors, officers, or agents shall be conducted on an individual basis, and not as part of a consolidated, common, or class action.

i. Confidentiality. Developer agrees not to disclose any provision of this Agreement to any party or entity without the prior written consent of Company.

j. Counterparts. This Agreement may be executed in several counterparts, and signature pages may be exchanged by fax, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

k. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto as to the matters stated herein. Any modification or amendment of this Agreement shall not be binding upon the parties unless in writing and signed by all parties hereto, and there are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties that have been relied upon by either party other than those set forth herein. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Company has made in the most recent Disclosure Document (including its exhibits and amendments) that Company delivered to Developer or its representative. No agreement of any kind relating to the matters covered by this Agreement shall be binding upon either party unless and until the same is made in writing and executed by both parties.

l. Waiver. The failure of either party to exercise any power or remedy hereunder or to insist upon strict compliance with the terms of this Agreement shall not be deemed to be a waiver of the right of such party to demand strict compliance with the exact terms of this Agreement in the future.

m. Time. Time is of the essence of this Agreement.

n. Severability. Should any part or clause of this Agreement, for any reason, be declared by a court of competent jurisdiction to be invalid, void or unenforceable, then that part or clause shall be deemed to be severed and the remainder of this Agreement shall remain in full force and effect. Additionally, if any part of or clause of this Agreement is found to be unenforceable but part of such is capable of being made enforceable by reduction of any or all thereof, Developer and Company agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a

party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

17. Developer's Acknowledgments.

a. Developer understands and acknowledges that there are significant risks in any business venture and that the primary factor in Developer's success or failure under this Agreement will be Developer's own efforts. IN ADDITION, DEVELOPER ACKNOWLEDGES THAT COMPANY AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS TO DEVELOPER OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO DEVELOPER AND THAT DEVELOPER HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT AND DEVELOPER'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

b. Developer and its Owners agree to comply with and/or to assist Company to the fullest extent possible in Company's efforts to comply with Anti-Terrorism Laws (as defined below), and further agree to require that any Developer Related Party (as defined below) also complies with and/or assist Company in Company efforts to comply with Anti-Terrorism Law. In connection with such compliance, Developer and the Owners certify, represent, and warrant that none of their, or any Developer Related Parties' respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither Developer nor any of the Owners or Developer Related Parties are in violation of any of the Anti-Terrorism Laws. Developer also agrees not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Developer shall be solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Developer further acknowledges and agrees that any violation of the Anti-Terrorism Laws by a Developer, or Developer's employees or any "blocking" of a Developer Related Party's assets under the Anti-Terrorism Laws shall constitute grounds for immediate termination of this Agreement and any other agreement Developer shall have entered with Company or its affiliates, in accordance with the termination provisions of this Agreement. The term "**Developer Related Party**" as used in this Section 17(b) means any Owner or guarantor ("**Guarantor**") of Developer's obligations under this Agreement, or the immediate family member (spouse, child, sibling, or parent) of an Owner or Guarantor, and any other person or entity under common control with or affiliated with Developer or any Owner.

IN WITNESS WHEREOF, the parties hereto have affixed their hands and seals the date and year first above written.

COMPANY
HUDDLE HOUSE, INC.
a Georgia corporation

By: _____

Name: _____

Title: _____

Effective Date of this Agreement: _____

DEVELOPER
DEVELOPER_NAME,
a [STATE] [ENTITY TYPE]

By: _____
DEVELOPER SIGNATORY1, TITLE

By: _____
DEVELOPER SIGNATORY2, TITLE

OR

NAME, Individually

Developer Principal Place of Business:
[DEVELOPER ADDRESS
DEVELOPER CITY,
DEVELOPER COUNTY,
DEVELOPER STATE, DEVELOPERZIP]

Developer Notice Address:
«Developer»
«Developer_Address_Line_1»
«City», «State» «Zip»

EXHIBIT 1

DEVELOPMENT AREA, FEES, AND TERM

1. Development Area. The Development Area shall consist of the following cities (or parts of cities) in the State of DEVELOPMENT AREA_STATE_NAME (see sixth Whereas clause):

LIST OF CITIES HERE

2. Development Fees.

Development Fees - The Development Fees shall be the total of (a) \$35,000.00 for the first unit to be developed and (b) \$17,500.00 for every additional unit to be developed pursuant to this Agreement to satisfy the Required Number of Units. The total fees due under this Agreement at the time of signing are:

Calculation of Development Fees	
Required Number of Units:	_____ (insert # of Units)
Development Fees calculation:	
For First Unit:	\$35,000.00*
Per additional unit	\$17,500.00* (per ___ additional units)
Development Fees (total):	\$ _____ (insert total Development Fees here)

*As provided in Section 7, if any of the Required Number of Units will be operated by Developer as a Non-Traditional Unit, the Development Fee attributable to such Restaurant will be \$15,000 for the first Non-Traditional Unit and \$7,500 for any additional Non-Traditional Unit in the Development Schedule. This amount will also be credited towards the Initial Franchise Fee due for such Non-Traditional Unit.

3. Initial Franchise Fees and Potential Credits.

The Initial Franchise Fees are separate from any other pre-opening fees, such as Security Deposit, that may be required under each Franchise Agreement. See Sections 3 and 7 of this Agreement for details.

Initial Franchise Fees:	Initial Franchise Fee Due (note A)	Portion of Development Fees as Potential Credit towards Initial Franchise Fee (notes B and C)
First Unit	\$35,000*	\$35,000*
Second Unit	Company's then-current Initial Franchise Fee	\$17,500*
Each Additional Unit in Required Number of Units	Company's then-current Initial Franchise Fee	\$17,500*

A. See Section 7 of this Agreement. (See * above for fee for Non-Traditional Units.)

- B. This credit will apply at the time Developer signs the Franchise Agreement for each of the Required Number of Units provided that Developer (and affiliates) are in compliance as set forth in Section 3(b) of this Agreement.
- C. The total amount of the credits that Company grants to Developer towards Initial Franchise Fees will not exceed the total Development Fees that Developer actually paid to Company.

3. Term Extension Fees and Effective Date. As described in Section 2(b) of this Agreement, Company may in its sole right and discretion offer Developer an opportunity to purchase an extension of the Term. The parties acknowledge and agree that, as of the Effective Date (check applicable box):

- Developer has not paid a Term Extension Fee and has not purchased any Term Extension. Accordingly, as of the Effective Date, the Term will expire as set forth in Section 2(a) of this Agreement.
- Developer has paid Term Extension Fees in the amount of \$_____, which will extend the Term for a period of ____ year[s]. Accordingly, as of the Effective Date, the Term will expire ____ year[s] from the date on which the Term would otherwise expire under Section 2(a) of this Agreement.

EXHIBIT 2

[SAMPLE] DEVELOPMENT SCHEDULE

All Huddle House Restaurants developed under this Development Schedule will be standard Huddle House Restaurants. Property must be acquired, a Franchise Agreement for each such Huddle House Restaurant must be signed, construction must be completed, all fees must be paid and the Huddle House Restaurants must be in operation no later than the following dates in order to comply with the material terms of this Agreement:

Restaurant under this Agreement	Deadline to Sign Franchise Agreement	Deadline for Restaurant Opening	*Total Number of Restaurants Open as of Opening Deadline
First	MONTH DAY, YEAR	MONTH DAY, YEAR	1
Second	MONTH DAY, YEAR	MONTH DAY, YEAR	2
Third	MONTH DAY, YEAR	MONTH DAY, YEAR	3

*Developer understands and agrees that Developer’s obligations under the Development Schedule are cumulative, and that by each “Opening Deadline” listed above, Developer must have open and in operation the number of Huddle House Restaurants listed in the column “Total Number of Restaurants Open as of the Opening Deadline.”

ACKNOWLEDGMENTS

These Acknowledgments are executed and sealed in connection with Huddle House® Restaurant Unit described on the signature page of these Acknowledgements (“Unit”).

ACKNOWLEDGMENT AS TO SEVEN DAY DISCLOSURE

I hereby acknowledge that: (Initial One Choice)

_____ There have been no unilateral changes to the documents listed below since the date of receipt of the Franchise Disclosure Document on _____. The documents listed below are changed only by the completion of filling in the blanks for the date and name information, and the like. Additionally, I have reviewed all aspects of all documents, taken those steps necessary to arrive at a complete understanding of same, and do completely understand all aspects of these documents. The Company has not pressured, hurried or coerced me in any way, and I have executed this document as my free act and deed.

_____ I have had a copy of the documents listed below in my possession for a period of at least seven (7) days after the unilateral changes made by Huddle House, Inc. (“Company”), and that I have reviewed all aspects of all documents, taken those steps necessary to arrive at a complete understanding of same, and do completely understand all aspects of these documents. The Company has not pressured, hurried or coerced me in any way, and I have executed this document as my free act and deed.

ACKNOWLEDGEMENTS

FRANCHISE AGREEMENT

PROMISSORY NOTE (if applicable)

REVITALIZATION AMENDMENT (if applicable)

TRAINING AGREEMENT

CERTIFICATE OF MEMBERS

GUARANTY

MEMBERS’ GUARANTY AND AGREEMENT

CERTIFICATE OF SECRETARY

CORPORATE RESOLUTION

SHAREHOLDER’S GUARANTY AND AGREEMENT

CORPORATE GUARANTY AND AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

ANCILLARY DOCUMENTS (BEVERAGE, EQUIPMENT LEASEE, LOYALTY SYSTEMS)

MEMORANDUM OF PREMISES, EQUIPMENT & SIGN OPTION AGREEMENTS

ACKNOWLEDGMENT OF SECURITY AGREEMENT

ACKNOWLEDGMENT AS TO FRANCHISE PERFORMANCE REPRESENTATIONS

I hereby acknowledge that, except for the information contained in Item 19 of Company’s Franchise Disclosure Document, Company has not made any oral, written or visual representations to me, or to anyone acting on my behalf concerning the potential or actual sales, income, gross or net profit to be derived from the Unit which is the subject matter of the Franchise Agreement to which this Acknowledgment is attached. I further acknowledge and understand that my financial results are likely to differ from those stated in Item 19, and Company has not represented or inferred that I can expect to attain those same sales or costs.

I further acknowledge that Company has not provided me any information, whether written or otherwise, as to the historical sales and costs of existing franchisees, except for the disclosures contained in Item 19 of Company's Franchise Disclosure Document.

ACKNOWLEDGMENT AS TO ENVIRONMENTAL MATTERS

I do hereby acknowledge that Company recommends, but does not generally require, an Environmental Assessment incident for approval of a franchise. I also acknowledge that current federal and state laws impose severe penalties for waste cleanup, which penalties can be assessed against innocent parties based upon their having an interest in contaminated real property. If such matters have been of concern to me, I have sought independent legal advice. I hereby release Company, and its officers, shareholders, directors, attorneys and employees, in their corporate and individual capacities, from and against any liability arising out of or related to environmental contamination of the restaurant site; and indemnify and hold said parties harmless with regard to any action, cause of action, suit, claim, or liability of any nature whatsoever arising out of or in any way connected with environmental contamination of the restaurant site.

ACKNOWLEDGMENT AS TO EQUIPMENT PURCHASE

I do hereby acknowledge that I have purchased or leased the personal property listed on Exhibit B of the Lease, said Agreement made a part hereof by reference, after having had a comparison on the open market. No person has required me to purchase said personal property from Company, nor has anyone put any pressure on me to do so. I specifically state that neither Company nor any person or persons affiliated with Company has required me to so purchase or put any pressure on me to do so.

ACKNOWLEDGMENT AS TO EMPLOYMENT PRACTICES

I hereby acknowledge that, as Operator, I shall be the sole employer of the employees in my franchised restaurant and solely responsible for the labor relations and employment practices in the franchised restaurant location. I agree that the employees in my franchised restaurant shall not be employees of Company and that Company shall have no control or liability concerning decisions related to the hiring, promotion, discipline, termination, amount of wages, benefits or scheduling of the employees in my franchised restaurant. I agree to indemnify and hold harmless Company from any and all liability, including costs, attorneys' fees, or other monetary damages or equitable relief, which results directly or indirectly from my employees or independent contractors or other persons working on behalf of my franchised restaurant.

Huddle House® Restaurant Unit Number: _____

OPERATOR:
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

Date: _____

CERTIFICATE OF SECRETARY
OF FRANCHISEE NAME

I, as the undersigned Secretary, do hereby certify that I am the duly elected, qualified and acting Secretary of the entity listed in the “**Franchisee Data**” on the signature page, a corporation duly organized, existing and in good standing under the laws of the State identified in “Franchisee Data” as the state of incorporation (the “**Corporation**”), and in such capacity I have custody and control of the corporate seal and records of the Corporation and the authority to execute this Certificate on behalf of the Corporation. Accordingly, on behalf of the Corporation and in my capacity as Secretary, I certify as follows:

1. That attached hereto as Schedule A is a true and correct copy of the Articles of Incorporation of the Corporation together with all Articles of Amendment thereto, and the same having been duly adopted and filed in the office of the Secretary of State of the State of Incorporation, are in full force and effect, and have not been amended, modified or rescinded except as set forth therein.

2. That attached hereto as Schedule B is a true and correct copy of the By-laws of the Corporation together with all amendments thereto, and the same are in full force and effect and have not been amended, modified, or rescinded, except as set forth therein.

3. That the persons named in the “Franchisee Data” below as “**Officers**” are and have been duly elected and qualified and are currently acting in their respective corporate capacities as set forth below and that the signature of each Officer affixed above their respective name is a true and genuine signature of such person.

4. That the persons listed in the “Franchisee Data” below as “**Directors**” are the duly elected and presently acting directors of the Corporation.

5. That the information listed in the “Franchisee Data” below as “**Shareholders**” is a true, complete and accurate list of all of the legal and equitable owners of all the Corporation's outstanding and issued stock, their current addresses and the number of shares owned by each and that all such issued stock is fully paid and non-assessable.

6. That the following is a true, complete and correct copy of certain resolutions which were adopted by the shareholders of the Corporation in accordance with the By-laws, effective on or before the Effective Date of the Franchise Agreement referenced below and that such resolutions are in full force and effect, have not been modified, amended, altered or repealed, and are in conformity with and do not violate the Articles of Incorporation or the Shareholders Management Agreement of the Corporation.

RESOLVED that the Shareholders of the Corporation hereby approve the execution and delivery by the Corporation of a franchise agreement concerning the operation of the Huddle House® Restaurant Unit described below in “Franchisee Data” (the “**Franchise Agreement**”) located on the real property described on Exhibit A attached to the Franchise Agreement, which is as of even date herewith and made a part hereof by reference and (hereinafter called “**Premises**”); and

FURTHER RESOLVED that the undersigned President and Secretary are hereby authorized to cause the Corporation to execute and deliver under seal or otherwise any and all agreements, contracts, leases, real and personal, easements, assignments, financing statements, vending machine agreements, any modifications and amendments to such documents, and to expend such sums, make and deliver security or other deposits and establish any necessary escrows, all as may be contemplated in the Franchise Agreement, required by Huddle

House, Inc. or its counsel or deemed necessary by the President and Secretary of the Corporation's counsel in order to effect the purposes of the foregoing Resolutions; and

FURTHER RESOLVED, that the Shareholders, in accordance with the terms and conditions of the Franchise Agreement, hereby directs the officers of the Corporation to cause a legend to be placed on the back of all share certificates of the Corporation, in the following form:

"The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to Section 13 of the Franchise Agreement between Huddle House, Inc., its successors and assigns, and the issuer of these shares."

FURTHER RESOLVED, that any and all action heretofore taken by any officer or officers of the Corporation to execute and deliver any of the agreements, instruments, documents, authorized by the foregoing Resolutions are hereby approved, ratified and confirmed in all respects.

(signature page follows)

IN WITNESS WHEREOF, I have affixed my hand and the seal of the Corporation on the date written below.

FRANCHISEE SIGNATORY2, Secretary

The undersigned, President of the Corporation, hereby certifies that FRANCHISEE SIGNATORY2 is the duly and validly elected and qualified Secretary of the Corporation and the signature appearing above is her/his true and genuine signature.

FRANCHISEE SIGNATORY1, President

Date: _____

Franchisee Data:

Corporation: FRANCHISEE NAME

State of Incorporation: STATE

For Huddle House® Restaurant Unit Number: _____

Officers:

President: _____
FRANCHISEE SIGNATORY1

Secretary: _____
FRANCHISEE SIGNATORY2

Directors:

FIRST PRINCIPAL
SECOND PRINCIPAL

Shareholders - Name, address and number of shares:

FIRST PRINCIPAL - __ shares
PRINCIPAL 1 STREET ADDRESS
PRINCIPAL 1 CITY, STATE 00000

SECOND PRINCIPAL - __ shares
PRINCIPAL 2 STREET ADDRESS
PRINCIPAL 2 CITY, STATE 00000

SCHEDULE A TO CORPORATE RESOLUTION
SUBSTITUTE ARTICLES OF INCORPORATION

SCHEDULE B TO CORPORATE RESOLUTION
SUBSTITUTE BY-LAWS

CERTIFICATE OF THE MEMBERS
OF FRANCHISEE NAME

The undersigned hereby certify that they are all of the members of the entity listed in “**Franchisee Data**” on the signature page, a limited liability company duly organized, existing and in good standing under the laws of the state of identified in “Franchisee Data” as the “**State of Organization**” (the “**Company**”), and in such capacity they are authorized to execute this Certificate on behalf of the Company and:

1. That attached hereto as Schedule A is a true and correct copy of the Articles of Organization of the Company together with all Articles of Amendment thereto, and the same having been duly adopted and filed in the office of the Secretary of State of Organization, are in full force and effect, and have not been amended, modified or rescinded except as set forth therein.

2. That attached hereto as Schedule B is a true and correct copy of the Operating Agreement of the Company together with all amendments thereto, and the same are in full force and effect and have not been amended, modified, or rescinded, except as set forth therein.

3. That the persons named in the “Franchisee Data” below as “**Members**” are the members of the Company, and that the signature set forth above his or her name is his or her signature.

4. That the following is a true, complete and correct copy of certain resolutions which were duly adopted by the Members of the Company in accordance with the Operating Agreement, effective on or before the Effective Date of the Franchise Agreement referenced below and that such resolutions are in full force and effect, have not been modified, amended, altered or repealed, and are in conformity with and do not violate the Articles of Organization or the Operating Agreement of the Company:

RESOLVED that the Members of the Company hereby approve the execution and delivery by the Company of a franchise agreement concerning the operation of the Huddle House® Restaurant Unit described below in “Franchisee Data” (the “**Franchise Agreement**”) located on the real property described on Exhibit A attached to a Franchise Agreement, which is as of even date herewith and made a part hereof by reference and (hereinafter the “**Premises**”).

FURTHER RESOLVED that the Members are hereby authorized to cause the Company to execute and deliver under seal or otherwise any and all agreements, contracts, leases, real and personal, easements, assignments, financing statements, vending machine agreements, any modifications and amendments to such documents, and to expend such sums, make and deliver security or other deposits and establish any necessary escrows, all as may be contemplated in the Franchise Agreement, required by Huddle House, Inc. or its counsel or deemed necessary by the President and Secretary of the Corporation's counsel in order to effect the purposes of the foregoing Resolutions.

FURTHER RESOLVED, that any and all action heretofore taken by any Member or Members of the Company to execute and deliver any of the agreements, instruments, and documents, authorized by the foregoing Resolutions are hereby approved, ratified and confirmed in all respects.

(signature page follows)

IN WITNESS WHEREOF, I have affixed my hand and the seal of the Company as of the date written below.

MEMBERS

FIRST PRINCIPAL

SECOND PRINCIPAL

Date: _____

Franchisee Data:

Company: FRANCHISEE NAME
State of Organization: STATE

For Huddle House® Restaurant Unit Number: _____

Members:

FIRST PRINCIPAL
PRINCIPAL 1 STREET ADDRESS
PRINCIPAL 1 CITY, STATE 00000

SECOND PRINCIPAL
PRINCIPAL 2 STREET ADDRESS
PRINCIPAL 2 CITY, STATE 00000

SCHEDULE A TO LLC RESOLUTION
ARTICLES OF ORGANIZATION

SCHEDULE B TO CORPORATE RESOLUTION

OPERATING AGREEMENT

GUARANTY

As an inducement to HUDDLE HOUSE, INC. (“**Company**”) to execute the Huddle House Unit Franchise Agreement with the individual or legal entity identified as the Operator on the signature page of this Guaranty (“**Operator**”) concerning the operation of the Huddle House® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith (the “**Agreement**”) and made a part hereof by reference (hereinafter called “**Premises**”), the undersigned (if more than one, jointly and severally) do hereby agree to be bound by all terms of the Agreement and any amendments thereof, and supplements thereto, including all addenda, schedules and exhibits and any agreements between Operator and Company (or its affiliates) relating to Operator’s financing, now or hereafter existing, and irrevocably, unconditionally and personally guarantee to Company, its affiliates, successors and assigns, that all of Operator's obligations thereunder will be punctually paid and performed. The undersigned waive, to the extent permitted by applicable law, notice of acceptance, notice of default, presentment and demand. Upon default by Operator and receipt of written notice from Company, the undersigned will immediately make each payment and perform or cause to be performed each obligation of Operator under the Agreement and related agreements as described above. Company may to the extent permitted by applicable law (without affecting any obligation of any of the undersigned) waive any Operator default, extend any Operator cure period, or settle, adjust, compromise or release any indebtedness of or claims against Operator. The undersigned waive notice of amendment of the Agreement, and demand for payment or performance by Operator. The undersigned further waive the defenses of novation, increase in risk, release or compounding of any other guarantor, or any requirement that Company first exhaust other remedies, resort to any collateral, or proceed to collect any amounts due from Operator, this Guaranty being a primary obligation of the undersigned and guarantee of payment and performance, not of collection. Upon death of an individual guarantor, the estate of such guarantor will be bound by this Guaranty with respect to any defaults existing at the time of death, and, if more than one, the obligations of the other undersigned guarantors will continue in full force and effect without change.

This Guaranty, the Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) The following courts shall have personal jurisdiction over Operator and the undersigned in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and related agreements and the parties hereby waive any defense of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) The undersigned consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator and the undersigned each agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator or the undersigned against Company relating to or arising out of this Guaranty, the Agreement and all related agreements shall be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit

such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or the undersigned may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreement and all related agreements, Operator and the undersigned consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and the undersigned hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any expiration or termination of this Guaranty or the Agreement. The undersigned acknowledges that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).

Operator: FRANCHISEE NAME
a STATE ENTITY TYPE

For Huddle House® Restaurant Unit Number: _____

GUARANTORS:

[FIRST PRINCIPAL], individually

[SECOND PRINCIPAL], individually

Date: _____

SHAREHOLDERS' GUARANTY AND AGREEMENT

This Shareholders' Guaranty and Agreement ("**Guaranty**") made as of even date as the Agreements referenced below, for the benefit of HUDDLE HOUSE, INC. (hereinafter known as "**Company**"), by the undersigned (if more than one, jointly and severally) (hereinafter collectively known as "**Shareholders**").

WITNESSETH:

WHEREAS, Shareholders desire to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty, (hereinafter known as "**Operator**"), concerning the operation of the Huddle House[®] Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference (hereinafter called "**Premises**"), said Franchise Agreement and related documents being hereinafter collectively known as "**Agreements**", and

WHEREAS, Company is willing to enter into said Agreements only if Shareholders agree to comply with the terms and conditions of this Guaranty.

NOW THEREFORE, for and in consideration of the sum, of Ten Dollars (\$10.00) paid to Company by Shareholders, for the purpose of inducing Company to enter into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Shareholders hereby jointly and severally unconditionally guarantee the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator.
2. Shareholders hereby jointly and severally covenant and agree that they shall not sell, assign, mortgage, pledge or otherwise hypothecate, make a gift or otherwise dispose of any or all of their shares of the capital stock of Operator without the written consent of Company.
3. Shareholders do hereby covenant and agree that they shall cause a reference to this restriction to appear on each and every share of capital stock of Operator owned by them.
4. Shareholders do hereby covenant and agree to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Shareholders shall survive any expiration or termination of this Guaranty or the Agreement. Shareholders acknowledge that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).
5. Shareholders do hereby acknowledge a financial interest in Operator and do represent that as to them the Agreements constitutes a benefit.
6. This Guaranty shall continue in full force and effect so long as the Agreements remain in force and effect and Shareholders shall not be released from their obligations hereunder so long as any claim of Company against Operator is not settled or discharged in full.

7. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Shareholders, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Shareholders hereunder:

(a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;

(b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;

(c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other Shareholders or Operator's debts or transactions, or any collateral or security held by Company; and

(d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Shareholders' obligations hereunder, or make performance by Operator or Shareholders more difficult.

8. Shareholders waive presentment, demand, notice of dishonor, protest and all other notices whatsoever and agree that Company, may proceed by suit against any or all Shareholders hereunder, or Operator and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them.

9. The term "Shareholders" as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

10. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

11. This Guaranty, the Agreement, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) Operator and Shareholders consent and agree that the following courts shall have personal jurisdiction over Operator and Shareholders in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waives any defense of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Operator and Shareholders consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District

Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator and Shareholders agree that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator or Shareholders against Company relating to or arising out of this Guaranty, the Agreements, and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or Shareholders may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits and actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements, Operator and Shareholders consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and Shareholders hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

For Huddle House® Restaurant Unit Number: _____

Operator: FRANCHISEE NAME
a STATE ENTITY TYPE

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

SHAREHOLDERS

_____(SEAL)
FIRST PRINCIPAL, individually

_____(SEAL)
SECOND PRINCIPAL, individually

Date: _____

MEMBERS' GUARANTY AND AGREEMENT

This Members' Guaranty and Agreement ("**Guaranty**") made as of even date as the Agreements referenced below, for the benefit of HUDDLE HOUSE, INC. (hereinafter known as "**Company**"), by the undersigned (if more than one, jointly and severally), (hereinafter collectively known as "**Members**").

WITNESSETH:

WHEREAS, Members desire to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty (hereinafter known as "**Operator**"), concerning the operation of the Huddle House[®] Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference and (hereinafter called "**Premises**"), said Franchise Agreement and related documents being hereinafter collectively known as "**Agreements**", and

WHEREAS, Company is willing to enter into said Agreements only if Members agree to comply with the terms and conditions of this Guaranty.

NOW THEREFORE, for and in consideration of the sum, of Ten Dollars (\$10.00) paid to Company by Members, for the purpose of inducing Company to enter into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Members hereby jointly and severally unconditionally guarantee the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator.
2. Members hereby jointly and severally covenant and agree that they shall not sell, assign, mortgage, pledge or otherwise hypothecate, make a gift or otherwise dispose of any or all of their ownership interest in Operator without the written consent of Company.
3. Members do hereby covenant and agree that they shall cause a reference to this restriction to appear on each and every certificate of ownership of Operator owned by them.
4. Members do hereby covenant and agree to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Members shall survive any expiration or termination of this Guaranty or the Agreement. Members acknowledge that he or she is one of the owners of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).
5. Members do hereby acknowledge a financial interest in Operator and do represent that as to them the Agreements constitute a benefit.
6. This Guaranty shall continue in full force and effect so long as the Agreements remain in force and effect and Members shall not be released from their obligations hereunder so long as any claim of Company against Operator is not settled or discharged in full.

7. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Members, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Members hereunder:

(a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;

(b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;

(c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other Members or Operator's debts or transactions, or any collateral or security held by Company; and

(d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Members' obligations hereunder, or make performance by Operator more difficult.

8. Members waive presentment, demand, notice of dishonor, protest and all other notices whatsoever and agree that Company, may proceed by suit against any Members hereunder, or Operator and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them.

9. The term "Members" as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

10. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

11. This Guaranty, the Agreements, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) Operator and Members consent and agree that the following courts shall have personal jurisdiction over Operator and Members in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waives any defense Members may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Operator and Members consent and agree that venue shall be proper in any of the following courts in all lawsuits or actions for equitable relief relating to or arising out of this Guaranty, the Agreements, and related agreements and hereby waive any defense of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Operator and Members agree that venue shall be proper in the state or federal court in Georgia

which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Operator or Members against Company relating to or arising out of this Agreement and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Operator or Members may be filed in any of the courts named in this Section (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits and actions for equitable relief relating to or arising out of the Agreement and related agreements, Operator and Members consent and agree that they may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Operator and Members hereby waive any defense of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

Operator: FRANCHISEE NAME
a STATE ENTITY TYPE

For Huddle House® Restaurant Unit Number: _____

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

MEMBERS

FIRST PRINCIPAL, individually

SECOND PRINCIPAL, individually

Date: _____

STATE OF GEORGIA

COUNTY OF FULTON

GUARANTY AGREEMENT

This Guaranty Agreement (“**Guaranty**”) is made as of even date as the Agreements referenced below, for the benefit of HUDDLE HOUSE, INC. (hereinafter known as “**Company**”), by the undersigned (hereinafter known as “**Guarantor**”).

WITNESSETH:

WHEREAS, Guarantor desires to induce Company to enter into a Franchise Agreement and related documents with the individual or the legal entity identified as the Operator on the signature page of this Guaranty (hereinafter known as “**Operator**”), concerning the operation of the Huddle House® Restaurant Unit identified on the signature page of this Guaranty, to be located on the real property described on Exhibit A attached to a Franchise Agreement of even date herewith and made a part hereof by reference (hereinafter called “**Premises**”), said Franchise Agreement and related documents being hereinafter collectively known as “**Agreements**”, and

WHEREAS, Company is willing to enter into said Agreements only if Guarantor agrees to execute and comply with the terms and conditions of this Guaranty; and

WHEREAS, Guarantor desires to execute and deliver this Guaranty because Guarantor has a substantial interest in Operator and will receive a direct benefit by Company entering into the Agreements with Operator;

NOW THEREFORE, for and in consideration of Company to entering into the Agreements with Operator and for other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed and contracted as follows:

1. Guarantor hereby unconditionally guaranties the prompt and complete performance by Operator of all the covenants and conditions contained in the Agreements and the payment of all damages, costs and expenses which by virtue of the Agreements might become recoverable by Company from Operator (the “**Guarantied Obligations**”).
2. Guarantor does hereby acknowledge that this Guaranty constitutes a legal, valid and binding obligation of Guarantor, and is fully enforceable according to its terms.
3. Guarantor does hereby acknowledge a financial interest in Operator and does represent that as to them the Agreements constitute a benefit.
4. Guarantor does hereby acknowledge that its liability under this Guaranty is present, absolute, unconditional, continuing, primary, direct and independent of the obligations of Operator. Company shall not be required to pursue any other remedies before invoking the benefits of this Guaranty, including, without limitation, its remedies under the Agreements. With regard to any rights which may accrue to Company under or in connection with the Agreements, Company may, at its option, look to Guarantor for the performance of the Guarantied Obligations to the extent provided herein, without having first commenced any action or proceeding against Operator or any other party, and without having first obtained any judgment against Operator or any other party.

5. The liability of Guarantor shall remain and continue in full force and effect notwithstanding (a) the non-liability of Operator for any reason whatsoever of payment or performance of the Guaranteed Obligations or any part thereof, (b) the release of Operator from the observance of any of the covenants, terms, or conditions contained in the Agreements by operation of law, (c) any defenses or rights of set off or counterclaims which Operator may assert, (d) any failure of Company to inform Guarantor of any facts Company may now or hereafter know about Operator, the Agreements or the franchise contemplated in connection therewith, it being understood and agreed that Company has no duty to so inform; it being the intention that Guarantor shall remain liable hereunder until the Guaranteed Obligations of Operator shall have been fully paid, performed and observed by Operator.

6. It is agreed that Company shall have the full right, in its sole discretion, and without any notice to or consent from the Guarantor, from time to time, and at any time, and without affecting, impairing or discharging in whole or in part, the liability of Guarantor hereunder:

(a) To make any change, amendment or modification whatsoever in any of the terms and conditions of the Agreements;

(b) To extend in whole or in part by renewal or otherwise, and on one or any number of occasions, the term of the Agreements;

(c) To settle, compromise, release, surrender, modify or impair, and to enforce and exercise or fail or refuse to enforce or exercise any claims, rights, or remedies of any kind or nature against Operator or any other party or Operator's debts or transactions, or any collateral or security held by Company;

(d) To enter into any alteration or modification of the Agreements regardless of whether said alteration or modification would increase the extent of Guarantor's obligations hereunder, or make performance by Operator or Guarantor more difficult; and

(e) To take other guarantees, collateral or security with respect to the Guaranteed Obligations.

7. Guarantor hereby waives (a) any right to require Company to proceed against Operator or to pursue any other remedy or collateral to which Company may be entitled, as Guarantor agrees that Company may proceed by suit against Guarantor or Operator, and without first or contemporaneously suing such other person or persons, or otherwise seeking or preceding to collect from them, (b) notice of acceptance, presentment, demand, protest, nonpayment, default, dishonor and all other notices whatsoever, and (c) the defenses of novation, increase in risk, release or compounding of any other guarantor.

8. Guarantor hereby covenants and agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Section 12 of the Agreement to the same extent as and for the same period of time as Operator is required to comply with and abide by such covenants and provisions. These obligations of Guarantor shall survive any expiration or termination of this Guaranty or the Agreement. Guarantor acknowledge that it is owner or affiliate of the Operator and is serving in a managerial capacity in the operation of the Franchised Business (as defined in the Agreement).

9. No failure, omission or delay on the part of Company in exercising any rights hereunder or in taking any action to collect or enforce performance of the Guaranteed Obligations or in enforcing performance of any covenant, term or condition to be performed under the Agreements, either against

Operator or any other party, shall operate as a waiver of any such right or in any manner prejudice the rights of Company against Guarantor.

10. The term “Guarantor” as used in this Guaranty or any pronoun used in place thereof shall include male, female, singular and plural, corporation, partnership, or individual as may fit the particular party.

11. This Guaranty shall bind and inure to the benefit of the parties hereto and their respective heirs, administrators, executors and successors, shall be construed equally between the parties.

12. This Guaranty, the Agreements, and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws thereof, which laws shall prevail in the event of any conflict.

13. The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, the parties hereby agree as follows:

(a) The following courts shall have personal jurisdiction over Guarantor in all lawsuits relating to or arising out of this Guaranty and the Agreements and hereby waives any defense Guarantor may have of lack of personal jurisdiction in any such lawsuit filed in these courts: (A) all courts included within the state court system of the State of Georgia including, without limitation, the Superior Courts; and (B) all the United States District Courts sitting within the State of Georgia.

(b) Venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Guaranty and the Agreements and Guarantor hereby waives any defense it may have of improper venue in any such lawsuits filed in these courts: (A) the Superior Court of Fulton County, Georgia; and (B) the United States District Court for the Northern District of Georgia, Atlanta Division. In the event any of these courts are abolished, Guarantor agrees that venue shall be proper in the state or federal court in Georgia which most closely approximates the subject-matter jurisdiction of the abolished court as well as any of these courts which are not so abolished. All lawsuits filed by Guarantor against Company relating to or arising out of this Guaranty, the Agreements, and related agreements shall be required to be filed in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit such lawsuit may be filed in any court having such subject-matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Company against Guarantor may be filed in any of the courts named in this subparagraph (b) or in any court in which jurisdiction and venue are otherwise proper.

(c) In all lawsuits relating to or arising out of this Guaranty and the Agreements, Guarantor consents and agrees that it may be served with process outside the State of Georgia in the same manner as service may be made within the State of Georgia by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Guarantor hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(d) Guarantor shall pay all reasonable attorneys’ fees and associated costs incurred by Company in the enforcement of this Guaranty.

14. No provision hereof shall be modified or limited except by written agreement signed by Company and Guarantor.

15. In case any one or more provisions of this Guaranty shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Operator: FRANCHISEE NAME
a STATE ENTITY TYPE

For Huddle House® Restaurant Unit Number: _____

IN WITNESS WHEREOF, the undersigned hereto have duly executed this Agreement under seal on the date written below.

GUARANTOR

[ENTITY NAME],
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY, TITLE

Date: _____

TRAINING AGREEMENT

THIS TRAINING AGREEMENT (the “Agreement”) is entered into as of the Effective Date of the Franchise Agreement, which is described below, by and between HUDDLE HOUSE, INC., a Georgia corporation, (hereinafter known as “**Company**”) and the individual or legal entity identified as the Operator on the signature page of this Agreement (hereinafter known as “**Operator**”).

W I T N E S S E T H:

WHEREAS, the Operator has entered into or is about to enter into a Huddle House Franchise Agreement with Company (the “**Franchise Agreement**”), pursuant to which Company will authorize Operator to operate the Huddle House® Restaurant Unit Number identified on the signature page of this Agreement.

WHEREAS, pursuant to such Franchise Agreement, the Operator agrees to participate in a training program (the “**Training Program**”) conducted by Company to provide training to the Operator and/or its designated manager (the “**Employees**”); and

WHEREAS, in order to conduct the Training Program, Company will permit the Employees to work and/or participate in the operation of a restaurant either owned and operated by Company or by another franchisee of Company (the “**Third Party Franchisee**”); and

WHEREAS, Company and the Operator desire to clarify the status of such Employees while they are working and/or participating in such restaurant operations; and

WHEREAS, Company desires to confirm that Operator has been satisfactorily trained by Company’s Training Program to operate its licensed restaurant and Company seeks Operator’s acknowledgment of the same;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Operator and Company hereby agree as follows:

1. **Indemnification.** The Operator shall be responsible for all loss or damage originating from, or in connection with, the activities of the Employees while participating in the operation of any restaurants owned and/or operated by Company or a Third Party Franchisee and for all claims or demands for damages to property or for the injury, illness, or death of persons directly or indirectly resulting therefrom. The Operator agrees to defend, indemnify, and hold harmless Company and any Third Party Franchisee from and against any and all losses, liabilities, damages, costs, expenses (including, but not limited to, any reasonable attorneys’ fees incurred by Company or any such Third Party Franchisee) and claims arising from injury or damage to (which shall include, without limitation, the loss of) any person or property occasioned by any act or acts, omissions, or commissions of the Operator or any of its employees, agents, or contractors (including, but not limited to, the Employees) with respect to, or arising out of, or related to, the activities, presence, or participation in such restaurant operations by the Employees at restaurants owned and/or operated by Company and any Third Party Franchisee, including, but not limited to, claims by any of the Employees for injuries, wages, or benefits. The obligation of the Operator to defend, indemnify, and hold Company or a Third Party Franchisee harmless as set forth in this Section 1 shall survive the termination of the training pursuant to this Agreement and shall survive the termination of this Agreement.

2. **Insurance.** With respect to the activities, presence, or participation in restaurant operations by the Employees that are restaurants owned and/or operated by Company or a Third Party Franchisee, the

Operator agrees to obtain a commercial general liability policy at its own cost with such limits as the Operator shall from time to time determine, which limits shall be not less than One Million Dollars (\$1,000,000) per each Occurrence and Two Million Dollars (\$2,000,000) General Aggregate, Two Million Dollars (\$2,000,000) Products/Completed Operations Aggregate, One Million Dollars (\$1,000,000) Personal Injury and Advertising Injury, and Fifty Thousand Dollars (\$50,000) for property damage, which shall further specifically insure the Operator's obligation to indemnify Company and any Third Party Franchisee under this Agreement. The Operator hereby agrees that Company and any Third Party Franchisee shall be named as additional insureds under each of such policies and the Operator shall provide to Company, prior to the commencement of training of the Operator's Employees pursuant to this Agreement, an insurance certificate specifying Company and Third Party Franchisee as additional insureds with respect to liability arising out of the operations of the named insured or the performance of this Agreement. All such policies shall contain endorsements requiring the insurance company to give Company and any Third Party Franchisee at least thirty (30) days' written notice before terminating, canceling, or altering the terms of any such policy. The Operator also shall obtain, at its own cost, the worker's compensation insurance policy covering the Employees as required by applicable law. If the Operator at any time fails or refuses to maintain any insurance coverage required by Company or to furnish satisfactory evidence thereof, Company, at its option and in addition to its other rights and remedies, may obtain, but shall not be obligated to obtain, such insurance coverage on behalf of the Operator, and the Operator shall reimburse Company on demand for any costs and premiums incurred by Company in connection with obtaining such insurance. Notwithstanding the existence of any insurance, the Operator, as agreed above, is and shall be responsible for all loss or damages originating from or in connection with the activities, presence, or participation in restaurant operations of the Operator's Employees at restaurants owned and/or operated by Company or a Third Party Franchisee, and for all claims or demands for damages to property or for injury, illness, or death of persons directly or indirectly resulting therefrom.

3. Training Fees and Reimbursement to Company. Operator agrees to pay Company's then-current training fee, which amount is non-refundable and due in full to Company before Operator's Employees begin to participate in the Training Program. The Operator hereby agrees to reimburse Company or a Third Party Franchisee for any costs and expenses paid or advanced by Company or a Third Party Franchisee in connection with the training of the Operator's Employees hereunder, including, without limitation, wages, F.I.C.A., federal withholding taxes, and any other taxes or payments withheld from or required to be paid with respect to wages.

4. Acknowledgment of Training. The Operator hereby agrees that upon completion of the Training Program, Operator shall execute an Acknowledgment of Training stating that Operator has received satisfactory training to operate its licensed restaurant. If Operator believes that it has not been adequately trained pursuant to the Training Program, Operator agrees that it will notify Company of the same immediately upon completion, or premature termination, of the Training Program and that it will either (i) repeat the Training Program or (ii) designate a substitute individual to attend the Training Program.

5. Employee Benefits. The Operator hereby agrees and acknowledges that the Operator is solely responsible for obtaining and providing any and all employee benefits for the Employees including, but not limited to, health and disability insurance, life insurance, and any other employee benefits. Neither Company nor any Third Party Franchisee shall have any responsibility in that regard.

6. Default; Termination. The failure of the Operator to perform any of its agreements or covenants contained in this Agreement shall constitute a default under this Agreement and the Franchise Agreement and any further obligation of Company hereunder or under the Franchise Agreement may be terminated by Company, provided, however, that the obligations of the Operator pursuant to Sections 1 through 5 hereof shall survive termination of this Agreement and shall continue to be binding upon the Operator in consideration of Company's agreement to enter into this Agreement and the Franchise Agreement.

7. Validity of Provisions. In the event any provision or term of this Agreement should be determined to be invalid or unenforceable, all other provisions and terms of this Agreement and the application thereof to all persons and circumstances subject thereto shall remain unaffected and in full force and effect to the extent permitted by law. If any application of any provision or term of this Agreement to any person or circumstance should be determined to be invalid or unenforceable, the application of such provision or term to other persons and circumstances shall remain unaffected to the extent permitted by law.

8. Construction. As herein used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders, unless the context would clearly not admit such construction. This Agreement shall be construed and interpreted in accordance with the laws of the State of Georgia. Section or paragraph headings are employed herein solely for convenience of reference, and such headings shall not in any way affect the meaning, validity, or enforceability of any term or provision of this Agreement. All references herein to “section” or “paragraph” shall mean the appropriate numbered section or paragraph of this Agreement except where reference is particularly made to some other instrument or document.

9. Binding Effect. This Agreement shall be binding upon the parties hereto and their successors and assigns. Any Third Party Franchisee is an intended third party beneficiary of this Agreement.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the matters addressed herein and supersedes all prior agreements, either written or oral, that may have existed between them. No representation, promise, condition, warranty, or understanding, either express or implied, other than herein set forth, shall be binding upon any of the parties hereto. None of the provisions of this Agreement shall be waived, altered, or amended except in a writing signed by the party to be bound thereby; provided, however, the Employees covered by this Agreement may be identified by notice from Company to Operator without the requirement of Operator’s signature.

For Huddle House® Restaurant Unit Number: # _____

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

LEASE AGREEMENT

THIS LEASE, effective the _____ (hereinafter called "**Effective Date**") between HUDDLE HOUSE, INC., a Georgia corporation, First Party (hereinafter called "**Lessor**"); and [FRANCHISEE NAME] Second Party (hereinafter called "**Lessee**").

WITNESSETH:

1. Premises Leased. Lessor does hereby rent and lease to the Lessee the building which is located on the real property more particularly described on Exhibit A attached hereto and made a part hereof by reference, and commonly known as [UNIT NO. AND ADDRESS WITH COUNTY] (hereinafter called "**Premises**"). Premises includes the [land, building, equipment, signs] or [except for equipment and signs] together with any improvements thereon. [Said equipment and signs are more particularly described in Exhibit D attached hereto.]

2. Term of Lease. The Lease shall commence on the "**Commencement Date**", being the date hereof [or the date improvements to the Premises as specified herein are properly and substantially completed and any Certificates of Occupancy required by local governmental authorities have been issued and received]. The initial term of the Lease shall end at 11:59 p.m. on [DATE], fifteen (15) years after the last day of the month of the Commencement Date.

3. Renewal. If Lessee is not in default hereunder, it shall have the right to renew and extend this Lease for an additional three (3) five (5) year periods, upon the same terms and conditions as herein stated except as provided herein, if Lessee also on each occasion exercises any right it may have to renew the Huddle House® Unit Franchise Agreement dated the [CLOSING DATE], by and between Lessee and Lessor (the "**Franchise Agreement**"), upon the same terms and conditions as herein stated. Written notice of Lessee's election to exercise this option shall be given to Lessor not less than six (6) months prior to the date of termination of the initial term or the date of termination of any renewal period hereof.

4. Rental. Lessee shall pay to Lessor at Lessor's office at the address for notices set forth below promptly on the first day of each month in advance, during the initial term of this Lease and during the term of any renewal term of this Lease, a monthly base rental ("Rent") as measured from the last day of the month of the Commencement Date, during years

YEARS

MONTHLY RENT

In addition, Lessee shall pay common area maintenance fees, management fees, apportioned Lessor costs of maintaining the Premises, capital improvements, expenditures and the like (collectively "**CAM**") each month when Rent is due, calculated by Lessor in installments equal to the estimated CAM charges for the current year. On or before the thirtieth (30th) day following the end of each calendar year and, on or before the thirtieth (30th) day following the expiration or earlier termination of this Lease, Lessor and Lessee shall make an adjustment to the CAM paid for any actual reconciliation.

Lessee shall pay a "Late Charge" of 5% of any rental due that is not paid within three (3) days of when due.

5. Covenant of Quiet Enjoyment. Lessee, upon payment of the rent herein reserved and upon the performance of all of the terms of this Lease, shall at all times during the lease term and during any extension or renewal term, peaceably and quietly enjoy the Premises without any disturbance from Lessor or from any other person claiming through Lessor.

6. Use of Premises. Premises shall be used solely for the operation of a Huddle House® Restaurant pursuant to the Franchise Agreement and shall be operated subject to the terms and conditions of the Franchise Agreement. Premises shall not be used for any illegal purposes nor in violation of any valid regulation of any governmental body, nor in any manner to create any nuisance or trespass; nor in any manner to vitiate the insurance or increase the rate of insurance on Premises. Lessee agrees not to abandon or vacate Premises during the period of this Lease, and agrees to use said Premises for the purpose herein leased until the expiration hereof.

7. Repairs. Lessee agrees at his own expense to keep and maintain the Premises, and appurtenances and every part thereof in good order and repair during the term hereof, and Lessor shall not be responsible or liable for any repairs or replacements. Upon Lessee taking possession, Lessee shall be conclusively presumed to have accepted the Premises, in its then condition, as being suited for Lessee's use. Thereafter, Lessee shall effect and bear the expense of all necessary repairs, maintenance, operation and replacements. Lessee's obligation to repair and maintain shall include but shall not be limited to the following:

a. The keeping of the heating, air conditioning, water, sewer, electrical and sprinkler systems (if any) together with all fixtures pertaining thereto in good order and repair; and

b. The proper oiling of all equipment on the Premises and the replacement of Freon and filters; and

c. The cleaning, keeping in good order and repair, and striping of the parking lot and driveway pavement; and

d. All other repairs, maintenance, replacements, cleaning and upkeep of Premises of any kind or nature whatsoever.

e. Lessor may inspect the Premises at any time for compliance with this provision. Within two (2) weeks from the termination, expiration, non-renewal, abandonment by Lessee, or any other reason the Lease is no longer in force or the Lessee is no longer open and operating at the Premises, Lessor will inspect ("Final Inspection") the Premises and notify Lessee of any deficiencies or default of this provision within two (2) weeks of performing the Final Inspection. Lessee will pay Lessor for the actual cost of any repairs, maintenance, and replacements for which Lessee is responsible pursuant to this provision within three (3) days of receiving said notice.

Lessee shall at all times maintain the Premises in a clean and sanitary condition, making or causing to be made, all repairs and performing all maintenance, painting, repairing and cleaning procedures as Lessor may reasonably deem necessary and proper. In the event that at any time, Lessee shall fail to maintain the Premises as herein required, such failure shall constitute a default under the terms of this Lease. In such event, Lessor shall have the right, at its election, (without being obligated to do so) to cause such work to be performed as it may deem reasonably necessary and proper and Lessee shall promptly pay the cost of such work to Lessor, together with interest at the rate of 12% per annum for all amounts so advanced. Lessee shall not attach, affix or exhibit, or permit to be attached, affixed or exhibited, on the Premises or any part thereof any articles of a permanent character or any signs without the written consent of Lessor. Lessee shall not make any changes or alterations in the Premises without the written consent of Lessor.

Lessee shall be responsible for and shall pay all costs and expenses of every kind and character resulting from, necessary to and/or arising out of the installation and connection of all restaurant equipment in the building on the Premises. Said costs shall include but shall not be limited to plumbing and electrical expenses.

8. Taxes.

a. In addition to base rent, Lessee shall pay, bear and discharge all federal, state, county and city taxes (including but not limited to ad valorem taxes, use tax, special assessments, governmental charges, sanitary, sewer, school district and fire district levies) upon Premises, and any improvements or additions thereto or thereon. In the event the Premises are less than the entire property assessed for such tax for any such tax year, then the tax for any such year applicable to the Premises shall be determined by proration on the basis that the area of the Premises bears to the area of the entire property assessed. If the first or final year of this Lease fails to coincide with the tax year, then said taxes shall be reduced by the prorata part of such tax before or beyond the Lease term. Should Lessee fail to pay said taxes within fifteen (15) days after notice of same being due, the said failure to pay shall be a default hereunder and Lessor may, at its option take such action as is herein provided for failure to pay rent hereunder.

b. In order to assure that Lessee complies with its obligations under sub-paragraph a. hereof, Lessee shall pay to Lessor a sum equal to all State, County and City taxes (including, but not limited to, ad valorem taxes, use taxes, special assessments and governmental charges and levies) imposed upon the Premises, and any improvements or additions, thereto or thereon, next due or accrued and as same shall accrue from tax period to tax period, divided by the number of months to elapse before one month prior to the date when such taxes will become delinquent, such sums to be held by Lessor to pay said taxes, payments shall be based on the taxes for the previous taxing period. Appropriate adjustments shall be made when the proper amount is known.

c. If the total of the payments made by Lessee under subparagraph b. above shall exceed the amount of payments actually made by Lessor for taxes, such excess shall be credited by Lessor on subsequent payments sufficient to pay the taxes when same shall become due and payable. If Lessee underpays the taxes made by Lessee under subparagraph b. above, then Lessee shall pay to Lessor any amount necessary to make up the deficiency, on or before the date when payment of such taxes be due.

d. Failure of Lessee to make the payments required by this section shall have the same consequences as failure to pay rent promptly when due.

e. PRIOR TO THE TIME PAYMENT OF TAXES IS ACTUALLY MADE BY LESSOR, THE LESSOR SHALL BE ENTITLED TO INTERMINGLE SUCH DEPOSITS WITH ITS OWN FUNDS AND TO USE SUCH SUMS FOR SUCH PURPOSES AS THE COMPANY MAY DETERMINE. THE LESSEE SHALL NOT BE ENTITLED TO ANY INTEREST ON THE TAX PAYMENT DEPOSIT.

9. Tax Contest. Lessee shall have the right, at its own costs and expense, and for its sole benefit, to initiate and prosecute any proceedings permitted by law for the purpose of obtaining an abatement of or otherwise contesting the validity or amount of taxes or charges assessed to or levied upon the demised Premises and required to be paid by Lessee hereunder and to defend any claim for lien that may be asserted against Lessor's estate, and, if required by law, Lessee may take such action in the name of Lessor, as agent of Lessor who shall cooperate with the Lessee to such extent as the Lessee may require to the end that such proceedings may be brought to a successful conclusion. Lessor shall also have the right to initiate and prosecute any proceedings permitted by law for the purpose of obtaining an abatement of or otherwise contesting the validity or amount of taxes or charges assessed to or levied upon the demised

Premises and required to be paid by Lessee hereunder and to defend any claim for lien that may be asserted against Lessor's estate. Lessee agrees to reimburse the reasonable expenses of Lessor incident to such proceedings.

10. Insurance. Lessee agrees that he shall at all times during the term hereof, at his own expense, and in the name of and for the protection of himself, the Lessor, and such other persons as Lessor may designate, keep policies of insurance with an insurance company approved by the Lessor as follows:

a. The Premises and all additions, buildings and improvements thereon shall be fully insured against loss or damage by fire, lightning, windstorm and other casualties.

b. Public liability insurance in the usual form indemnifying the aforesaid parties against loss or damage occasioned by any incident or casualty occurring in, upon or about the Premises or the sidewalks, alleys or other property adjacent thereto and against any loss or damage resulting from events covered under the usual form of food and product liability insurance. Such policy or policies shall provide at least the following limits of coverage:

\$2,000,000.00	with respect to any injury to any one person;
\$2,000,000.00	with respect to injury resulting from any one occurrence giving rise to liability; and
\$ 750,000.00	with respect to damage to property resulting from any one occurrence.

c. Lessor shall be named as an additional insured with respect to liability arising out of the operations of the named insured or the performance of this Lease under the aforementioned policies and Lessee shall furnish Lessor with the policies or duly executed certificates of all required insurance, together with satisfactory evidence of the payment of the premiums therefor and upon renewals of such policies, not less than fifteen (15) days prior to the expiration of the term of such coverage. Lessee shall use its best efforts to see that all policies contain an undertaking by the insurers to notify Lessor in writing not less than thirty (30) days before any material change affecting the Premises, reduction in coverage, cancellation, or other termination thereof. If Lessee fails to procure and maintain said insurance, Lessor may, but shall not be obligated to obtain and procure the same, at the expense of Lessee.

11. Destruction of or Damage to Premises. If all or any part of the Premises is damaged or destroyed by fire, storm or other casualty, the Lessor shall repair and rebuild the Premises with reasonable diligence. It is provided, however, that if the Premises are damaged to the extent of fifty percent (50%) or more of the then replacement value thereof, during the last two (2) years of the initial term or any renewal term, Lessor may either elect to repair the damage or may cancel this Lease by notice of cancellation within sixty (60) days after such event, and thereupon this Lease shall expire, and Lessee shall vacate and surrender the Premises to Lessor. Lessor's obligations to repair and rebuild shall require the restoration of the Premises to substantially the same condition as existed prior to such casualty, inclusive of any alterations to, additions to, and improvements of the Premises. In every instance, the Lessee shall pay the deductible portion of expenses and assign to Lessor any and all rights the Lessee may have under insurance policies carried by the Lessee or by the Lessor with respect to such damage or destruction, as well as any rights the Lessee may have to be reimbursed for such damage or destruction pursuant to insurance coverage carried by others, if any, to the extent necessary to reimburse the Lessor for any sum or sums expended by Lessor for such repair or rebuilding.

12. Utility Bills. Lessee shall pay all bills including but not limited to water, gas, electricity, fuel, light, heat or power for Premises or used by Lessee in connection therewith. If Lessee does not pay the same, Lessor may, but shall not be required to, pay the same and such payments shall be added to the

rental of Premises. In the event Lessee should fail to timely pay sums due hereunder, such failure shall constitute a breach of this Agreement. In such event Lessor shall have the right, at its election, without being obligated to do so, to pay said sums, and the amount or amounts paid therefore shall be paid immediately by Lessee to Lessor with interest at the daily equivalent of twelve percent (12%) per annum or the highest rate then permitted by applicable law.

13. Compliance with Requirements of Public Authorities. Lessee agrees at its own expense to promptly comply with all requirements of any legally constituted public authority made necessary by reason of Lessee's occupancy of Premises.

14. Indemnification. Lessee shall indemnify Lessor and hold it harmless from any claims, demand, liabilities, actions, suits or proceedings asserted by third parties for damages to persons or property and arising out of the operation of Lessee's business or by reason of the use of the Premises or by reason of the occupancy of the Premises, and all expenses incurred by Lessor because thereof including attorney's fees and court costs.

15. Condemnation.

a. If the whole of the Premises shall be taken for any public or any quasi-public use under any statute or by right of eminent domain, or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date that title shall be taken. If any part of the Premises shall be so taken as to render the remainder thereof unusable for the purposes for which the Premises were leased, then the Lessee shall have the right to terminate this Lease on thirty (30) days' notice to the Lessor given within ninety (90) days after the date of such taking. In the event that this Lease shall terminate or be terminated, the rental shall be accounted for between Lessor and Lessee as of the date of such notice.

b. If any part of the leased property shall be so taken and this Lease shall not terminate or be terminated under the provisions of subparagraph a. of this paragraph, then the rental shall be equitably apportioned according to the space so taken, and the Lessor shall, at its own cost and expense, restore the remaining portion of the Premises to the extent necessary to render it reasonably suitable for the purposes for which it was leased, and shall make all repairs to the Premises necessary to constitute the building thereon a complete architectural unit.

c. The provisions of subparagraphs a. and b. of this paragraph shall be without prejudice to the rights of either Lessor or Lessee to recover compensation and damage caused by the taking or condemnation. It is understood and agreed that neither the Lessee nor Lessor shall have any rights in any award to the other by any condemnation authority.

16. Assignment and Sublease.

a. By Lessee: Lessee shall not allow or permit any transfer of this Lease or any interest hereunder by operation of law, or assign, convey, mortgage, pledge or encumber this Lease or any interest hereunder or permit the use of the Premises or any part thereof by anyone other than Lessee, or sublet the Premises or any part thereof without in each case obtaining the prior written consent of Lessor. No assignment (with or without Lessor's consent) shall release Lessee from any of its obligations hereunder. Upon the death, physical incapacity or mental incompetency (as reasonably determined by an independent third party such as a licensed medical doctor) of Lessee or of any person with any direct or indirect interest in Lessee, the executor, administrator, or personal representative of Lessee shall transfer his interest to a third party approved by Lessor within six (6) months after the death, incapacity, or incompetency. Such transfer shall be subject to the same conditions as any inter vivos transfer of the franchise, in connection with which the Premises is to be used, as set forth in the Franchise Agreement. If

the executor, administrator, or personal representative is unable or unwilling to meet the conditions set forth in the Franchise Agreement, Lessor may terminate this Lease.

b. By Lessor: Lessor may assign all its rights, title and interest in and to the Premises, this Lease and monies due and to become due to the Lessor hereunder. In such event, all the provisions of this Lease for the benefit of the Lessor shall inure to the benefit of and may be exercised by or on behalf of such assignee, and all rental payments due and to become due under this Lease and assigned to such assignee shall be paid directly to such assignee, and the right of such assignee to the payment of assigned rentals hereunder shall not be subject to any defense, counterclaim, or set off which the Lessee may have against the Lessor, but shall be limited to any defense the Lessee or the Lessor may have against such assignee.

17. Subrogation Waiver. To the extent that they may lawfully do so, Lessor and Lessee hereby expressly waive and release any cause of action or right of recovery which either may have hereafter against the other for any loss or damage to the leased Premises or the contents thereof belonging to either, caused by fire, explosion or other risk covered by the standard form of fire and extended coverage policy (whether or not carried). The Lessor, to the extent it may lawfully do so, shall obtain a waiver from any insurance carrier, if any, with which Lessor carries fire insurance and/or extended coverage insurance covering the building and other improvements releasing its subrogation rights as against Lessee.

18. Right of Entry. Lessor shall have the right to enter upon the Premises to inspect the same, to see that Lessee is complying with Lessee's obligation hereunder, and to show the Premises to prospective Lenders or Purchasers at any and all times and from time to time beginning with the date possession of the Premises is accepted by Lessee.

19. Contents of Lease Confidential. Lessee does acknowledge that the contents of this Lease Contract are confidential in nature and does accordingly covenant and agree not to divulge the contents hereof to any third party, except Lessor's attorneys, financial advisors and lenders, without the written consent of the Lessor.

20. Easement. Lessor does hereby grant and convey to Lessee an easement for ingress, egress and parking over, upon and through all that tract or parcel of land of which Premises is a part, all of the real property which adjoins the Premises, and all the real property which adjoins the tract of land of which the Premises is a part; and which is owned or controlled by Lessor, if any, for the purpose of ingress and egress to and from each and every roadway that services or adjoins the Premises or the tract of land of which the Premises is a part if owned by Lessor and for the purpose of parking.

21. Default. If Lessee defaults for three (3) days after written notice thereof in paying Rent or any other amounts due under this Lease; or if Lessee defaults for five (5) days after written notice thereof in performing any other of his obligations hereunder; or if the Franchise Agreement expires and is not renewed or is terminated; or if Lessee fails to open within one hundred twenty days (120) from the Execution Date or fails to conduct business in the Premises as required by the Lease; or if Lessee abandons (defined as not being open for business full business hours for three (3) consecutive days); or if Lessee or any guarantor hereunder ("Guarantor") is adjudicated a bankrupt; or if a permanent receiver is appointed for Lessee's property, including Lessee's interest in Premises, and such receiver is not removed within forty five (45) days after written notice from Lessor to Lessee to obtain such removal; or if, whether voluntarily or involuntarily, Lessee or any Guarantor takes advantage of any debtor relief proceedings under any present or future law, whereby the Rent or any part thereof is, or any amount due under this Lease, or is proposed to be, reduced or payment thereof deferred; or if Lessee makes an assignment for benefit of creditors; or if Premises or Lessee's effects or interest therein should be levied upon or attached under process against Lessee, not satisfied or dissolved within five (5) days after such

levy; then, any in any of said events, Lessor may at its option pursue any one or more of the following remedies, and any and all other rights or remedies accruing to Lessor by law or otherwise, without any notice or demand: commence dispossession, or forcible detainer proceedings with or without the termination of this Lease; with or without terminating the lease, commence proceedings against Lessee for all amounts owed by Lessee to Lessor, whether as Rent, other amounts due under this Lease, damages or otherwise; terminate the term of this Lease, in which event Lessee shall immediately surrender the Premises to Lessor and immediately pay Lessor all loss and damage which Lessor may suffer by reason of the termination of the term under this Section or otherwise which loss and damage shall include, without limitation, an amount which, at the date of termination, represents the present value, as computed using and eight percent (8%) per annum discount rate, of the excess, if any of (i) the Rent and all other amounts which would have otherwise been payable hereunder during the remainder of the term of this Lease over (ii) the aggregate reasonable net rental value of the Premises for the same period, after deducting all expenses expected to be incurred in re-letting the Premises. Upon acceleration of such amounts, Lessee agrees to pay the same at once, in addition to all other Rent and any other amounts theretofore due; provided, however, that such payment shall not constitute a penalty or forfeiture, but shall constitute liquidated damages for Lessee's failure to comply with the terms and provisions of this Lease (Lessor and Lessee agreeing that Lessor's actual damages in such event are impossible to ascertain and that the amount set forth above is a reasonable estimate thereof); with or without termination of this Lease, terminate Lessee's right of possession of the Premises and relet all or a portion of the Premises (either alone or together with additional space) on behalf of Lessee and receive directly the rent by reason of the reletting. Lessee agrees to pay Lessor on demand any deficiency that may arise by reason of any reletting of the Premises and Lessee agrees to reimburse Lessor upon demand for any expenditures made by it for remodeling or repairing in order to relet the Premises and for all other expenses incurred in connection with such reletting, including brokerage commissions and attorney's fees. Lessor shall use reasonable efforts to relet the Premises but shall have no obligation to treat preferentially the Premises compared to other Premises Lessor has available for lease, shall not be obligated to expend any efforts or any monies beyond those Lessor would expend in the ordinary course of leasing space, and shall be entitled to consider the term, rental, use and the reputation, experience and financial standing of prospective Lessees in evaluating a prospective reletting. Provided Lessor has used such reasonable efforts, Lessor shall not be liable for any failure to relet the Premises, in whole or in part, nor for any failure to collect any rent due from any such reletting; enter upon and take possession of the Premises, without being liable for prosecution of any claim for damages or for trespass or other tort. In the event that Lessor shall have taken possession of the Premises pursuant to the authority herein granted, then Lessor shall have the right to keep in place and use any additions, alterations and improvements thereto. Lessor shall also have the right to remove from the Premises (without the necessity of obtaining a distress warrant, writ of sequestration, or other legal process, all or any portion of such furniture, trade fixtures, equipment, and other personal property located thereon and place same in storage at any premises within the county in which the Premises is located. In such event, Lessee shall be liable to Lessor for the reasonable costs incurred by Lessor in connection with such removal and storage and shall indemnify and hold Lessor harmless from all loss, damage, cost, reasonable expense, and liability in connection with such removal and storage; do or cause to be done whatever Lessee is obligated to do under the terms of this Lease, in which case Lessee agrees to reimburse Lessor on demand for any and all costs or expenses which Lessor may thereby incur. Lessee agrees that Lessor shall not be liable for any damages resulting to Lessee from Lessor's effecting compliance with Lessee's obligations under this subsection, whether caused by the negligence of Lessor or otherwise; enforce the performance of Lessee's obligations hereunder by injunction or other equitable relief (which remedy may be exercised upon any breach or default or any threatened breach or default of Lessee's obligations hereunder).

Anything hereinbefore contained to the contrary notwithstanding, if any default shall occur, other than the payment of money, which cannot with due diligence be cured within a period of ten (10) days, the Lessee prior to the expiration of ten (10) days from and after the giving of notice as aforesaid, commences to

eliminate the cause of such default and proceeds diligently and with reasonable dispatch to take all steps and do all work required to cure such default, then Lessor shall not have the right to declare the said term ended by reason of such default as long as such default is cured as soon as possible.

22. Reletting by Lessor. Lessor, as Lessee's agent, without terminating this Lease, upon Lessee's breach of this Lease, in such a manner as to authorize termination as provided herein, may at Lessor's option enter upon and rent Premises at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Lessor deems proper. Lessor may, but shall not be required to, make efforts to relet the Premises. Lessee shall be liable to Lessor for the deficiency, if any, between Lessee's rent hereunder and the price obtained by Lessor on reletting.

23. Effect of Termination of Lease. No termination of this Lease prior to the normal ending thereof by lapse of time or otherwise shall affect Lessor's right to collect rent for the period prior to termination thereof.

24. Removal of Fixtures. Lessee may (if not in default hereunder) prior to the expiration of this Lease or any renewal thereof, remove all equipment which Lessee has placed in Premises, which is the property of Lessee, provided Lessee restores Premises to their condition at the installation thereof and repairs all damages to the Premises caused by such removal. However, Lessee shall not place any furniture, fixtures or equipment on the Premises without the express written consent of the Lessor.

25. Surrender of Premises. At the expiration or termination of this Lease, Lessee shall surrender Premises and keys thereof to Lessor in the same condition as at commencement of term, natural wear and tear only excepted.

26. Holding Over. If Lessee remains in possession after expiration of the term hereof, with Lessor's acquiescence and without any express agreement of parties, Lessee shall be a tenant at will; and there shall be no renewal of this Lease by operation of law. The monthly rental during such holdover period shall be the greater of (i) the amount calculated if Lessee had exercised an option to renew, or (ii) 150% of the last full month's rental due in the immediately preceding term of the Lease.

27. Entry for Carding, etc. Lessor may card Premises "For Rent" or "For Sale" thirty (30) days before the termination of this Lease. Lessor may enter the Premises at any and all times to exhibit same to prospective purchasers or tenants; to inspect Premises to see that Lessee is complying with all his obligations hereunder; and to make repairs required of Lessor under the terms hereof, if any, or repairs to Lessor's adjoining property, if any.

28. Compliance with Required Action. If Lessee should fail to complete any action required of Lessee in this Lease within the time specified or within five (5) days if no time in terms of days is specified, Lessor may, but shall not be required to do so, take such action as may be possible for it to take and add the cost thereof to the payment of Rent or other payments due to Lessor under the terms of this Lease. This provision shall be cumulative and not restrictive of such other and further remedies as may be available to Lessor at law. It is further agreed that Lessee shall indemnify and save harmless the Lessor against all claims for damages, to persons or property and all expenses incurred by Lessor including attorney's fees and court costs arising out of the required action and/or the failure to take same from the time the condition which necessitates said action comes to the knowledge of the Lessor until such action is complete.

29. Attorney's Fees and Homestead. If any rent or other payments owing to Lessor under this Lease is collected by or through an attorney at law, Lessee agrees to pay fifteen (15%) percent thereof as attorneys' fees. Lessee waives all homestead rights and exemptions which Lessee may have under any

law as against any obligation owing under this Lease. Lessee hereby assigns to Lessor his homestead and exemption.

30. No Estate in Land. This contract shall create the relationship of landlord and tenant between Lessor and Lessee; no estate shall pass out of Lessor; Lessee has only a usufruct, not subject to levy and sale.

31. Notice. If at any time after the execution of this Lease, it shall be required or become necessary or convenient for one of the parties hereto to serve any notice demand or communication upon the other party, such notice, demand or communication shall be in writing, signed by the party serving the same, sent by nationally recognized courier, or deposited in registered or certified United States Mail, return receipt requested, postage prepaid and;

(A) if intended for Lessor, shall be addressed to:

**Huddle House, Inc.
Attn: Legal Dept.
5901-B Peachtree Dunwoody Road, Suite 450
Sandy Springs, Georgia 30328
(770) 325-1300**

and;

(B) if intended for Lessee, shall be addressed to:

**Franchisee name
Franchisee notice address
Franchisee notice address line 2
FRANCHISEE CITY, FRANCHISEE STATE
FRANCHISEE ZIP CODE
FRANCHISEE TELEPHONE NUMBER**

or, to such other addresses as either party may have furnished to the other in writing in the manner set forth herein as a place for service of notice.

32. Captions. The captions used in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Lease, nor in any way affect this Lease.

33. Grammatical Use. In construing this Lease, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms, shall be substituted for singular and singular for plural in any place in which the context so requires.

34. Definitions. "Lessor" as used in this Lease shall include Lessor, its, representatives, assigns, and successors in title to Premises; "Lessee", if this Lease shall be validly assigned or sublet, shall include his assignees and sublessees. Lessor and Lessee include male and female, singular and plural, corporations, partnership, or individual, as may fit the particular parties.

35. All Rights Cumulative. All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative but not restrictive of those given by law.

36. Equal Construction and Time of Essence. This Lease shall be construed equally between the parties and time is of the essence of this contract.

37. Severability. If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect.

38. Rule Against Perpetuities. If this Lease has not been previously terminated pursuant to the terms and provisions contained herein, and the term of this Lease and/or the accrual of rent hereunder shall not have commenced within ten (10) years from the date of this Lease, then and in that event this Lease shall thereupon become null and void and shall have no further force and effect whatsoever in law or equity.

39. Entire Agreement. This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect. No failure of Lessor to exercise any power given Lessor hereunder, or to insist upon strict compliance by Lessee of any obligation hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Lessor's right to demand exact compliance with the terms hereof.

40. Special Stipulation. Insofar as the special stipulations more particularly set forth in Exhibit B attached hereto and incorporated herein by reference conflict with any of the foregoing provisions, the special stipulations shall control.

41. Security Deposit. Simultaneously with Lessee's execution of this Lease, Lessee shall deposit with Lessor, a security deposit equal to Lessee's monthly base rental applicable in the first year, which shall be security for the performance by Lessee of all of Lessee's obligations, covenants, conditions and agreements under this Lease. Lessor shall not be required to maintain such security deposit in a separate account. Except as may be required by law, Lessee shall not be entitled to interest on the security deposit. Provided Lessee is not in default under this Lease, within ninety (90) days after the expiration or termination of this Lease or Lessee's vacating the Premises, Lessor shall return such security deposit to Lessee, less such portion thereof as Lessor shall have appropriated to satisfy any of Lessee's obligations, or any default by Lessee, under this Lease. If there shall be any default by Lessee under this Lease, then Lessor shall have the right, but shall not be obligated, to use, apply or retain all or any portion of the security deposit for the payment of any (a) base rental, additional rent or any other sum as to which Lessee is in default, or (b) amount Lessor may spend or become obligated to spend, or for the compensation of Lessor for any losses incurred, by reason of Lessee's default (including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises). If any portion of the security deposit is so used or applied, then within three (3) business days after Lessor gives written notice to Lessee of such use or application, Lessee shall deposit with Lessor cash in an amount sufficient to restore the security deposit to the original amount, and Lessee's failure to do so shall constitute an Event of Default under this Lease. If Lessor transfers the security deposit to any purchaser or other transferee of Lessor's interest in this Lease, then Lessee shall look only to such purchaser or transferee for the return of the security deposit, and Lessor shall be released from all liability to Lessee for the return of such security deposit. Lessee shall not pledge, mortgage, assign or transfer the security deposit or any interest therein.

IN WITNESS WHEREOF, the parties have executed these presents in duplicate the day and year first above written affixing hereto their seals.

LESSOR

HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

EXHIBIT A

Legal Description

EXHIBIT B

1. Assumption of Obligations Under Lease. The Lessee does hereby rent and sublease from Lessor that certain piece and tract of land described in Exhibit A, attached hereto and incorporated herein by reference subject to the following terms, conditions, and stipulations:

a. Lessee, as part of the consideration herein, assumes and agrees to perform each and every act, covenant, and duty required of Lessor by the terms, conditions, and stipulations of the Lease attached as Exhibit C and incorporated herein and made a part hereof by reference thereto, with the single exception of the rental amount, which will be paid to the owner directly by Huddle House, Inc. (Lessor). Lessee further acknowledges that the Lease itself is governed by various Federal, State and Local rules, regulations, status, and ordinances, the failure to comply with which would adversely affect the Lease and the status of Huddle House, Inc. as tenant therein. Therefore, Lessee agrees to comply with any and all required acts or refrain from such acts as may be promulgated and enacted by such governmental authority and Lessee further agrees to indemnify and save harmless Lessor, its successors and/or assigns, for any loss or damage arising out of Lessee's failure to do so.

b. It is therefore acknowledged by Lessee that Lessor has only a usufruct with regard to the above and that Lessee's interest shall be subject to the terms of the Lease as set forth in Exhibit C. Lessee and Lessor covenant and agree that Lessor shall not be held liable to Lessee for any damages caused by a breach by Lessor, its heirs and/or assigns, of the Lease as set forth in Exhibit C.

EXHIBIT C
UNDERLYING LEASE

EXHIBIT D

[INVENTORY OF EQUIPMENT AND SIGNS WILL BE INSERTED HERE IF APPLICABLE]

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, the legal entity identified as Assignor on the signature page of this Collateral Assignment of Lease, (“**Assignor**”) hereby assigns, transfers and sets over unto HUDDLE HOUSE, INC., a Georgia corporation (“**Assignee**”) all of Assignor's right, title and interest as tenant in, to and under those certain leases, identified on Attachment 1 attached hereto (the “**Lease**”) with lessor (“**Lessor**”) respecting premises being more particularly described on Exhibit A, attached hereto (“**Premises**”). This Agreement is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment of Lease unless Assignee shall take possession of the Premises demised by the Lease pursuant to the terms hereof and shall assume the obligations of Assignor thereunder. Any possession of the Premises by Assignee shall be deemed to be under a month-to-month tenancy and Assignee shall not be deemed to have assumed any obligations of Assignor, except for the payment of the monthly rental payments set forth in the Lease during such period of occupancy by Assignee.

1. General Terms.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under the Franchise Agreement for a Huddle House Unit between Assignee and Assignor (the “**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or financing for the Franchised Business, or in the event the Franchise Agreement is not renewed, expires or is terminated for any reason, or after the Lease is not renewed, expires or is terminated for any reason (with term remaining), or in the event that Assignor does not notify Assignee in writing at least six (6) months prior to the expiration of the Franchise Agreement of Assignor's intent to renew the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor represents and warrants to Assignee that the Lease is for a term which, with renewal options exercisable by Assignor, are coterminous the initial term and any renewal terms of the Franchise Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Through the term of the right to operate the Franchise Agreement and renewals, if any, of Assignor's rights to operate a Huddle House Unit, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension or renewal.

2. Terms Applicable when Lease is with Affiliated Lessor. The following terms and conditions apply only if the Lessor is, or becomes an Affiliated Lessor (as defined below).

If Lessor is or becomes the same as or under common control with or affiliated with Assignor or its owners and/or members (an “**Affiliated Lessor**”), the Affiliated Lessor under the afore described Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Affiliated Lessor of written notice thereof in accordance with Section 2(a) above;

(c) Consents to this Collateral Assignment and agrees that if Assignee (or an affiliate of Assignee designated by Assignee) shall take possession of the Premises demised by the Lease and confirms to Affiliated Lessor the assumption of the Lease by Assignee (or, if applicable, an affiliate of Assignee) as tenant thereunder, Affiliated Lessor shall recognize Assignee (or, if applicable, an affiliate of Assignee) as tenant under the Lease;

(d) Agrees that Assignee (or Assignee’s designated affiliate) without the consent of Affiliated Lessor may further assign or sublet the Lease to a person, firm or corporation who is a Huddle House franchise owner, or to an affiliate of Assignee;

(e) Agrees that if Assignee exercises its right for Assignee, or an affiliate of Assignee, to become the tenant on the Premises pursuant to Section 2(c) hereof, and does not further assign or sublet the lease pursuant to Section 2(d) hereof, Assignee (or, if applicable, Assignee’s designated affiliate) each of the following terms shall apply:

(i) The rent payable by Assignee to the Affiliated Lessor for the Premises will be fair market value rent, provided that in no event will the rent exceed eight percent (8%) of Net Sales (as defined in the Franchise Agreement) per month based on the average monthly Net Sales of the Unit operated by Assignor during the previous twelve (12) months (and to the extent the rent otherwise to be charged exceeds the fair market value, then Assignor shall be responsible for payment of the amount in excess the fair market value). If Affiliated Lessor and Assignee (or, if applicable, Assignee’s designated affiliate) have not agreed upon a fair market value for rent within ten (10) days after notice by Assignee of its exercise of its rights to become a tenant of the Premises, then the fair market value for rent will be determined according to Section 2(e)(iv) below.

(ii) Assignee shall have the continuing option during the term of the Lease and renewals thereof, if any, to purchase Affiliated Lessor's interest in the Premises, including without limitation the building and land constituting the Premises, at fair market value purchase price. If Affiliated Lessor and Assignee have not agreed upon a fair market value within thirty (30) days after notice by Assignee of its preliminary intent to purchase, then the fair market value purchase price will be determined according to the terms of Section 2(e)(iv) below. Within ten (10) days after Assignee has been notified of fair market value purchase price (once determined pursuant to Section 2(e)(iv)), Assignee may exercise its option to purchase by notice to Affiliated Lessor, for cash or upon terms agreed upon, with closing to be held no sooner than fifteen (15) days from the date Assignee notified Affiliated Lessor that it is prepared to proceed with the closing and no later than ninety (90) days thereafter; otherwise such option shall expire.

(iii) Assignor and Affiliated Lessor further agree that if Assignee designates an affiliate to exercise Assignee's right under Sections 2(e)(i) or 2(e)(ii) above, the terms of this Section shall apply with respect to such affiliate as if Assignee were directly exercising such right.

(iv) For a period of up to seven (7) days of the expiration of the time period specified above to mutually agree upon (as applicable) the fair market value purchase price or fair market value rent, Affiliated Lessor and Assignee will attempt to mutually agree upon an appraiser to determine such fair market value. If Affiliated Lessor and Assignee do not mutually appoint an appraiser within that seven (7) day period, Assignee, within seven (7) days thereafter, shall notify Affiliated Lessor of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises for determining, as applicable, the fair market value for purchase or rent. Affiliated Lessor shall select, within seven (7) days after such notification by Assignee, one of such appraisers or firms to be responsible for determining the applicable fair market value; otherwise, Assignee shall select one such appraiser or firm to be responsible for determining the applicable fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm.

IN WITNESS WHEREOF Assignor has signed, sealed and delivered the within Collateral Assignment of Lease this the date written below.

For Huddle House® Restaurant Unit Number: #_____

ASSIGNOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

ASSIGNEE
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

ATTACHMENT 1
SCHEDULE OF LEASE

1. Lease dated _____ by and between LANDLORD NAME, a STATE LANDLORD_ENTITY, as Lessor and FRANCHISEE NAME, as Lessee.

ATTACHMENT 2
CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the afore described Lease hereby:

(a) Consents to the foregoing Collateral Assignment and agrees that if Assignee (or an affiliate of Assignee designated by Assignee) shall take possession of the Premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee (or, if applicable, an affiliate of Assignee) as tenant thereunder, Lessor shall recognize Assignee (or, if applicable, an affiliate of Assignee) as tenant under the Lease;

(b) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(c) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within twenty (20) days after delivery by Lessor of written notice thereof in accordance with Section (b) above;

(d) Agrees that Assignee (or Assignee's designated affiliate) without the consent of Lessor may further assign or sublet the Lease to a person, firm or corporation who is a Huddle House franchise owner, or to an affiliate of Assignee;

(e) Agrees that if Assignee exercises its right for Assignee, or an affiliate of Assignee, to become the tenant on the Premises pursuant to Section (a) hereof, and does not further assign or sublet the lease pursuant to Section (d) hereof, Assignee (or, if applicable, Assignee's designated affiliate) each of the following terms shall apply:

(i) Assignee shall have the continuing option during the term of the Lease and renewals thereof, if any, to purchase Lessor's interest in the Premises, including without limitation the building and land constituting the Premises, at fair market value purchase price. If Lessor and Assignee have not agreed upon a fair market value within thirty (30) days after notice by Assignee of its preliminary intent to purchase, then the fair market value purchase price will be determined according to the terms of Section (e)(iii) below. Within ten (10) days after Assignee has been notified of fair market value purchase price (once determined pursuant to Section (e)(iii)), Assignee may exercise its option to purchase by notice to Lessor, for cash or upon terms agreed upon, with closing to be held no sooner than fifteen (15) days from the date Assignee notified Lessor that it is prepared to proceed with the closing and no later than ninety (90) days thereafter; otherwise such option shall expire.

(ii) Assignor and Lessor further agree that if Assignee designates an affiliate to exercise Assignee's right under Sections (e)(i) above, the terms of this Section shall apply with respect to such affiliate as if Assignee were directly exercising such right.

(iii) For a period of up to seven (7) days of the expiration of the time period specified above to mutually agree upon (as applicable) the fair market value purchase price, Lessor and Assignee will attempt to mutually agree upon an appraiser to determine such fair market value. If Lessor and Assignee do not mutually appoint an appraiser within that seven (7) day period, Assignee, within seven (7) days thereafter, shall notify Lessor of the names of two appraisers or firms having the capacity to perform or engage others to perform appraisals of the Premises for determining, as applicable, the fair market value for purchase. Lessor shall select, within seven (7) days after such notification by Assignee, one of such appraisers or firms to be responsible for

determining the applicable fair market value; otherwise, Assignee shall select one such appraiser or firm to be responsible for determining the applicable fair market value and such appraiser's or firm's decision shall be binding. Each party shall divide equally the cost of any appraiser or firm.

(f) Represents and warrants that the Lease is for a term which, with renewal options exercisable by Assignor, are coterminous the initial term and any renewal terms of the Franchise Agreement.

IN WITNESS WHEREOF Lessor and Assignee have signed, sealed and delivered the within Collateral Assignment of Lease as of the date written below.

For Huddle House® Restaurant Unit Number: #_____

LESSOR
LANDLORD NAME, a
STATELANDLORD_ENTITY

By: _____
LANDLORD SIGNATORY, LANDLORD
SIGNATORY TITLE

By: _____

ASSIGNEE
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

Date: _____

STATE OF GEORGIA

UNIT NUMBER ###

COUNTY OF FULTON

UNIT CITY, STATE

MONTH, YEAR

###,###.##

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned FRANCHISEE NAME, a STATE ENTITY TYPE, and FRANCHISEE SIGNATORY1, an individual resident of STATE, each individually, and jointly and severally promises to pay to the order of HUDDLE HOUSE, INC. (“**Holder**”) the principal sum of AMOUNT and 00/100 Dollars (\$##,###.##) plus interest from MONTH DAY, YEAR at AMOUNT percent (##%) per annum until paid for a total amount of \$###,###.##. The undersigned hereby agree(s) to pay the total amount \$###,###.## in ____ (__) [Note: number of payments] equal, consecutive monthly installments of \$_____ each, on the first day of each month, commencing on MONTH, DAY, YEAR.

All installments of principal and interest are payable at the offices of Huddle House, Inc. at 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia, 30328 or at such other place as the Holder hereof may designate in writing, in lawful money of the United States of America.

Upon the occurrence of any event of Default (as defined below), the payee or Holder may at its option, without notice or demand, accelerate the loan and call the entire loan due and payable should any payment be past due for a period of ten (10) days or more. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent Default. The undersigned further agree(s) to pay a late charge of five percent (5%) of any amount that is not paid within five (5) days after when due, plus all costs of collection, including fifteen percent (15%) attorneys' fees if collected by law or through an attorney-at-law.

Any of the following events shall constitute an event of default (“Default”): (1) for any reason, any of said payments due under this Note are not made promptly on the date due; and (2) the maker of this Note, or any of the maker’s owners, affiliates and/or subsidiaries, default on any other agreement with Holder, or any affiliate or parent corporation of Holder, or any lender to market relating to your “Huddle House” franchised business, including, without limitation, any franchise agreement, sign lease, equipment lease, premises lease, or financing document, and such default is not cured in accordance with the terms of such other agreement. A Default under this Note shall also constitute a Default under any other agreements between Holder and maker.

Each of us, whether principal, surety, endorser, or other party hereto, hereby severally waives and renounces, each for himself and family, any and all homestead or exemption rights either of us may have under or by virtue of the Constitution or Laws of Georgia, any other state, or the United States, as against this debt or any renewal thereof; and the undersigned, as well as all sureties, endorsers, guarantors, or other parties to this Note, jointly and severally transfer, convey and assign to the payee or holder hereof, a sufficient amount of any homestead or exemption that may be allowed to the undersigned, or either of them, including such homestead or exemption as may be set apart in bankruptcy, to pay the Note in full, with all costs of collection, and the undersigned hereby directs the Trustee in Bankruptcy, to pay the Note in full, with all costs of collection, and the undersigned hereby directs the Trustee in Bankruptcy having possession of such homestead or exemption, to deliver to the holder of this Note a sufficient amount of property or money set apart as exempt to pay off the indebtedness evidenced hereby.

The makers and endorsers hereof each further waive(s) demand, notice of demand, protest, notice of protest and nonpayment, and presentment for payment. Each of us further agree(s) that this Note or any installment may be renewed or extended and any security may be released or substituted without notice to us and without affecting our liability. This loan is for business and commercial purposes only. There is no pre-payment penalty.

In no event shall the amount of interest due or payable hereunder exceed the maximum rate of interest allowed by applicable law, and in the event any such payment is inadvertently paid by the undersigned or inadvertently received by the Holder, then such excess sum shall be credited as a payment of principal, unless the undersigned elects to have such excess sum returned to it forthwith. It is the express intent hereof that the undersigned not pay and the Holder not receive, directly or indirectly, in any manner whatsoever interest in excess of that which may be legally paid by the undersigned under applicable law.

In the event any one or more of the provisions contained in this Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of Huddle House, Inc. or other holder hereof, not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

The covenants and agreements herein contained shall bind and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

(SIGNATURES FOLLOW ON NEXT PAGE)

Given under the hand and seal of each party.

FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

and

FRANCHISEE SIGNATORY1, Individually

NON-DISTURBANCE, SUBORDINATION AND ATTORNMENT AGREEMENT

This Agreement, made and entered into as of _____, by and among the entity identified on the “Mortgagee” signature page of this Agreement (hereinafter known as “**Mortgagee**”), the individual or legal entity franchisee identified on the “Tenant” signature page of this Agreement (hereinafter known as “**Tenant**”), the entity identified on the “Landlord” signature page of this Agreement (hereinafter known as “**Landlord**”), and HUDDLE HOUSE, INC., a Georgia corporation (hereinafter known as “**Optionee**”).

WITNESSETH:

WHEREAS, Landlord and Tenant desire to enter into a Lease Agreement (known as “**Lease**”) covering the real property on the legal description attached hereto as Exhibit A; and

WHEREAS, Mortgagee holds a security interest in said real property; and

WHEREAS, Optionee has certain rights and interest in said real property and may, under certain conditions, succeed Tenant hereunder; and

WHEREAS, Tenant and Optionee will not complete this transaction and subordinate their respective interest to Mortgagee in the absence of the execution of this Agreement;

NOW THEREFORE, the parties hereto, for and in consideration of the promises herein contained, the covenants expressed, for the purpose of inducing Tenant to complete its Lease with Landlord; and for and in consideration of Ten (\$10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby covenant and agree as follows:

1. DEFINITIONS.

“**Landlord**” as used in this Agreement shall include the Landlord, its heirs, representatives, assigns, and successors in title to Premises.

“**Optionee**” as used in this Agreement shall include Huddle House, Inc., its successors and assigns, or an affiliate of Huddle House, Inc. as Huddle House, Inc. may designate.

“**Tenant**” as used in this Agreement shall include the Tenant, its heirs and representatives, and if the Lease shall be validly assigned or sublet, shall include successors and assigns of the Tenant.

Landlord and Tenant shall be deemed to include male and female, singular and plural, individuals, corporations, partnership, or other artificial entities, as the context so requires.

2. NON-DISTURBANCE. So long as no event of default on the part of the Tenant under the Lease shall exist which would entitle Landlord to terminate the Lease, or if such an event of default shall exist, so long as Tenant's time to cure same shall not have expired (a) Mortgagee will not at any time join Tenant as a party defendant in any action or proceeding to foreclose the security interest or any extension, renewal, consolidation or replacement of same, unless such joinder is a prerequisite to the institution or prosecution of any such action or proceeding, and (b) the term of the Lease shall not be terminated or modified in any respect whatsoever, Tenant's right of possession to the demised premises

and its other rights arising out of the Lease will all be fully recognized and protected by Mortgagee and shall not be disturbed, cancelled, terminated or otherwise affected by reason of the security interest or any action or proceeding instituted by Mortgagee to foreclose the security interest or any extension, renewal, consolidation or replacement of the same, irrespective of whether Tenant shall have joined in any such action or proceeding.

3. PURCHASE OPTION. So long as no event of default on the part of the Tenant under the Lease shall exist which would entitle Landlord to terminate the Lease, or if such an event of default shall exist, so long as Tenant's time to cure same shall not have expired the purchase option rights of Tenant will be fully recognized and protected by Mortgagee and shall not be disturbed, cancelled, terminated or otherwise affected by reason of the security interest or any action or proceeding instituted by Mortgagee to foreclose the security interest or any extension, renewal, consolidation or replacement of the same, irrespective of whether Tenant shall have joined in any such action or proceeding.

4. ATTORNMEN. In the event that Mortgagee takes possession of the Entire Premises, either as the result of foreclosure of the security interest or accepting a deed to the Entire Premises in lieu of foreclosure, or otherwise, or the Entire Premises shall be purchased at such foreclosure by a third party, Tenant shall attorn to Mortgagee or such third party as its landlord under the Lease and Mortgagee or such third party will recognize and accept Tenant as its tenant thereunder, whereupon, the Lease shall continue in full force and effect as direct lease between Mortgagee or such third party and Tenant for the full term thereof, together with all extensions and renewals thereof, and Mortgagee or such third party shall thereafter assume and perform all of Landlord's obligations, as Landlord under the Lease with the same force and effect as if Mortgagee or such third party were originally named therein as Landlord; provided, however, that if conflicting claims should be made to the rent payable under the Lease, Tenant shall have the right to institute an interpleader suit for the purpose of determining who is entitled to payment of such rent and to pay the rent in accordance with the judicial determination rendered in such proceeding.

5. SUBORDINATION. Subject to and upon all the terms and conditions set forth in this Agreement, Tenant hereby subordinates its right, title and interest by virtue of the Lease to the right, title and interest of Mortgagee by virtue of the security interest and all renewals and extensions thereof.

6. DEFAULT OF LANDLORD TO TENANT. Tenant agrees to concurrently furnish Mortgagee by certified mail with copies of all notices and demands served by Tenant upon Landlord. Tenant further agrees that with respect to any notice of default served upon Landlord, if Landlord shall have failed to cure such default within the time provided for therein, then Mortgagee shall have an additional sixty (60) days within which to cure such default, or if such default cannot be cured within that time, then such additional time as may be necessary if within such sixty (60) days Mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event the Lease shall not be terminated while such remedies are being so diligently pursued.

7. DEFAULT OF LANDLORD TO MORTGAGEE. Landlord agrees that the rent payable under the Lease shall be paid directly by Tenant to Mortgagee upon the occurrence of a default by Landlord under the security deed, deed of trust or mortgage. After notice is given by Mortgagee to Tenant that the rent under the Lease shall be paid to Mortgagee, Tenant shall pay to Mortgagee (or in accordance with the directions of Mortgagee), all rent and other sums then due and thereafter to become due to Landlord under the Lease; subject, however, to the terms of payment under the Lease and to the rights of Tenant under the Lease. Tenant shall have no responsibility to ascertain whether or not such

demand by Mortgagee is permitted under the Security Deed. Landlord hereby waives any claim or demand it may now or hereafter have against Tenant by reason of such payment to Mortgagee. Landlord agrees that any payment made to Mortgagee by Tenant pursuant to the terms of this Paragraph shall discharge the obligations of Tenant, under the Lease or otherwise, to make such payment to Landlord.

8. MORTGAGEE AS SUCCESSOR IN INTEREST. In the event that Mortgagee shall succeed to the interest of Landlord under the Lease, Mortgagee shall not be:

liable for any act or omission of Landlord; or

liable for the return of any security deposit; or

subject to any offsets or defenses which Tenant might have against Landlord; or

bound by any rent or additional rent which Tenant might have paid for more than the current month to Landlord; or

bound by any amendment or modification of the Lease made without its consent.

9. POSITION OF HUDDLE HOUSE, INC. This Agreement shall inure to the benefit of Huddle House, Inc., its successors and assigns, in the event it should ever become the Tenant on said real property.

10. CAPTIONS. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Agreement, nor in any way affect this Agreement.

11. NOTICE. If at any time after the execution of this Agreement, it shall be required or become necessary or convenient for one of the parties hereto to serve any notice demand or communication upon the party, such notice, demand or communication shall be in writing, signed by the party serving the same, deposited in registered or certified United States Mail, return receipt requested, postage prepaid, or by a reputable commercial overnight carrier that provides a receipt and;

if intended for **Landlord**, shall be addressed to:

LANDLORD NAME
LANDLORD STREET ADDRESS
LANDLORD CITY, STATE 00000
(123) 123-1234

if intended for **Tenant**, shall be addressed to:

FRANCHISEE NAME
FRANCHISEE STREET ADDRESS FOR NOTICES
FRANCHISEE CITY, STATE 00000
(555) 555-5555

if intended for **Mortgagee**, shall be addressed to:

LENDER NAME
LENDER STREET ADDRESS
LENDER CITY, STATE 00000
(111) 111-1111

if intended for **Optionee** shall be addressed to:

HUDDLE HOUSE, INC.
5901-B Peachtree Dunwoody Road, Suite 450
Sandy Springs, Georgia 30328
(770) 325-1300

or, to such other addresses as any party may have furnished to the other in writing as a place for service of notice.

12. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties with regard to the subordination of the Lease and the interest of Tenant thereunder to the lien or charge in favor of Mortgagee pursuant to security deed, deed of trust, mortgage or UCC-1 Financing Statement, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect. No failure of any party to exercise any power given such party hereunder, or to insist upon strict compliance by any other party of any obligation hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of such party's right to demand exact compliance with the terms hereof.

13. **AMENDMENTS.** No term or provision of this Agreement shall be modified or amended except in writing and signed by the party against whom enforcement of any such modification or amendment is sought. This Agreement shall not be modified by the parties without the express written consent of Huddle House, Inc.

14. **SEVERABILITY.** If any provision of this Agreement shall be declared invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect.

15. **APPLICABLE LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of STATE.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each individual party hereto has caused his or her hand and seal to be affixed and each corporate, partnership or other legal entity hereto have caused its duly authorized officers, partners, or agents to execute and affix its seal to this instrument on the day and year first above written.

TENANT

FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

STATE OF _____

COUNTY OF _____

Before me a Notary Public in and for said county, personally appeared **FRANCHISEE SIGNATORY 1 and FRANCHISEE SIGNATORY 2** and known to me to be the persons who as **president and secretary or Members for LLC** respectively of **FRANCHISEE NAME , A STATE FRANCHISE_ENTITY**, which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said **FRANCHISEE_ENTITY** as such officers respectively; that the said **FRANCHISEE_ENTITY**; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the seal of said **FRANCHISEE_ENTITY**.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at _____ County, _____ this _____.

My commission expires:

[NOTARY SEAL]

NOTARY PUBLIC

LANDLORD

LANDLORD NAME,
a STATE LANDLORD_ENTITY

By: _____
LANDLORD SIGNATORY, LANDLORD
SIGNATORY TITLE

By: _____

STATE OF _____

COUNTY OF _____

Before me a Notary Public in and for said county, personally appeared LANDLORD SIGNATORY and known to me to be the persons who as LANDLORD SIGNATORY TITLE of, a STATE LANDLORD_ENTITY, the company which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said LANDLORD_ENTITY as such LANDLORD SIGNATORY TITLE; that the same is his/her free act and deed as such LANDLORD SIGNATORY TITLE, and the free act and deed of said LANDLORD_ENTITY: and that he/she was duly authorized thereunto to do so.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at _____, STATE, this _____.

My commission expires:

NOTARY PUBLIC

[NOTARY SEAL]

MORTGAGEE

LENDER NAME,
a STATE LENDER_ENTITY

By: _____
LENDER SIGNATORY, LENDER SIGNATORY
TITLE

By: _____

STATE OF _____

COUNTY OF _____

Before me a Notary Public in and for said county, personally appeared **LENDER SIGNATORY** and known to me to be the persons who LENDER SIGNATORY TITLE OF LENDER NAME a STATE LENDER_ENTITY, the company which executed the foregoing instrument, signed the same, and acknowledge to me that they do so sign said instrument in the name and upon behalf of said **LENDER_ENTITY** as such LENDER SIGNATORY TITLE; that the same is his/her free act and deed as such LENDER SIGNATORY TITLE, and the free act and deed of said LENDER_ENTITY; and that he/she was duly authorized thereunto to do so.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at _____ County, _____ this _____.

My commission expires:

[NOTARY SEAL]

NOTARY PUBLIC

OPTIONEE

HUDDLE HOUSE, INC.
a Georgia corporation

By: _____
Name: _____
Title: _____

STATE OF _____

COUNTY OF _____

Before me a Notary Public in and for said county, personally appeared _____ and known to me to be the person who, as _____, of HUDDLEHOUSE, INC., a Georgia corporation the corporation which executed the foregoing instrument, signed the same, and acknowledged to me that he/she did so sign said instrument in the name and upon behalf of said corporation as such officer; that the same is his/her free act and deed as such officer, and the free and corporate act and deed of said corporation; that he/she was duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof, I have hereunto subscribed my name and affixed my official seal at _____ County, _____ this _____.

My commission expires:

[NOTARY SEAL]

NOTARY PUBLIC

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY IS INSERTED HERE

ADDENDUM TO HUDDLE HOUSE FRANCHISE AGREEMENT
FOR A NON-TRADITIONAL UNIT

This ADDENDUM (the “**Addendum**” or “**Non-Traditional Unit Addendum**”) to the Huddle House, Inc. Franchise Agreement dated _____ (the “**Agreement**”) by and between Huddle House, Inc. (“**Company**”) and _____ (“**Operator**”) is entered into at the same time as the execution of the Agreement.

WHEREAS, pursuant to the Franchise Agreement, Company granted you the right to operate the Unit at the Premises, and Operator and Company have agreed that Operator will own and operate the Unit as a “Non-Traditional Unit,” as that term is defined below. As a Non-Traditional Unit, certain provisions of the Franchise Agreement will not be applicable to Operator’s operation of the Unit and certain other provisions need to be added to the Franchise Agreement to govern your operation of the Unit.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Type of Unit. Section 1 of the Agreement is amended by adding the following:

“**Non-Traditional Unit**” will mean a Unit that is a food truck and other mobile unit, or is located within, or in conjunction with, another primary business that is operated by the franchisee, or is located in a multi-branded facility where other branded and/or non-branded restaurants share common space. The primary business or multi-branded facility that is operated in conjunction with the Unit, or within which the Unit is located, is referred to as the “**Host Facility**.” Host Facilities and non-traditional venues where a Non-Traditional Unit may be operated include convenience stores, airports, train stations, public transit stations, cruise ship ports, turnpikes (and other travel related facilities), government facilities, office complexes, high-rise apartment buildings, senior living facilities, department stores, retail stores, hospitals, stadiums, sport complexes and other arenas, casinos, military establishments, college and university food service facilities, hotels, amusement and theme parks, theater and other entertainment centers, Indian reservations, national or state/local parks, public beaches, convention and conference centers, factories, penal institutions, other locations, venues and addresses where the primary activity conducted in such location, venues and addresses is other than the retail sale of food prepared for immediate consumption, and venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, and other similar environments.

2. Grant of Franchise. Section 2(a) of the Agreement is deleted and replaced by adding the following:

(a) Right to Utilize Huddle House System. Subject to all of the terms and conditions of this Agreement and the Non-Traditional Unit Addendum, Company hereby licenses to Operator the non-exclusive right, and Operator agrees to undertake the obligation, to operate one Franchised Business as a Non-Traditional Unit (hereinafter, the “**Unit**”), solely at the specific location set forth in Exhibit B of this Agreement (the “**Premises**”), which Premises are located within the Host Facility approved by Company. No “Territory” is assigned to the Unit under Section 2(c) of this Agreement or otherwise.

Operator may not sell any products or services under the Marks other than those Company expressly authorize for sale at the Unit. However, no provision of this Agreement or the Non-Traditional Unit Addendum shall prohibit Operator or a third party from continuing to own and operate the Host Facility or prevent Operator or any third-party operator of the Host Facility from selling other products at the Host Facility, other than within the Premises, that do not bear the Marks.

Company acknowledges that Operator or a third party operates the Host Facility, and that, except as otherwise set forth in the Non-Traditional Unit Addendum, Operator or the third-party operator of the Host Facility may sell or authorize others to sell other food products at the Host Facility.

3. Initial Term. Section 3(a) of the Agreement is deleted and replaced by adding the following:

(a) Initial Term. Except as provided herein, the initial term of this Agreement (“**Initial Term**”) shall commence on the Effective Date, and unless sooner terminated in accordance with the provisions hereof, shall expire ten (10) years from the Effective Date or as otherwise set forth on Exhibit B hereof if a predetermined date. Notwithstanding the foregoing, Operator may terminate this Agreement without penalty, upon the following events: (1) if the underlying food service management contract (“**Food Service Contract**”) that permits Operator to operate the Unit is terminated without fault of Operator, and provided that the Food Service Contract is not controlled by the Operator directly or indirectly; (2) Operator provides Company with written notification evidencing termination from the Host Facility holding the Food Service Contract; and (3) Company obtains confirmation, to its satisfaction, from the Host Facility that the circumstances of the termination are consistent with the requirements of this paragraph. If these conditions are satisfied, then this Agreement and the Non-Traditional Unit Addendum shall terminate on the same date that the Food Service Contract terminates or expires. In all cases, as a condition of Company’s acceptance of Operator’s termination, Operator shall sign a mutual termination and release agreement in a form provided by Company and comply with all Post-Term Period obligations. If Operator ceases operations of the Unit without complying with all termination criteria, all rights and remedies shall remain available to Company, including liquidated damages.

4. Net Sales. Section 5(e) of the Agreement is amended by adding the following:

For clarity, Company acknowledges and agrees that customers at the Premises may pay for certain items using meal plan options approved by the Host Facility, and that pursuant to the Food Service Contract, Operator may receive less than the full retail value of the products sold from the Unit. Company agrees that Net Sales shall include only the amount that Operator receives as payment for the products sold from the Premises, even if such amount is less than the retail value.

Company acknowledges that Operator or the third-party operator of the Host Facility may operate or license others to operate other food operations at the Host Facility and some of the sales from such operations may be recorded on the cash register or point of sale system used at the Unit. Company acknowledges that no Royalty or Marketing Contribution will be due and payable to Company with respect to such non-Huddle House sales. Operator and any third-party operator of the Host Facility must use all reasonable efforts to indicate to customers that such other operations are not being conducted under, or in association with, the Marks.

With respect to beverage fountain service, bottled beverages, or beverage products which are approved for display and sale at the Unit, Operator and Company acknowledge that if such fountain service, bottled beverages, or beverage products are located outside of the Unit but within the Host Facility, no Royalty or Marketing Contribution will be owed to Company with respect to such sales, as long as they are not sold using, or to be served in, a Huddle House branded container.

With respect to single-serve fountain service, bottled beverages, or beverage products offered as part of the authorized Huddle House menu, if any such product is sold with a Huddle House product item and/or in a Huddle House branded cup, Operator will pay the standard Royalty and Marketing Contribution on all such products wherever they are sold within the Host Facility. Operator agrees that it will not charge higher prices for the fountain service and bottled beverages than the prices being

charged for the same products elsewhere in the Host Facility. Neither Operator nor any third-party operator of the Host Facility may directly or indirectly attempt to influence customers to purchase fountain service or bottled beverages from locations within the Host Facility that are not part of the Unit.

Operator agrees to pay Royalties and Marketing Contributions on the sale of any products which bear the Marks, whether sold at the Unit or elsewhere within the Host Facility. For example, if Company develops a logoed ham product, such as a baked ham, and Operator sells such product in the Premises of the Unit or elsewhere in the Host Facility, then Operator will pay Company the Royalty and Marketing Contribution on the sale of such products.

5. Advertising Contributions. Section 5(h) of the Agreement is amended by deleting “three percent (3.0%)” and replacing it with “one percent (1.0%).”

6. Documents Regarding Leasing, Purchase, or Construction. Section 7(a) of the Agreement is amended by adding the following:

Operator and Company acknowledge that the standard design specifications of a traditional Unit must be revised by Operator to incorporate the Unit into the space available within the Host Facility, subject to Company’s approval. Operator will hire an architect or contractor, or use Operator’s own employees if properly certified and acceptable to Company, to prepare and submit to Company a proposed layout, equipment list and décor plan for the Unit as a Non-Traditional Unit within the Host Facility. Upon Company’s approval of the layout, equipment list and décor plan for the Unit, Operator will construct, build out and equip the Unit in accordance with the plans and specifications approved by Company.

7. Fixtures, Equipment, Supplies and Signs. Section 7(c) of the Agreement is amended by adding the following:

Operator acknowledges that the results and potential success of Non-Traditional Units is often directly related to the availability of seating for its customers. Accordingly, Operator agrees that, where reasonably possible, Operator will install seating at the Unit, as reasonably approved by Company. If Company determines that there is insufficient space within the Unit to install seating, Operator and Company will work together to design stand up counters and/or other reasonable alternatives for the Unit.

8. Completion of Construction and Commencement of Operations. Section 7(d) of the Agreement are revised as follows:

A. Section 7(d) is amended by deleting the second sentence in the first paragraph and replacing it with the following:

Operator shall open the Franchised Business within one (1) year from the effective date of this Agreement (the applicable deadline for opening the Franchised Business is the “**Opening Deadline**”).

B. Section 7(d)(i) is deleted and replaced by adding the following:

(i) Operator acknowledges that Company has the right to terminate this Agreement if the Franchised Business is not open to the public by the Opening Deadline unless Operator has been granted an extension in accordance with Section 7(d)(ii) below.

9. Training Program. Section 7(i) of the Agreement is amended by adding the following:

Operator acknowledges and agrees that Company may, but is not required to, offer a training program for managers of Non-Traditional Units when Company deems necessary. This training program may be offered if Operator is a large institutional franchisee operating its own training program to instruct managers how to operate Non-Traditional Units. If offered, the class will be in lieu of traditional Initial Training as described in the Agreement.

10. Hours of Operation of Unit. Section 7(l) of the Agreement is amended by adding the following:

Operator and Company will establish reasonable hours of operation for the Unit as approved by Company in writing following Company's determination that: (i) Operator is in compliance with the Agreement; and (ii) the objective characteristics of the Host Facility and/or its trade area require Company to adjust the hours of operation.

11. Technology, POS, and Communication and Information Systems. Section 7(u) of the Agreement is amended by adding the following:

Notwithstanding the foregoing terms, Company will consent to Operator using the existing cash registers at the Unit if all of the following conditions are satisfied: (i) the existing equipment can furnish the information required under this Agreement; (ii) the Host Facility requires that some or all sales from the Unit must be recorded using the same type of cash register that is used to record sales from other operations at the Host Facility; and (iii) Company is able to confirm the following to Company's satisfaction: (1) the Host Facility cash register is capable of segregating the sales from the Unit from other sales; (2) the Host Facility cash register is capable of generating sufficient information to enable Operator to submit all reports Operator is required to submit; and (3) all of Company's access, inspection and audit rights (including real-time electronic access) under the Agreement shall apply to all sales recorded on such Host Facility cash register, including all sales other than the Unit's sales.

12. Signage. Section 7(aa) of the Agreement is amended by adding the following:

Company acknowledges that the installation of exterior signage is subject to applicable law, which may affect the ability to install exterior signage. Company will work with Operator to develop interior and exterior signage that Company determines is necessary for the Unit within the Host Facility. Operator agrees to display the maximum amount of signage which is permitted by law and feasible under agreements governing the operation of the Unit within the Host Facility. All signage for the Unit shall be of a size at least equal to the signage for any other businesses that Operator and/or its affiliates operate at the Host Facility. If Company objects to any sign, logo or advertising media of any kind used in connection with the Unit at the Premises, Operator shall not display that sign, logo or advertising.

13. Local Advertising Requirement. Section 8(a)(vii) is deleted in its entirety.

14. Covenants. Section 12 of the Agreement is amended by adding the following:

During the term of this Agreement, neither Operator nor any third-party operator of the Host Facility will display or sell any type of food product that is similar to those that are sold at the Unit. Except as specifically set forth in this Agreement and the Non-Traditional Unit Addendum, neither Operator nor any third-party operator of the Host Facility will be restricted or prohibited from providing any product or service at the Host Facility or otherwise operating the Host Facility in the manner Operator or they deem necessary; provided however, the conduct of the business of the Host Facility does not detrimentally affect or impair the good will of the Marks or the Huddle House System.

15. Covenants. Section 12(c)(iv) is amended by adding the following:

If Operator and the owners of the Host Facility are under common control and ownership, or if Operator is a food service operator for multiple Host Facilities, then notwithstanding the foregoing, Operator may own and operate other branded businesses which engage in selling similar products, and the restrictions of this Section 12(c)(iv) regarding a “Competitive Business” will only apply to locations within the same Host Facility.

16. Transfer. Section 13 of the Agreement is amended by adding the following:

If Operator desires to sell the Unit only, Company’s right of first refusal will apply. In the event the Unit is instead sold in connection with the sale of the Host Facility: (i) Company’s right of first refusal will not apply; and (ii) Operator agrees to allocate a reasonable portion of the purchase price being paid for the Host Facility to the Unit.

17. Indemnification. Section 18(a) of the Agreement is amended by adding the following:

Operator’s indemnification obligations under this Section 18(a) shall include any claim arising out of, resulting from or connected with the operation by Operator or its affiliates of any of the other businesses at the Host Facility.

18. Addendum and Entire Agreement. This Addendum and the Agreement constitute the entire agreement and understanding between Operator and Company regarding the terms and conditions under which Operator will own and operate the Unit. If there is any conflict between this Addendum and the Agreement, the terms of this Addendum shall control. Any provision of the Agreement which is in direct conflict with this Addendum shall be deemed amended to the extent necessary to conform the Agreement to this Addendum, whether such provision of the Agreement is specifically referred to in this Addendum. Any term not specifically defined in this Addendum shall have the meaning given to it in the Agreement. Except as amended by this Addendum, the Agreement remains in full force and effect in accordance with its terms. This Addendum may be signed in counterparts, signature pages may be exchanged by facsimile and any other electronic transmission (including PDF), and each such counterpart, when taken together with all other identical copies of this Addendum also signed in counterpart, shall be considered as one complete agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

For Huddle House® Restaurant Unit Number: _____
Operated as a Non-Traditional Unit at the following Host Facility: _____

Huddle House, Inc.
a Georgia corporation

By:
Name:
Title:

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]
By:
FRANCHISEE SIGNATORY1, TITLE

By:
FRANCHISEE SIGNATORY2, TITLE

ADDENDUM TO FRANCHISE AGREEMENT
(new form of Franchise Agreement)

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 2021 by and between Huddle House, Inc., a Georgia corporation located at 5901-B Peachtree Dunwoody Road NE, Suite 450, Sandy Springs, Georgia (“HHI”), and _____, a _____ located at _____ (“Operator”).

HHI and Operator are parties to a franchise agreement (the “Franchise Agreement”) dated _____, under which, among other things, HHI granted to Operator the right to operate a HHI Restaurant at _____ (the “Restaurant”) and to use the Huddle House restaurant operating system and certain trademarks, service marks and tradenames in relation to the operation of the Restaurant.

HHI and Virtual Dining Concepts (“VDC”) agreed to a Master Services Agreement (the “MSA”) under which HHI may permit franchisees to prepare and package orders received from the VDC platform for a brand identified by HHI and VDC, which will be identified in the agreement by VDC and Operator (the “VDC License Program”) in Operator’s Restaurant and Operator desires to participate in the VDC License Program.

Terms of the Agreement

1. HHI grants to Operator its consent, subject to strict compliance with the terms and conditions contained herein, for Operator to participate in the VDC License Program. HHI may, in its sole and absolute discretion, for any reason or no reason, immediately rescind its consent and immediately terminate this Addendum by providing written notice of such rescission to Operator. Operator warrants and represents that it meets, and will maintain, strict compliance with all criteria required for HHI’s consent to Operator’s participation in the VDC License Program, including but not limited to full and complete compliance with every term and condition of the Franchise Agreement, and all other criteria required by HHI and VDC.
2. Operator agrees that it will also maintain all requirements and standards regarding the Restaurant and will not permit its participation in the VDC License Program to have an adverse impact on the operation of the Restaurant as a Huddle House Restaurant under the Franchise Agreement. Operator will ensure it is compliant with each and every term of the Franchise Agreement. Operator understands and agrees that its relationship with VDC is separate and distinct from its relationship with HHI. HHI and VDC are unrelated, unaffiliated entities and HHI is only providing its limited consent under this Addendum. VDC has represented and warranted to HHI the VDC License Program is not a franchise relationship, and that Operator is entering into a standard contractual relationship directly with VDC.
3. Operator will enter a separate agreement with VDC, which will use the standard form accepted by HHI for System franchisee participation and which will be attached as Exhibit A at the time this Addendum is signed, under which the duties, rights and obligations of the parties thereto will be defined (the “VDC Agreement”). The VDC Agreement will in no or any event will have a longer term than the Franchise Agreement. For clarity, if the Franchise Agreement expires, and Operator wishes to renew its Franchise Agreement with HHI, Operator must enter into a new VDC Agreement subject to then current terms and conditions which may vary and differ from the terms contained herein.
4. Any sales made under the VDC Agreement, regardless of definition or name, constitute Net Sales, as defined in Section 5.(e) of the Franchise Agreement; accordingly, Operator will pay, or ensure, authorize or otherwise execute all documents necessary to facilitate payment, to HHI royalties in accordance with Section 5.(b) of the Franchise Agreement on all sales made under or pursuant to the VDC Agreement; furthermore, Operator will report all such sales in accordance with Section 11.(b) of the Franchise Agreement. Operator is not, however, required to make advertising contributions under Section 5.(h) of the Franchise Agreement for the Net Sales derived from the VDC License Program.
5. Operator acknowledges that participation in the VDC License Program under the VDC Agreement may require (i) additional or different insurance coverage than is required under the Franchise Agreement and that it will obtain and maintain all such coverage; and (ii) additional or different permits or licenses and agrees to obtain all required permits and licenses prior to providing goods or services under the VDC License Program.

6. Operator desires to participate in the VDC License Program, and has freely and voluntarily entered into this Addendum, to obligate Operator under this Addendum and the VDC Agreement. HHI has not made any representation, warranty, or otherwise disseminated or shared any financial information related to the VDC License Program. HHI specifically disavows any representations related to the VDC License Program which has not been tested long-term, and Operator agrees that its performance under the VDC Agreement is dependent on a number of factors, which may be unique to Operator or unknown. By this consent for participation, HHI makes no warranty or representation that Operator's participation in the VDC License Program will be profitable. Further, in order to participate in the VDC License Program, Operator may be required to make an additional investment subject to the terms of the VDC Agreement; provided, however that if the Restaurant is newly developed under the Agreement, it is not expected to require additional capital investment in order to begin its participation. Operator agrees and understands HHI will not provide advice, assistance, contributions, or operational support for the VDC License Program.
7. Operator's default of the VDC Agreement will constitute a default of the Franchise Agreement under Section 14.(c)(vii) and this Addendum and a default under this Addendum is a default of the Franchise Agreement.
8. In the event the VDC Agreement terminates, for any reason whatsoever, Operator agrees to immediately notify HHI, in writing and advise HHI of the reason for such termination. In the event (i) the MSA between HHI and VDC terminates; or (ii) upon expiration, renewal, transfer, or assignment of the Franchise Agreement; or (iii) any attempted assignment of this Addendum, this Addendum and the consent hereunder will automatically terminate.

Except as amended and modified herein, all other terms and conditions of the Franchise Agreement remain in full force and effect, including but not limited to the Operator's indemnification obligations to HHI under Section 18.(a) of the Franchise Agreement for Operator's obligations at the Premises.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

For Huddle House® Restaurant Unit Number: _____

HUDDLE HOUSE, INC.
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

NEW PRODUCT LINE AND PROGRAM ADDENDUM

THIS ADDENDUM ("Addendum") is made and entered into as of the _____ ("Effective Date") by and between Huddle House, Inc. ("Company") and _____ ("Operator").

WHEREAS, Company and Operator are parties to that franchise agreement dated _____ ("Agreement") for the restaurant located at _____ ("Unit") under and pursuant to which Company granted to Operator the right to operate a Huddle House Unit and to use the Huddle House Unit operating system and certain trademarks, service marks and tradenames in relation to the operation of the Unit;

WHEREAS, VBE LLC, which is an affiliate of Company, has developed a new product line that is sold under a distinctive and proprietary program ("Program") and trademarks and service marks separate and apart from the existing Huddle House System and Huddle House Marks only via third-party order applications and delivery aggregators (the "New Product Line");

WHEREAS, through an agreement with VBE LLC, Company has the right, and wishes, to offer to Operator the opportunity to sell the New Product Line from its Unit via the Program as a supplement to the restaurant activities already licensed by Company to Operator under the Agreement, and Operator desires to participate in the Program through its Unit; and

WHEREAS, Company and Operator desire to supplement certain provisions of the Agreement to address Operator's participation in the Program upon the terms and conditions set forth in this Addendum.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals and Capitalized Terms. The Recitals set forth above are hereby made a part of this Addendum. Capitalized terms used in this Addendum shall have the meanings ascribed to such terms in the Agreement unless otherwise expressly defined herein. The term "Parties" shall be deemed to mean, collectively, Company and Operator.
2. Program. The Program being offered to Operator is described in Schedule 1, attached hereto. Operator acknowledges and agrees that Operator's participation in the Program and sale of the New Product Line is subject to the terms and conditions of the Agreement except to the extent that such terms are modified by this Addendum, including Schedule 1. In no way limiting the foregoing and for clarity, all terms and obligations in the Agreement regarding the "Huddle House System" and "System" will apply to the "Program," and all terms and obligations in the Agreement regarding the "Licensed Marks" will apply to the Program Marks (as defined below).
3. License to New Product Line, Program and Program Marks. Company hereby grants Operator a non-exclusive and limited license to Participate in the Program and to use the marks specified in Schedule 2 (the "Program Marks") (all of which may be modified as provided in this Addendum) for the Term, solely to prepare, promote and sell the New Product Line as set forth in this Addendum. Operator will not use the Program or the Program Marks in any manner except as permitted by the terms of this Addendum, for the purposes established by the terms of this Addendum, and in accordance with all applicable laws, and any product or brand guidelines provided to Operator by Company relating to the New Product Line, Program and the Program Marks. Operator will only use the Program Marks, in connection with the Program unless authorized by Company in writing.
4. Operator's Participation in the Program. Operator acknowledges that participation in the Program is not mandatory, and Operator has chosen voluntarily to participate in the Program in connection with its operation of the Unit under the Agreement. Operator agrees that its participation in the Program and license under this

Addendum is limited to operating from the Unit. By executing this Addendum, Operator confirms its agreement to participate in the Program on the terms and conditions provided for herein. Operator agrees to comply with the specifications, standards and terms related to suppliers and supplies in the Agreement, the Confidential Operating Manuals and as Company prescribes in writing for the Program and New Product Line. Operator agrees to strictly comply with the specifications, standards and terms for participation described in Schedule 1, which Company may modify from time to time.

Further, Company's consent for Operator to participate in the Program is subject to Operator's strict compliance with the terms and conditions contained herein. Operator warrants and represents that it currently meets, and will maintain during this Addendum, strict compliance with all criteria required by Operator for participation in the Program, including, but not limited to, full and complete compliance with every term and condition of the Agreement, and all other criteria required by Company. Operator agrees that it will also maintain all requirements and standards regarding the Unit and will not permit its activities in the Program to have an adverse impact on the operation of the Unit under the Agreement.

5. Modifications. Operator acknowledges and agrees that from time-to-time hereafter Company may change or modify the New Product Line, Program, or Program Marks as Company deems appropriate, including to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the Program may be required from time to time to preserve and enhance public image of the Program and operations of Company. Company's changes to the Program may include the adoption and use of new or modified products or services and/or new techniques and methodologies relating to the Program, and/or new trademarks, service marks and copyrighted materials. Operator will, upon reasonable notice, accept, implement, use, display and participate in the Program changes in the Program, as if they were part of this Addendum at the time of execution hereof, at Operator's sole expense. Additionally, Company reserves the right, at its option, to vary the standards throughout the Program, as well as the services and assistance that Company may provide to some operators based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Company deems to be important to the operators' participation in the Program. Operator shall have no recourse against Company on account of any variation to other operators and shall not be entitled to require Company to provide Operator with a like or similar variation hereunder.

6. Term of Program Participation. This Addendum will be effective as of the date hereof and continue until terminated by Company or Operator as provided herein (the "Term"). This Addendum in no or any event will have a longer term than the Agreement. For clarity, if the Agreement expires, and Operator wishes to renew its Agreement with Company and (in connection with the renewal of the Agreement) also wishes to continue to participate in the Program, Operator must enter into a new Addendum that will be subject to Company's then-current terms and conditions relating to the New Product Line and Program, which may vary and differ from the terms contained in this Addendum. Upon expiration, renewal, transfer, or assignment of the Agreement; or any attempted assignment of this Addendum, this Addendum and Company's consent hereunder will automatically terminate.

7. Termination by Company. Operator acknowledges and agrees that Company has the right to: (i) discontinue or modify the Program at any time and/or (ii) terminate Operator's participation in the Program any time at Company's sole discretion, by giving Operator sixty (60) days prior written notice; provided, however, that if the Agreement is terminated, this Addendum and all rights of Operator hereunder will terminate effective immediately upon the termination of the Agreement. (For clarity, a termination of this Addendum is not necessarily a termination of the Agreement, but a termination of the Agreement will result in the termination of this Addendum.) Notwithstanding the foregoing, Company may immediately suspend Operator's participation in the Program and sale of the New Product Line in the event of any material issue with respect to health, safety, or Company's reputation, in the Company's sole and absolute discretion. A default by Operator under this Addendum will constitute a default of the Agreement; and a default by Operator under the Agreement is a default of this Addendum.

8. Termination by Operator. Operator may elect to discontinue its participation in the Program for any reason by giving Company ninety (90) days' prior written notice.

9. Effect of Termination by Either Party. Upon discontinuation of the Program and/or termination of Operator's participation in the Program, this Addendum will be terminated, and Operator must immediately cease using the Program, Program Marks and offering and selling the New Product Line in any manner.

10. Confidentiality; Publicity. All material and information supplied hereunder as the result of the Program contemplated by this Addendum, including the terms and conditions of Schedule 1, and any information pertaining to the Program that Company may provide (including information concerning platform fees, aggregator fees, commission rates, marketing plans, operating procedures, business plans, financial results) whether or not designated as "confidential" or "proprietary" are deemed to be Confidential Information and are subject to the obligations set forth in the Agreement with respect to Confidential Information. Operator will not publicly disclose or promote that Company's affiliate is the owner of the New Product Line, the Program Marks or that the New Product Line is made in, delivered from, or is in any way associated with, Unit, unless agreed upon in writing by Company, except with respect to disclosures necessary for operation of the delivery services contemplated by the Addendum (and Company may require that all delivery service providers be expressly advised of the confidentiality regarding the relationships among Company, Operator and the Program and the associated Program Marks) and as expressly authorized by Company in writing. Operator's use of the Program Marks is strictly limited to the under the terms and conditions of this Addendum, and Operator is prohibited from using or referring to the Program Marks in any manner not expressly authorized in writing by Company.

Further, in order to participate in the Program, Operator may be required to make an additional investment subject to the terms of this Addendum; provided, however that if the Unit is newly developed under the Agreement, it is not expected to require additional capital investment in order to begin its participation.

11. Operator's Acknowledgement and Obligations. The Program is a new and has not been previously implemented in the Huddle House System and may include certain new equipment, food, logos, configurations, systems, and/or technology solutions (including, without limitation, hardware, and software); provided, however that if the Unit is newly developed under the Agreement, it is not expected to require additional capital investment. The actual costs, expenses, and financial and operational impact of the Program and the required components may vary as the Program evolves and may vary between operators based on a variety of factors, such as when the Unit was developed, the equipment and computer and technology systems in place at the Unit, the number of products being offered, etc. Participation in the Program entails financial, operational and other risks that Operator agrees to and hereby does assume. Operator agrees that its performance under this Addendum is dependent on a number of factors, which may be unique to Operator or unknown. There is no assurance or guarantee as to the profitability or success of participation in the Program, and by consenting to Operator's participation, Company is not making any representation of any kind in this regard.

Operator agrees that: (i) Operator's participation in the Program will be in strict conformity with the Agreement, the Confidential Operating Manuals, and other specifications, standards and terms Company prescribes in relation thereto; (ii) Operator will fully implement all of the equipment and operational components necessary for participation in the Program (or provide Company with notice that Operator elects to terminate its participation pursuant to the terms of this Addendum); (iii) any proposed deviation from Company's prescribed standards and specifications must be submitted in advance to Company for its review and written approval, which approval may be withheld in Company's sole discretion, and in the event that Company does not respond, such submission shall be deemed not approved; (iv) Operator understands that failure to comply with Company's prescribed specifications, standards and terms without Company's prior written approval may result in a default under this Addendum and/or the Agreement, and may disqualify Operator from further participation in the Program, in addition to any other rights or remedies Company has under the Agreement or this Addendum; and (v) Operator is solely responsible for any and all costs associated with participating in the Program and implementing, installing, maintaining and repairing all required equipment, systems, technology solutions, and other components thereof.

12. No Territory Rights. Operator acknowledges that its rights under this Addendum are non-exclusive, and

Operator will have no territorial rights or protection with respect to the New Product Line or the Program.

13. Indemnification. Operator is solely responsible for and indemnifies and holds Company and its officers, directors, officers, employees, representatives, agents, attorneys and shareholders harmless against any and all losses, claims, costs, expenses (including attorneys' fees), damages and liabilities arising out of or from or related to, any claims, directly or indirectly, arising out of or from or related to Operator's participation in the Program. Except as amended and modified herein, all other terms and conditions of the Agreement remain in full force and effect, including, but not limited to, the Operator's indemnification obligations to Company under Section 18 of the Agreement.

14. Other Material Terms. This Addendum supplements but does not otherwise modify the terms of the Agreement. Collectively, this Addendum and the Agreement constitute the entire agreement between the Parties as to the Program and for any terms not addressed in this Addendum, the provisions of the Agreement will apply and control, (including, without limitation, provisions regarding the Confidential Operating Manuals, indemnification, inspections, proprietary rights, confidentiality, dispute resolution and damage limitations). The Agreement will continue to govern Operator's operation of the Unit, including its participation in the Program. There are no other agreements as to the Program, either oral or written. This Addendum will inure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, legal representatives, successors, successors-in-title and assigns. This Addendum may be modified only by a written agreement signed by the parties hereto. The terms of this Addendum have been examined, reviewed, negotiated, and revised by counsel for each Party, or each Party has had the full and complete opportunity to retain counsel, and no implication will be drawn against any Party by virtue of the preparation and drafting of this Addendum. This Addendum may be signed in counterparts with the same force and effect as if all required signatures were contained in a single, original instrument. Signed facsimile and electronic copies of this Agreement will legally bind the parties to the same extent as original documents. The Parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Addendum.

15. Release. If either (a) this Addendum is signed after Operator was already operating under the Agreement, or (b) this Addendum was signed at the same time as the Agreement, but neither are for the first franchise between Operator (and its affiliates) and Company (and its affiliates), then Operator agrees to the following:

Operator, its shareholders, members, and principals, on behalf of itself and its affiliates, and each of their respective successors and assigns, hereby releases and forever discharges Company and its parents and affiliates, and each of their respective successors, shareholders, representatives, members, assigns, agents, employees, officers and directors (the "Company Released Parties"), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, known or unknown, vested or contingent, which Operator now owns or holds or has at any time heretofore owned or held, or may at any time own or hold against the Company Released Parties arising prior to and including the Effective Date, arising under or relating to the Unit, the Agreement and this Addendum, and/or the relationship created thereby or the termination thereof. This release will survive expiration or termination of the Agreement and is in addition to any other release or similar agreement in the Agreement or other agreement between Company and Operator. With regard to any acts or omissions covered under this release, Operator agrees not to commence any action, lawsuit, or legal proceeding, or file any charge or complaint with any federal, state, or local agency, against the Company Released Parties. The release provided in this section do not release any claims arising from representations made in Company's Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

16. Acknowledgement. By signing this Addendum, Operator confirms that Operator received and reviewed Company's Franchise Disclosure Document ("FDD") relating to its Huddle House Restaurant franchise, which includes a description of the Program and New Product Line and the option, without any requirement, for Operator to participate in the Program in connection with its franchise rights for the Unit.

17. Headings. Section and subsection headings in this Addendum are included for convenience of reference only and will not constitute a part of this Addendum for any other purpose or be given any substantive effect.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

For Huddle House® Restaurant Unit Number: _____

Huddle House, Inc.
a Georgia corporation

By:
Name:
Title:

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By:
FRANCHISEE SIGNATORY1, TITLE

By:
FRANCHISEE SIGNATORY2, TITLE

Schedule 1 to New Product Line Addendum
to Huddle House Franchise Agreement

1. Technology Requirements. Prior to participation in the Program, Operator must meet and maintain the technological requirements specified by Company that are necessary to participate in the Program. These technological requirements include, among other things, the requirement that your technology directly integrate with the Grubhub, DoorDash, or Uber Eats delivery food aggregators or such other delivery service provider(s) selected by Company (“Aggregator(s)”). Operator will pay the fee payable to the Aggregators for such integration.

2. Delivery Provider/Commission Acknowledgement. The Program is only available to guests through a designated Aggregator. By choosing to participate in the Program, Operator agrees that it will exclusively utilize the Aggregator Company designates (including enrollment in such Aggregator’s online subscription services to offer the guests). Company is in the process of negotiating commission rates set forth below on behalf of itself and its operators for the Program (“Commission Rates”) which may vary and change based on demand of an Aggregator’s services, availability of Aggregators in a service area, and other similar factors. By signing the Addendum, Operator hereby consents to Company’s activation of Operator’s participation in the Program on the designated Aggregator. Operator will address any and all issues regarding accounting, functionality or performance directly with the Aggregator’s support services center and acknowledges that Company will not be financially liable for any problems, delays or other disruptive occurrences with an Aggregator that may arise through Operator’s participation in the Program (e.g., refunds as a result of internet outages, interruptions or driver failures).

Orders placed by Company’s customers on the Aggregator will simultaneously be transmitted to Operator for preparation and packaging. The Aggregator will pick up completed orders from the Unit and deliver the orders to the customers. Operator shall not accept orders under the Program from any channel, person or entity other than through the Aggregator. Operator shall not allow for consumption of orders at the Unit.

3. Manual; Brand Standards. Operator will continue to follow the brand and operating standards as promulgated in the Confidential Operating Manuals and acknowledges that such standards will apply to the New Product Line. Operator will comply with any additional protocols related to the New Product Line (including, but not limited to, recipes, pricing, packaging, and marketing) communicated in writing to Operator by Company as may be supplemented by Company from time-to-time. For the avoidance of doubt, Operator may not offer the New Product Line for sale from or in the Unit without Company’s prior written consent, including pick-up or to-go options. Company reserves the right to change how the New Product Line may be sold at Company’s sole option. Operator acknowledges pricing of the New Product Line is subject to the terms of the Agreement.

4. Administration Fee. Upon execution of this Addendum, Operator will pay Company an Administration Fee of Five Hundred Dollars (\$500) for the incorporation of Operator into the Program.

5. Weekly Fees. Any sales made under this Addendum, regardless of definition or name, constitute Net Sales, as defined in Section 5.(e) of the Agreement; accordingly, Operator will pay, or ensure, authorize or otherwise execute all documents necessary to facilitate payment, to Company for continuing weekly royalty and advertising contribution to the Fund, in accordance with Section 5.(b) and Section 5.(h) of the Agreement, respectively, on all sales made under or pursuant to this Addendum; furthermore, Operator will report all such sales in accordance with Section 11.(b) of the Agreement. For the avoidance of doubt and notwithstanding anything to the contrary in the definition of Net Sales in the Agreement, Operator acknowledges that no commissions or delivery fees may be deducted from Net Sales.

6. Advertising/Marketing Requirements. Operator is not permitted to create any advertisements or marketing programs without Company’s prior written consent. Operator will be required to participate in any advertising, marketing and other promotions that Company designates for the New Product Line, which may include free delivery or other incentives on such terms as Company may establish.

7. Other Fees. Company reserves the right to charge additional fees from time to time upon thirty (30) days' written notice to Operator for development of initiatives to support the Program (such as development of a website).

8. Other Terms. Operator acknowledges that participation in the Program under this Addendum may require (i) additional or different insurance coverage than is required under the Agreement and that it will obtain and maintain all such coverage; and (ii) additional or different permits or licenses and agrees to obtain all required permits and licenses prior to providing goods or services under the Program.

Operator acknowledges and agrees that any data Company may provide from the designated Aggregator to Operator, whether provided in raw form or processed by Company, is provided to Operator without representation or warranty as to accuracy or completeness and Company is not responsible for any inaccuracies or misstatements.

Company will not be responsible for resolving any accounting, data or information technology issues Operator may have with the Aggregator nor will Company be required to work with the Aggregator to resolve any such issues on behalf of Operator.

Schedule 2

Program Marks

PAPA CORAZÓN'S QUESADILLAS	Serial No. 90867173 Filed: August 5, 2021
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EXHIBIT B

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8285</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT C

AGENTS FOR SERVICE OF PROCESS

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

<p>CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677</p>	<p>NEW YORK New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p>
<p>HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p>NORTH DAKOTA North Dakota Securities Commissioner State Capitol 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p>RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527</p>
<p>INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681</p>	<p>SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563</p>
<p>MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360</p>	<p>VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p>MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p>WASHINGTON Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760</p>
<p>MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600</p>	<p>WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139</p>

EXHIBIT D

LIST OF FRANCHISE OWNERS AND FORMER FRANCHISEES

LIST OF FRANCHISE OWNERS

The following lists the names, addresses and telephone numbers of HHI Standard Unit franchisees in the Huddle House System as of April 27, 2021.

* Indicates that this franchisee has a Market Development Agreement in effect (currently none).

Franchisee Name	Unit #	Address	City	State	Zip Code	Phone #
Price Foods, Inc.	538	8081 Highway 431	Albertville	AL	35950	(256) 891-1424
D & L Foods, Inc.	592	4727 Hwy 280	Alexander City	AL	35010	(256) 215-7267
Shuler Enterprises, LLC	447	6371 US Hwy 431	Alexandria	AL	36250	(256) 820-8121
Saddle Enterprises, Inc.	389	1209 MLK Expressway	Andalusia	AL	36420	(334) 222-8141
Price Foods, Inc.	392	759 N. Brindlee Mt. Pkwy	Arab	AL	35016	(256) 931-2073
Price Foods, Inc.	668	1450 US Highway 431	Boaz	AL	35957	(256) 840-5768
Foods South, Inc.	278	1715 Douglas Ave.	Brewton	AL	36426	(251) 867-8893
MM&C Management, LLC	630	10902 Covered Bridge Road	Brookwood	AL	35444	(205) 507-4160
Saddle Enterprises, Inc.	734	6024 Boll Weevil Circle	Enterprise	AL	36330	(334) 348-1655
Saddle Enterprises, Inc.	482	1076 Third Street	Floralda	AL	36442	(334) 858-5113
NEAFS, Inc.	832	120 Airport Road West	Fort Payne	AL	35968	(256) 979-1555
Price Foods, Inc.	507	1830 Gunter Avenue	Guntersville	AL	35976	(256) 582-8019
JDM Management, LLC	585	210 River Road Drive	Hamilton	AL	35570	(205) 921-0525
Hartselle Foods, Inc.	353	1802 East Main Street	Hartselle	AL	35640	(256) 502-8222
Shuler Enterprises II, LLC	196	1015 Pelham Road South	Jacksonville	AL	36265	(256) 435-3178
Foods South, Inc.	225	4482 S Alabama Ave	Monroeville	AL	36460	(251) 743-4833
P&J Investments, Inc.	610	4653 Highway 25	Montevallo	AL	35115	(205) 665-4345
Price Foods, Inc.	106	1009 Second Avenue	Oneonta	AL	35121	(205) 625-5987
Copperline Enterprises, LLC	741	2020 Gateway Drive	Opelika	AL	36801	(334) 745-4800
Price Foods, Inc.	941	3101 Mountain Cove Circle	Owens Cross Roads	AL	35763	(256) 517-8183
Shuler Enterprises, LLC	574	109 W. Grand Ave	Rainbow City	AL	35906	(256) 442-8866
Milat Corporation	370.1	3106 Hwy 431	Roanoke	AL	36274	(334) 863-6424
Price Foods, Inc.	530	1402 County Park Rd	Scottsboro	AL	35769	(256) 575-0300
Tide Foods, Inc.	116	40930 Hwy 280 ByPass	Sylacauga	AL	35150	(256) 245-3885
Saddle Enterprises, Inc.	719	1677 US Highway 231 South	Troy	AL	36079	(334) 808-4022
Ralph Lawrence	882	405 Warrior Jasper Road	Warrior	AL	35180	(205) 647-9980
JDM Management, LLC	833	7126 State Hwy 129	Winfield	AL	35594	(205) 487-0794
Hargis and Hargis, LLC	398	378 Hwy 65 South	Clinton	AR	72031	(501) 745-8858

Double CSW Restaurants, LLC	595.1	910 Highway 425 N	Monticello	AR	71655	(870) 367-8888
Glenmar Foods, LLC	609	4563 W. Keiser Ave.	Osceola	AR	72370	(870) 563-6099
Glenmar Foods, LLC.	1016.1	2807 W. Kings Highway	Paragould	AR	72450	(870) 450-2680
Double CSW Restaurants, LLC	709.1	7335 Sheridan Road	White Hall	AR	71602	(870) 395-7277
Impact Hospitality Brooksville, LLC	961	1170 S Broad Street	Brooksville	FL	34601	(352) 796-8839
Impact Hospitality Crystal River, LLC	622.1	1208 North East 5th Street	Crystal River	FL	34429	(352) 794-6694
Impact Hospitality Inverness, LLC	570.1	321 South Highway 41	Inverness	FL	34450	(352) 423-1276
JDRM, LLC	581	4094 County Road 218	Middleburg	FL	32068	(904) 291-3850
Varahi 0217, LLC	879	331 NW 20th Street	Ocala	FL	34475	(352) 236-4411
Z M & W Foods, Inc.	454	3909 Crill Avenue	Palatka	FL	32177	(386) 325-2558
Ware Oil & Supply Co., Inc.	534	2717 S. Byron Butler Parkway	Perry	FL	32348	(850) 838-1853
AKA 314 LLC	314	650 N. Temple Ave.	Starke	FL	32091	(904) 964-2236
Z M & W Foods, Inc.	359	463949 State Road 200	Yulee	FL	32097	(904) 277-8666
Jassoki 1 Corporation	401.2	1503 West Fourth Street	Adel	GA	31620	(229) 896-7454
M & Wiggins Enterprises, Inc.	486.1	160 E. Parker Street	Baxley	GA	31513	(912) 367-7100
Yeah, That's Right, LLC	249	3428 US Highway 84 West	Blackshear	GA	31516	(912) 807-4353
Leonard Food Management "LLC"	212	29 Golf Course Road	Blairsville	GA	30512	(706) 745-7095
AKA 202 LLC	202.1	5408 New Jesup Hwy	Brunswick	GA	31523	912-265-4284
Over Easy Number V, L P	62	566 Highway 53 East	Calhoun	GA	30701	(706) 383-8624
Montfort Foods, LLC	721	115 East Avenue	Cedartown	GA	30125	(770) 748-4662
Over Easy Number VII, L.P	600	612 S. Third Avenue	Chatsworth	GA	30705	(706) 971-3767
Bhathi, LLC	643	14 Bushrod Johnson Ave	Chickamauga	GA	30707	(706) 375-1560
Team Investments, Inc.	92	459 Washington St	Clarkesville	GA	30523	(706) 839-1225
M & Wiggins Enterprises, Inc.	950	102 Plyler St.	Claxton	GA	30417	(912) 732-1021
ESP Food Service, LLC	213	143 Highway 441, N	Clayton	GA	30525	(706) 782-7398
Team Investments, Inc.	192	15 Old Blairsville Road	Cleveland	GA	30528	(706) 865-5922
CBC Foods, Inc.	208	142 East Dykes Street	Cochran	GA	31014	(478) 934-0505
Oz Food LLC	47.2	501 Buford Highway	Cumming	GA	30040	(770) 844-1959
Parkash, Inc.	431	152 US Highway 82 East	Cuthbert	GA	39840	(229) 732-3037
Lahnatiya, Inc.	267.1	1085 Forrester Dr. SE	Dawson	GA	39842	(229) 995-2999
ED Foods, Inc.	412	721 Central Drive	East Dublin	GA	31027	(478) 275-9279
SCWE Investments, LLC	104.1	102 Fifth Avenue	Eastman	GA	31023	(478) 374-5088

Fitz Food, Inc.	439	265A Ocilla Highway	Fitzgerald	GA	31750	(229) 424-0980
Turabbit Food, LLC	1026	7378 Friendship Spring Boulevard	Flowery Branch	GA	30542	(678) 828-7800
Royal Refreshment LLC	948	325 Cabiness Road	Forsyth	GA	31029	
PATRIOT FOODS, LLC	584	267 Avenue of the States Dr	Fort Gordon	GA	30905	(706) 798-3722
KERIAJOES, LLC	926.1	1920 Jesse Jewell Parkway	Gainesville	GA	30501	(470) 252-5870
Honeybee Hospitality Operations, LLC	840	803 GA Highway 122 West	Hahira	GA	31632	(229) 794-8144
The Washington Company, Inc.	336	175 E. Milledgeville Rd	Harlem	GA	30814	(706) 556-0058
Restaurants by George, LLC	200	324 E. Franklin Street	Hartwell	GA	30643	(706) 377-4220
RDJ Development Company, Inc.	235	503 Broad Street	Hawkinsville	GA	31036	(478) 783-2032
Rocket Enterprises, Ltd.	872.1	154 East Jarman Street	Hazlehurst	GA	31539	(912) 307-5090
Hospitality Food Service, LLC	327.1	8428 S. Main Street	Helen	GA	30545	(706) 878-3202
Impact Hospitality Hephzibah, LLC	271.1	2626 Tobacco Road	Hephzibah	GA	30815	(706) 796-9701
Hospitality Food Service, LLC	593.1	534 Bell Creek Road	Hiawassee	GA	30546	(706) 896-9999
DE/RAN ADVENTURES, INC.	99	710 Oglethore Highway	Hinesville	GA	31313	(912) 876-0992
Brown's Bread & Butter II, LLC	325	805 West Dame Ave.	Homerville	GA	31634	(912) 487-5300
Jackson Investments, Inc.	254	775 E 3rd Street	Jackson	GA	30233	(770) 775-4068
Royal Refreshment LLC	947	2679 Highway 16 West	Jackson	GA	30233	(770) 233-9706
Shepherd's Foods, Inc.	355	5220 Hwy 96, Rt. 1	Jeffersonville	GA	31044	(478) 945-3741
DE/RAN Enterprises, Inc.	528	901 South First Street	Jesup	GA	31545	(912) 427-3999
Brown's Bread & Butter II, LLC	366	251 West Main Street	Lakeland	GA	31635	(229) 482-2858
DE/RAN, Inc.	293	499 West Cypress Street	Ludowici	GA	31316	(912) 545-2788
Ocmulgee Food Services, Inc.	451	4900 Ocmulgee E. Blvd.	Macon	GA	31217	(478) 745-1145
Smith Family Restaurants, Inc.	626	35 Foothills Parkway	Marble Hill	GA	30148	(770) 894-4684
MHC Foods, Inc.	385	350 Keys Ferry Street	McDonough	GA	30253	(770) 898-0670
SCWE Investments, LLC	226.1	90 West Oak Street	McRae	GA	31055	(229) 868-2434
Baalkrishna, LLC	434	206 Roberson Mill Road	Milledgeville	GA	31061	(478) 452-3222
Impact Hospitality Milledgeville, LLC	239.1	300 East Hancock St.	Milledgeville	GA	31061	(478) 452-2680
Montez Foods, Inc.	218	500 Spaulding Road	Montezuma	GA	31063	(478) 472-4746
Benhoov Enterprises Inc.	317	401 Veterans Parkway, E. Bypass SE	Moultrie	GA	31768	(229) 890-3188

The Jiffy Market Food Store Corp.	272	101 Allen Street	Nahunta	GA	31553	(912) 462-7557
Impact Hospitality Nashville, LLC	245.1	718 South Davis St.	Nashville	GA	31639	(229) 686-9880
Montfort Foods II, LLC	156	299 Sunset Drive SE	Rome	GA	30161	(706) 378-2288
2 Times Enterprises Inc	246	13015 Abercorn Ext.	Savannah	GA	31419	(912) 921-0220
Impact Hospitality Soperton, LLC	182.1	10596 Georgia Highway 29	Soperton	GA	30457	(478) 412-2522
Navatan 108, Inc.	857.1	2201 Georgia Highway 57	Townsend	GA	31331	(912) 832-2060
Over Easy Number VI, L.P	273	4980 Highway 136 West	Trenton	GA	30752	(706) 657-2052
Impact Hospitality Valdosta, LLC	331.1	419 E. Northside Drive	Valdosta	GA	31602	(229) 245-8511
SCWE Investments, LLC	280.1	2613 E First Street	Vidalia	GA	30474	(912) 538-8036
WR Investments, Inc.	197	2075 Watson Blvd.	Warner Robins	GA	31093	(478) 929-2700
RP Foods, Inc.	338	215 Russell Parkway	Warner Robins	GA	31088	(478) 923-1030
Yeah, That's Right, LLC	829	1010 Memorial Drive	Waycross	GA	31501	(912) 490-4353
BCD Huddle, LLC	115.2	323 South Liberty Street	Waynesboro	GA	30830	(706) 554-4234
PEV Investments LLC	195.1	740 N Main Street	Wrens	GA	30833	(706) 547-7760
RVE Diners, Inc	753	1730 South State Route 127	Greenville	IL	62246	(618) 664-2255
SDS Stores, Inc.	769.1	12475 State Route 143	Highland	IL	62249	(618) 654-2250
JL Brandt, LLC, Litchfield	827.1	11 Corvette Drive	Litchfield	IL	62056	(217) 324-2212
Jellen Enterprises, Inc.	878	305 Comfort Dr	Marion	IL	62959	(618) 944-4510
SDS Stores, Inc.	782.1	9810 Perrin Road	Mascoutah	IL	62258	(618) 566-3663
Acees, Inc.	648.1	2105 East 5th Street	Metropolis	IL	62960	(618) 524-4179
RVE 4, LLC	819	7 Mattes Avenue	Vandalia	IL	62471	(618) 283-2255
SDS Stores, Inc.	663.1	994 Ann Rutledge Drive	Williamsville	IL	62693	(217) 566-2067
Over Easy Number XVI, LLC	793	520 South State Road 39	Lebanon	IN	46052	(765) 483-9759
Over Easy Number XV, LLC	791	3105 Doyle Road	New Haven	IN	46774	(260) 493-4878
Over Easy Number IX, L.P.	780	4215 West Highway 50	Emporia	KS	66801	(620) 343-3099
Over Easy Number X, L.P.	781	2250 North Ohio Street	Salina	KS	67401	(785) 825-1648
Twin Lakes HH, LLC	984	1735 W. 21st St. North	Wichita	KS	67203	(316) 440-3399
DeBartolo's Investments of S.C., Inc.	634	1478 East John Rowan Blvd	Bardstown	KY	40004	(502) 349-7540
All 4 Him LLC	627.1	751 Bypass Road	Brandenburg	KY	40108	(270) 422-1733
Huddle Again II, Inc.	652.2	398 Campbellsville Bypass	Campbellsville	KY	42718	(270) 789-0002
Standiford Hospitality, Inc.	621.1	629 South 2nd Street	Central City	KY	42330	(270) 754-3663
SS & TT Enterprises, LLC	618	325 W Cumberland Gap Parkway	Corbin	KY	40701	(606) 258-7101

Amigo Foods, LLC	602	308 Skywatch Drive	Danville	KY	40422	(859) 239-9391
All 4 Him LLC	718.1	1018 Bellefonte Road	Flatwoods	KY	41139	(606) 836-0135
All 4 Him LLC	449.1	200 State Route 1947	Grayson	KY	41143	(606) 475-9800
Lonesome Pine Dining, Inc.	509	316 South Main St.	Harlan	KY	40831	(606) 573-4900
Amigo Foods, LLC	711.1	1066 North College Street	Harrodsburg	KY	40330	(859) 734-4277
Mountaineer Restaurants, Inc.	515	173 Village Lane	Hazard	KY	41701	(606) 436-5733
All 4 Him LLC	716	1014 Bypass South	Lawrenceburg	KY	40342	(502) 859-0880
All 4 Him LLC	673	613 West Main Street	Lebanon	KY	40033	(270) 699-2143
Standiford Group, Inc.	548.1	118 Commerce Drive	Leitchfield	KY	42754	(270) 230-0100
Luxor Foods, LLC	537	201 Kings Way	London	KY	40741	(606) 862-4055
Blue Valley Development, LLC	715	455 Hudson Park	Madisonville	KY	42038	(270) 825-2366
Clay Foods, Inc.	565	415 Highway 80	Manchester	KY	40962	(606) 598-0109
Hometown Family Foods, LLC	557.1	235 E. Hwy 90 Bypass	Monticello	KY	42633	(606) 348-3447
J & F Enterprises, LLC	685	2323 Flemingsburg Road	Morehead	KY	40351	(606) 784-1139
BLTK Hospitality, LLC	934	3248 Mount Moriah Ave	Owensboro	KY	42303	(270) 240-2076
Huddle Again II, Inc.	679.2	3060 S Dixie Blvd	Radeliff	KY	40160	(270) 352-5200
All 4 Him LLC	1020	2475 Lakeway Drive	Russell Springs	KY	42642	(270) 858-6326
Avery Hospitality, Inc.	849	71 Lois Moore Drive	Scottsville	KY	42164	(270) 622-3663
SS & TT Enterprises of Williamsburg, LLC	576	583 Hwy 92	Williamsburg	KY	40769	(606) 549-8904
D'Argent Franchising, LLC	971	2710 MacArthur Drive	Alexandria	LA	71301	(318) 704-6196
Double CSW Restaurants, LLC	616.1	2301 E. Madison Ave	Bastrop	LA	71220	(318) 281-5464
101 Operating Company Inc	615	536 Highway 151 North	Calhoun	LA	71225	(318) 644-0756
LaPlace Travel Center, LLC	460	4325 US Hwy 51	LaPlace	LA	70068	(985) 651-1800
JAM Properties, LLC	680	12155 US Highway 80 Suite 2	Minden	LA	71055	(318) 382-4954
Bealu, LLC	564	5306 University Parkway	Natchitoches	LA	71457	(318) 352-7711
Charles, Gail & James Ellis	109	501 North Service Rd.	Ruston	LA	71270	(318) 255-1449
Jyireh II, LLC	767	1640 St. Mary Street	Scott	LA	70583	(337) 456-5102
Ortego Oil & Supply Co., LLC	1023	1828 I-49 Frontage Road	Sunset	LA	70584	(337) 662-3509
LUCKY STAR TRAVEL CENTER, LLC	571	103 E. Bayou Road	Thibodaux	LA	70301	(985) 447-5567
J.B. Contracting, Inc.	533	10 Northwood Drive	Bonne Terre	MO	63628	(573) 358-5882
American Landmark	720	511 North Kingsway	Cape Girardeau	MO	63701	(573) 332-7400

Properties, LLC						
Over Easy Number XVII LLC	797.1	2460 East US Highway 60	Charleston	MO	63834	(573) 683-4176
Britton Restaurants, LLC	541	5887 Highway 19 N	Cuba	MO	65453	(573) 885-0043
Knott Enterprises, LLC	792	13012 State Route 21	DeSoto	MO	63020	(636) 586-9222
Harwell Holdings, LLC	949	1019 W Business US Hwy 60	Dexter	MO	63841	(573) 625-5800
Ratliff, Inc.	586	305 East Karsch Blvd	Farmington	MO	63640	(573) 760-9213
Ratliff, Inc.	800	1261 West Main Street	Fredericktown	MO	63645	(573) 783-0074
J.B. Restaurant Investments, Inc.	650	8 Chat Road	Leadington	MO	63601	(573) 431-7000
Harwell Holdings, LLC	438	2914 N. Westwood Blvd	Poplar Bluff	MO	63901	(573) 727-0054
Ratliff, Inc.	649	21962 State Highway 32	Sainte Genevieve	MO	63670	(573) 883-9899
Huddle Amory Inc.	644.1	1511 Highway 278 East	Amory	MS	38821	(662) 257-9728
TRC Properties, LLC	489	8 Grandview Drive	Collins	MS	39428	(601) 765-0405
Clark Oil Company, Inc.	728	1304 Chantilly Street	Laurel	MS	39440	(601) 428-1985
Drennan Family Foods, LLC	572	1664 Simpson Hwy 49	Magee	MS	39111	(601) 849-2814
Gatekeeper Enterprises, Inc.	676	924 City Avenue South	Ripley	MS	38663	(662) 837-4933
Huddle Tupelo Inc.	653.1	107 Stone Creek Blvd.	Tupelo	MS	38804	(662) 680-3216
BDK of Randolph, LLC	371	731 West Dixie Drive	Asheboro	NC	27205	(336) 629-0302
Hospitality Food Service, LLC	126.1	400 Hendersonville Road	Asheville	NC	28803	(828) 274-5726
Hospitality Food Service, LLC	315.1	609 Hwy 441 & 23	Dillsboro	NC	28725	(828) 586-3663
Hospitality Food Service, LLC	188.2	914 Georgia Road	Franklin	NC	28734	(828) 524-9324
Hospitality Food Service, LLC	237.1	180 Hwy 64 East	Hayesville	NC	28904	(828) 389-4424
Dobbs Place, Incorporated	496	2806 West 5th Street	Lumberton	NC	28358	(910) 738-8084
Ameer Enterprise, Inc.	474.1	940 W. Broad Street	St. Pauls	NC	28384	(910) 865-6100
Hospitality Food Service, LLC	463.1	49 Hyatt Creek Road	Waynesville	NC	28786	(828) 456-8601
Over Easy Number XVIII, LLC	790.1	3150 39th Street SW	Fargo	ND	58104	(701) 282-7766
Tim Lichti	850	5018 S. Lincoln Avenue	York	NE	68467	(402) 362-1009
ANJU Food Outlets, LLC	957	17 Outwater Lane	Garfield	NJ	7026	(973) 955-0895
Over Easy Number XI, LLC	777	2450 Cooper Drive	Ardmore	OK	73401	(580) 223-6435
Over Easy Number XII, LLC	778	4801 Northeast 122nd Street	Edmond	OK	73013	(405) 475-1059
Hutchinson Oil Company, LLC	761	103 Regional Drive	Elk City	OK	73644	(580) 303-4505

Over Easy Number XIII, LLC	779	701 South Morgan Road	Oklahoma City	OK	73128	(405) 577-2017
Over Easy Number XIX, LLC	787.1	2210 Camp Swatara Road	Frystown	PA	17067	(717) 933-4171
BFS Foods, Inc.	799	106 Gas Company Road	Mt. Morris	PA	15349	(724) 324-9320
Circle K Stores Inc.	425	1694 Old 96 Indian Trail Road	Batesburg	SC	29006	(803) 657-6686
William & Timothy Wilkerson	240	1141 Cottingham Blvd	Bennettsville	SC	29512	(843) 479-6968
Wilkerson Enterprises, Inc.	683	1343 Sumter Highway	Bishopville	SC	29010	(803) 428-2147
Wilkerson Enterprises, Inc.	177	1029 W. Dekalb Street	Camden	SC	29020	(803) 432-3922
James Island Foods, LLC	259	933 Folly Road	Charleston	SC	29412	(843) 762-7404
William & Timothy Wilkerson	172	866 US Hwy 1 South	Cheraw	SC	29520	(843) 537-0222
AYS Enterprises, Inc.	162.1	799 Radford Blvd.	Dillon	SC	29536	(843) 774-1913
AYS Enterprises, Inc.	475.2	400 Pamplico Hwy	Florence	SC	29505	(843) 669-9138
Tulsi Foods, LLC	599.1	1904 W. Evans Street	Florence	SC	29501	(843) 667-8898
Circle K Stores Inc.	527	651 Bettis Academy Road,	Graniteville	SC	29829	(803) 663-6561
JA Foods, Inc.	374	556 Hwy 72 Bypass NW	Greenwood	SC	29649	(864) 227-0800
JA Foods, Inc.	520	2531 U.S. 25 South	Greenwood	SC	29646	(864) 943-2400
Hampton Foods, LLC	181	809 Elm Street, West	Hampton	SC	29924	(803) 943-5734
BAM VENTURES, LLC	967	7797 Kershaw Camden Hwy	Kershaw	SC	29067	(803) 475-7633
C & S, LLC	257	92 Sea Island Parkway	Lady's Island	SC	29907	(843) 379-0590
William & Timothy Wilkerson	170	1145 Highway 9 Bypass West	Lancaster	SC	29720	(803) 283-8871
FNG Hospitality, LLC	138	2867 Paxville Highway	Manning	SC	29102	(803) 473-3670
AYS Enterprises, Inc.	500.1	2424 U.S. Hwy 76	Marion	SC	29571	(843) 275-0370
AYS Enterprises, Inc.	437.1	206 E. Pine St.	McBee	SC	29101	(843) 335-5376
JA Foods, Inc.	311	308 South Mine Street	McCormick	SC	29835	(864) 852-2601
Moncks Corner Foods, LLC	205	404 N. Hwy 52	Monck's Corner	SC	29461	843-899-8300
FNG Hospitality, LLC	127	9047 Old Number Six Hwy	Santee	SC	29142	(803) 854-2220
Walterboro Foods, LLC	203	1593 Bells Highway	Walterboro	SC	29488	(843) 538-3141
Sarnarth, Corp	876	24315 Main Street	Ardmore	TN	38449	(931) 427-3030
Huddle Again TN, Inc.	713.3	105 Fast Lane	Baxter	TN	38544	(931) 858-1713
Over Easy, LP	624	5611 Brainerd Road	Chattanooga	TN	37411	(423) 499-2447
Blue Ridge Dining Partners, LLC	1035.1	590 Fire Station Road	Clarksville	TN	37043	(931) 266-0504
Price Foods, Inc.	583.1	4601 Rhea County Highway	Dayton	TN	37321	(423) 775-5790
White Oak Enterprises	706	1037 Nashville Highway	Lewisburg	TN	37091	(931) 359-7999

Huddle Again TN, Inc.	608.3	1660 Pamida Drive	Livingston	TN	38570	(931) 403-6608
Over Easy Number IV, L.P	499	2426 E. Lamar Alexander Parkway	Maryville	TN	37804	(865) 379-4409
Hospitality Food Service, LLC	535.1	1130 W. Hwy 25/70	Newport	TN	37821	(423) 625-6371
Wendi Lundberg	295	1502 East Wood St.	Paris	TN	38242	(731) 644-1515
Om Sai of Savannah, LLC	723.3	104 Bridge Avenue	Savannah	TN	38372	(731) 277-5202
Price Foods, Inc.	399.1	1209 N. Main Street	Shelbyville	TN	37160	(931) 685-0082
Over Easy Number VIII, L.P	619	9401 Reco Drive	Soddy Daisy	TN	37379	(423) 332-0230
Huddle Again TN, Inc.	555.3	810 Walker Cove Rd.	Sparta	TN	38583	(931) 739-1555
Gajanand Foods, LLC	970	259 New Hwy 68	Sweetwater	TN	37874	(423) 271-6475
Gajanand Foods, LLC	969	1051 King St. SW	Cleveland	TN	37311	(432) 458-4917
Over Easy Number XIV, LLC	788	714 S. Central Expressway	Anna	TX	75409	(972) 924-2907
KC & KAJI LLC	773.1	2819 Interstate 30 West	Caddo Mills	TX	75135	(903) 527-5050
Eagle Home Development and Construction Inc.	768	2352 El Indio Highway	Eagle Pass	TX	78852	(830) 776-7083
WFTS Ventures, LLC	841	426 North FM 548	Forney	TX	75126	(972) 552-2855
JYKM-HH-Walburg, LLC	1052	4610 North Interstate 35	Georgetown	TX	78726	
Kent Distributors, Inc.	591	100 S. Gun Barrel Lane	Gun Barrel City	TX	75156	(903) 887-5255
Mookar Industries of Huffman LLC	875.1	24100 FM 2100	Huffman	TX	77336	(936) 672-5575
Fikes Wholesale, Inc.	1050	549 S. Walcott St.	Jefferson	TX	75657	(903) 665-2643
Kent HH, LLC	725	220 E. Jim Sharp Blvd	Kermit	TX	79745	(432) 586-2103
Mookar Industries of Texas LLC	944.1	1155 East Church Street	Livingston	TX	77351	(936) 327-5344
Kent HH, LLC	930.1	6616 Milwaukee	Lubbock	TX	79424	(806) 687-2257
Kent HH, LLC	724	2113 S. Stockton Ave.	Monahans	TX	79756	(432) 943-2171
Fikes Wholesale, Inc.	817	533 Interstate 30 West	Mt. Vernon	TX	75457	(903) 588-3001
Kent HH, LLC	805	600 South Access Road	Tye	TX	79563	(325) 692-4176
Fikes Wholesale, Inc.	818	2824 Highway 287 North	Vernon	TX	76384	(940) 552-2512
Enterprise Shipping International, LLC	902.2	904 West Montgomery Street FM 1097	Willis	TX	77378	(936) 666-1665
LWB Enterprises, Inc.	578.1	1138 E. Lynchburg Salem Turnpike	Bedford	VA	24523	(540) 650-0494
Lonesome Pine Dining, Inc.	925	4611 Aerial Way	Big Stone Gap	VA	24219	(276) 523-6530
HudSun LLC	551.1	1407 South Main Street	Blackstone	VA	23824	(434) 298-2149
Parker Oil Company, Incorporated	744.1	3134 Highway 903	Bracey	VA	23919	(434) 689-0100
WEGO, Inc.	839	473 Kempsville Road	Chesapeake	VA	23320	(757) 410-9091
Lonesome Pine Dining, Inc.	612	5692 Dickenson Highway	Clintwood	VA	24228	(276) 926-8871
Parker Oil Company,	739.1	1589 Skippers Road	Emporia	VA	23847	(434) 634-2829

Incorporated						
HudSun LLC	562.1	1800 South Main Street	Farmville	VA	23901	(434) 332-3027
Southern Va Foods, LLC	598.1	1549 Armory Drive	Franklin	VA	23851	(757) 562-0330
Lonesome Pine Dining, Inc.	628	1526 West Morgan Avenue	Pennington Gap	VA	24277	(276) 546-5088
HudSun South Crater, LLC	936	11807 S. Crater Rd.	Petersburg	VA	23805	(804) 431-5437
Appalachian Restaurants, LLC	874	2659 Front Street	Richlands	VA	24641	(276) 345-9211
HudSun LLC	587.1	3614 Old Halifax Road	South Boston	VA	24592	(434) 272-4278
Lonesome Pine Dining, Inc.	759	16414 Johnnie Ramey Dr	St. Paul	VA	24283	(276) 762-5790
D & A II. L.L.C.	892	2872 Pruden Boulevard	Suffolk	VA	23434	(757) 935-5028
WEGO, Inc.	838	1908 Landstown Centre Way	Virginia Beach	VA	23456	(757) 427-0303
Lonesome Pine Dining, Inc.	544	107 Jackson Street, SW	Wise	VA	24293	(276) 321-7369
BFS Foods, Inc.	740	1 WBUC Road	Buckhannon	WV	26201	(304) 473-1100
Kee Foods, LLC	559.1	1 Central Avenue	Chapmanville	WV	25508	(304) 855-2807
Huddle Again II, Inc.	672.3	407 W. Lafayette Avenue	Moundsville	WV	26041	(304) 810-0048
BFS Foods, Inc.	1069	4156 Freedom Way	Weirton	WV	26062	(304) 915-3282

Franchisees with Signed Franchise Agreements but Units Not Yet Open as of April 27, 2021.

* Indicates that this franchisee has signed a Market Development Agreement (currently none).

** Indicates that the Unit location has not been determined (unit city and state may be different as listed).

Franchisee Name	Unit #	Contact Address	City	State	Zip Code	Contact Number
Skegee Travel Center, LLC	1078	3680 Hwy 81 North	Tuskegee	AL	36083	(334) 321-1650
Milat Corporation	2006	702 Bearcreek Rd Adel, GA 31620**	Lafayette	AL		(347) 654-1279
Ritch Enterprises LLC	1113	901 Birmingham Road	Centreville	AL	35042	(205) 807-8736
Byram Foods, LLC	1110.1	2810 East Highland Drive	Jonesboro	AR	72401	(870) 815-0620
Double CSW Restaurants, LLC	1080	109 Unity Lane	Crossett	AR	71635	(870) 853-6800
Glenmar Foods, LLC	1111	109 W. Alicia, Osceola, AR 72370**	Jonesboro	AR		(870) 853-6800
Glenmar Foods, LLC	1112	109 W. Alicia, Osceola, AR 72370**	Jonesboro	AR		(870) 853-6800
Quincy Restaurants, LLC	1025	101 Spooner Road	Quincy	FL	32351	(678) 949-9782
3 Checks, LLC	1075	1 Persimmon Drive, Palm Coast, FL 32164**	Palm Coast	FL		(440) 623-3341
RASOI, LLC	1087	180 Mary Esther Blvd.	Mary Esther	FL	32569	(714) 727-7493
W.R.A.C., Inc.	1015	2 TDK Blvd, Peachtree City, GA 30269**	Fayetteville	GA		(404) 234-5252

Franchisee Name	Unit #	Contact Address	City	State	Zip Code	Contact Number
Moiez Lokhandwala	1068	4405 International Blvd, Suite C106, Norcross, GA 30093**		GA		(678) 702-1190
Siraj Elahi	1006	S. Stoney Island Ave.**	Chicago	IL	60619	(312) 826-5200
Siraj Elahi	1009	Cook County, Chicago, IL**	Chicago	IL	60619	(312) 826-5200
Siraj Elahi	1010	Cook County Chicago, IL**	Chicago	IL	60619	(312) 826-5200
GCW1, LLC	1054	512 South Seneca Street	Wichita	KS	67213	(316) 200-1707
Robert Ansah-Birkorang	938	5901 Peachtree Dunwoody Rd NE, Sandy Springs, GA 30328**	Bowie	MD		(202) 607-9363
Neal do	2007	7727 S Sunnyslane Road	Oklahoma City	OK	73135	(405) 361-9825
Richard Reaman	982	5901 Peachtree Dunwoody Rd NE, Sandy Springs, GA 30328**	Nesquehoning	PA		(957) 656-1020
2878 Fairground LLC	1093	901 Fairground Rd.	Lavelle	PA	17943	(201) 657-7644
BAM VENTURES, LLC	1047.1	801 E. McGregor St.	Pageland	SC	29728	(203) 669-3535
BAM VENTURES, LLC	1046.1	7797 Kershaw Camden Hwy, Kershaw, SC 29067**	Elgin	SC		(803) 669-3535
Robert & Cassandra Johns	1094	1390 US Hwy 385	Andrews	Texas	79714	(432) 206-8913
Fikes Wholesale, Inc.	1099	6261 Central Point Parkway, Temple, TX 76504**	Kilgore	Texas		(254) 791-0009
S & K Brothers Inc.	1090	1200 Highway 28	Jasper	TN	37347	(951) 388-9188
JYKM TTC Restaurant, LLC	1053	22612 S IH-35 Service Rd, Jarrell, TX 76537**	Salado	TX		(512)633-3796
Donald Whitehorn	1073	2418 Leanett Way, Pearland, TX 77584**	Pearland	TX		(281) 406-6131
Kent HH, LLC	1079	4350-B	Odessa	TX		(432) 520-4000
Fikes Wholesale, Inc.	1098	6261 Central Point Parkway, Temple, TX 76504**	Palestine	TX		(254) 791-0009
Kent HH, LLC	1107	2408 North Big Spring Street, Midland, TX 79705**	San Angelo	TX		(432) 520-4000
Marshall Reed	966	4300 Grandstaff Rd, Fredericksburg, VA 22408**		VA		(540) 891-5216
D & A II. L.L.C.	1007	Benn's Church Blvd.**	Smithfield	VA	23430	(757) 222-33144
HudSun LLC	1024	4595 Sandesara Drive, Prince George, VA 23875**	Kilmarnock	VA		(804) 263-8232

HUDDLE HOUSE, INC. – COMPANY OWNED RESTAURANTS

The following lists the Huddle House Restaurants that HHI owns and operated as of April 27, 2021.

	Unit Number	Address	City	State	Zip Code
Huddle House, Inc.	442.1	1410 Gilmer Avenue	Tallassee	AL	36078
Huddle House, Inc.	094	720 East Battle Street	Talladega	AL	35160
Huddle House, Inc.	352	1580 West Main Street	Centre	AL	35960
Huddle House, Inc.	521.1	16937 Hwy 280	Chelsea	AL	35043
Huddle House, Inc.	508.1	5714 Hwy 278 East	Hokes Bluff	AL	35903
Huddle House, Inc.	1082	803 Saraland Boulevard	Saraland	AL	36571
Huddle House, Inc.	1084	2751 Allison Bonnet Memorial Parkway	Hueytown	AL	35023
Huddle House, Inc.	1104	611 Martin Street N	Pell City	AL	35125
Huddle House, Inc.	057.1	505 Hwy 278 East	Piedmont	AL	36272
Huddle House, Inc.	1086	5881 US Hwy 231	Wetumpka	AL	36092
Huddle House, Inc.	1088	100 Us - 80 East	Demopolis	AL	36732
Huddle House, Inc.	1091	15485 US Hwy. 43	Russellville	AL	35653
Huddle House, Inc.	1105	4655 Center Point Road	Pinson	AL	35126
Huddle House, Inc.	297.1	1402 North Young Blvd	Chiefland	FL	32626
Huddle House, Inc.	695.1	3320 N US Highway 441	Lake City	FL	32055
Huddle House, Inc.	096	916 Oak Street	Eatonton	GA	31024
Huddle House, Inc.	171	460 South Columbia Ave	Rincon	GA	31326
Huddle House, Inc.	175	709 West Spring St.	Monroe	GA	30655
Huddle House, Inc.	429	3887 Centerville Rosebud Road	Snellville	GA	30039
Huddle House, Inc.	409	1260 Hwy 21 South	Springfield	GA	31329
Huddle House, Inc.	247.1	412 U.S. Highway 25, N.	Millen	GA	30442
Huddle House, Inc.	337.1	Elm Streety	lincolnton	GA	30817
Huddle House, Inc.	097.1	US One 438 South Main St.	Swainsboro	GA	30401
Huddle House, Inc.	472.1	1701 Ocilla Highway	Douglas	GA	31533
Huddle House, Inc.	130.1	306 U.S.Hwy 1 By-Pass	Louisville	GA	30434
Huddle House, Inc.	193.1	401 W. Ogeechee St.	Sylvania	GA	30467
Huddle House, Inc.	161.1	1612 S. Peterson Ave.	Douglas	GA	31535
Huddle House, Inc.	1089	40 US Hwy 84 East	Cairo	Ga	39828
Huddle House, Inc.	446.1	2457 U.S. Hwy 19	Pelham	GA	31779
Huddle House, Inc.	430.1	1297 Ellis Street	Augusta	GA	30901
Huddle House, Inc.	216.1	237 Hwy 30 West	New Albany	MS	38652
Huddle House, Inc.	378.1	1925 W.Jackson Ave.	Oxford	MS	38655
Huddle House, Inc.	433.1	660 Highway 7 South	Holly Springs	MS	38635
Huddle House, Inc.	522.1	147 Lakewood Dr.	Batesville	MS	38606
Huddle House, Inc.	540.1	500 E. Main Street	Senatobia	MS	38668

Huddle House, Inc.	563.1	1203 N. Second Street	Booneville	MS	38829
Huddle House, Inc.	523.1	1603 South Adams Street	Fulton	MS	38843
Huddle House, Inc.	462.1	333 State Hwy 15 N.	Pontotoc	MS	38863
Huddle House, Inc.	821.1	3760 South Eason Blvd, Suite B	Tupelo	MS	38801
Huddle House, Inc.	469.1	2900 Hwy 72 West	Corinth	MS	38834
Huddle House, Inc.	382.1	2426 Highway 82 East	Greenville	MS	38703
Huddle House, Inc.	558.1	1028-A West Beacon Street	Philadelphia	MS	39350
Huddle House, Inc.	1083	701 Hwy 16 West	Carthage	MS	39051
Huddle House, Inc.	169	10621 Dunbarton Blvd.	Barnwell	SC	29812
Huddle House, Inc.	262	808 East Liberty St.	York	SC	29745
Huddle House, Inc.	381.1	3602 Richard Ave West	Aiken	SC	29801
Huddle House, Inc.	394.1	515 A By-Pass 123	Seneca	SC	29678
Huddle House, Inc.	227.1	218 N. Ron McNair Blvd.	Lake City	SC	29560
Huddle House, Inc.	219.1	904 S. 5th Street	Hartsville	SC	29550
Huddle House, Inc.	458.1	3030 South First St.	Milan	TN	38358
Huddle House, Inc.	440.1	1120 Hwy 51 West	Dyersburg	TN	38024
Huddle House, Inc.	758.1	201 Hawks Road	Martin	TN	38237
Huddle House, Inc.	1106	937 Smithville Hwy	McMinnville	TN	37110

FORMER FRANCHISEES

The following lists the names, city and state, and current business telephone numbers or if unknown, the last known home telephone) of HHI Standard Unit franchisees that had a franchise terminated, cancelled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under its Franchise Agreement during HHI's most recently completed fiscal year, which ended April 27, 2021, or which has not communicated with HHI within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Former Franchisees of Units that Ceased Operating:

Former Franchisee Name	Unit #	Address	City	State	Zip Code	Phone Number
Terminations:						
HHK Food, LLC	282.2	192 West Clinton Street	Gray	GA	31032	(478) 986-1205
HHK Food, LLC	183.2	1221 E Harris Street	Sandersville	GA	31082	(478) 986-1205
Huddle Again, Inc.	842.3	101 South 45th Street	Mount Vernon	IL	62864	(270) 608-4750
Austin Foodmar, Inc.	762.1	118 South Dowling Street	Austin	IN	47102	(812) 344-4870
Doughboy Foods, LLC	682	7323 Utah Avenue	Ft. Polk	LA	71459	(705) 306-5602
Louisiana C Store Management Associates, LLC	763	9800 Westbank Expressway	Westwego	LA	70094	(504) 324-4552
Hope Ventures, LLC	937	10595 Greenbelt Road	Lanham	MD	20706	(202) 607-9363
Knott Enterprises, LLC	642	1201 North Bishop Avenue	Rolla	MO	65401	(573) 260-2953
Gandhi & Dinakaran of Stokesdale, Inc.	638	2301 US Highway 220 North	Stokesdale	NC	27357	(336) 269-3456
The Village Eats, LLC	629	5000 Park Avenue West	Seville	OH	44273	(330) 608-5893
Ocoee Whitewater Properties, LLC	686	4141 Hwy 411	Ocoee	TN	37361	(706) 278-6000
Cleburne Double H, Inc.	641	200 South Colonial Drive	Cleburne	TX	76033	(817) 202-8184
287 Comfort Cooking Inc.	826.1	1151 Martin Luther King Boulevard	Fort Worth,	TX	76112	(817) 714-1197
Huddle House 968 LLC	968	44900 Western Center Boulevard	Halton City	TX	76137	(817) 808-0026
Cleburne Double H, Inc.	704	319 N Broadway	Joshua	TX	76033	(817) 202-8184
Leaders Premier Inc.	867.1	6025 FM 3538 Road	Sealy	TX	77474	(404) 455-1308
Nonrenewals:						
AKA 635, LLC	635.1	702 S Pierce Street	Alma	GA	31510	(912) 230-1359
Mountain View Development, LLC	606	1125 N Hwy US 27	Whitley City	KY	42653	(606) 354-3855
Barth HH, Inc.	633	104 Maryhill Road	Pineville	LA	71360	(318) 641-1875
J.B. Restaurant Investments, Inc.	617	10022 Franklin Road	Potosi	MO	63664	(314) 520-7922
GPG Enterprises, Inc.	476.2	2600 US Highway 117 S.	Goldsboro	NC	27530	(336) 504-2275

Former Franchisee Name	Unit #	Address	City	State	Zip Code	Phone Number
Kingstree Foods, LLC	150	1611 North Longstreet	Kingstree	SC	29556	(270) 666-6168
Ceased Operations (other reasons):						
Price Foods, Inc.	657.1	37177 Hwy 231, Unit 1	Ashville	AL	35953	(256) 582-1927
Angeo enterprises II, LLC	566	3140 Martin Luther King Boulevard	Blakley	GA	39823	(229) 881-5736
Hospitality Food Service, LLC	416.1	148 Main Street	Andrews	NC	28901	(828) 277-1621
Wilkerson Enterprises, Inc.	334	1713 US Highway 15	Laurinburg	NC	28352	(843) 537-5939

Former Franchisees of Units that HHI Reacquired:

Former Franchisee Name	Unit #	Address	City	State	Zip Code	Phone Number
Morrison Enterprises, Inc.	057	505 Highway 278 East	Piedmont	AL	36272	(256) 447-9672

Former Franchisees Transferred Franchised Unit:

Former Franchisee Name	Unit #	Address	City	State	Zip Code	Phone Number
Gleaner Foods, LLC	1110.1	2810 East Highland Drive	Jonesboro	AR	72401	(870) 860-5010
Investment Properties	183.1	1221 S Harris Street	Sandersville	GA	31082	(478) 552-7669
JL Brandt, LLC, Litchfield	827.1	11 Corvette Drive	Litchfield	IL	62056	(217) 324-2212
ASTA Hospitality, LLC	126.1	410 Hendersonville Rd	Hendersonville	NC	28791	(828) 274-5726
Johnny Mack Louallen	583.1	4601 Rhea County Highway	Dayton	TN	37321	(423) 838-2591
H.B. American Group, Inc.	875.1	24100 FM 2100	Huffman	TX	77336	(936) 672-5575

EXHIBIT E
FINANCIAL STATEMENTS

HUDDLE HOUSE, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AS OF APRIL 27, 2021 AND APRIL 28, 2020
AND FOR THE YEARS ENDED
APRIL 27, 2021, APRIL 28, 2020, AND APRIL 30, 2019

HUDDLE HOUSE, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Huddle House, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of Huddle House, Inc. and Subsidiary, which comprise the consolidated balance sheets as of April 27, 2021 and April 28, 2020, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position as of April 27, 2021 and April 28, 2020 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, are in accordance with accounting principles generally accepted in the United States of America.

August 18, 2021

Frazier + Deeter, LLC

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Balance Sheets *(In Thousands, Except Share Data)*

	Assets	
	<u>April 27, 2021</u>	<u>April 28, 2020</u>
Current Assets:		
Cash	\$ 3,888	\$ 8,034
Accounts receivable:		
Franchisees, net of allowance for doubtful accounts of \$492 and \$816, respectively	4,322	3,682
Other	513	276
Due from related parties	6,602	5,269
Inventories	3,813	3,582
Prepaid expenses and other current assets	1,135	1,364
Prepaid income tax	<u>1,836</u>	<u>1,055</u>
Total current assets	<u>22,109</u>	<u>23,262</u>
Land, property, and equipment - net of accumulated depreciation of \$6,577 and \$4,298, respectively	<u>23,544</u>	<u>37,982</u>
Other assets:		
Goodwill - net of accumulated amortization of \$16,993 and \$11,760, respectively	35,337	40,570
Intangible assets - net of accumulated amortization of \$16,142 and \$11,175, respectively	47,658	52,625
Investment	400	400
Due from related party, long-term	300	300
Other	<u>1,873</u>	<u>2,230</u>
Total other assets	<u>85,568</u>	<u>96,125</u>
Total Assets	<u>\$ 131,221</u>	<u>\$ 157,369</u>

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Balance Sheets - Continued *(In Thousands, Except Share Data)*

	<u>April 27, 2021</u>	<u>April 28, 2020</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 5,179	\$ 6,683
Accrued expenses	7,006	4,414
Franchisee deposits	3,320	3,373
Franchise advertising contribution, net	416	-
Deferred franchise fees, current	333	-
Deferred gain on sale-lease back, current	148	148
Deferred revenue, current	9	50
Current portion of sale-lease back liability	177	171
Current portion of long-term debt and capital lease obligations	<u>6,516</u>	<u>4,771</u>
Total current liabilities	23,104	19,610
Long-term debt and capital lease obligations, net of current portion, and unamortized deferred financing costs of \$719 and \$1,131, respectively	68,581	84,749
Sale-lease back liability, net of current portion	4,916	5,093
Other long-term liabilities	2,286	2,911
Deferred franchise fees, net of current portion	1,612	-
Deferred gain on sale-lease back, net of current portion	2,599	2,747
Deferred revenue, net of current portion	-	20
Deferred income taxes, net	<u>11,176</u>	<u>12,974</u>
Total liabilities	<u>114,274</u>	<u>128,104</u>
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$1.00 par value - 100 authorized, issued and outstanding	-	-
Additional paid-in capital	45,194	44,922
Accumulated deficit	<u>(28,247)</u>	<u>(15,657)</u>
Total stockholders' equity	<u>16,947</u>	<u>29,265</u>
Total Liabilities and Stockholders' Equity	<u>\$ 131,221</u>	<u>\$ 157,369</u>

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Statements of Operations

For the Years Ended April 27, 2021, April 28, 2020, and April 30, 2019
(In Thousands)

	<u>April 27, 2021</u>	<u>April 28, 2020</u>	<u>April 30, 2019</u>
Revenues:			
Revenues:	\$ 88,937	\$ 99,201	\$ 106,234
Marketing fund revenues:	<u>4,827</u>	<u>-</u>	<u>-</u>
Total revenues	<u>93,764</u>	<u>99,201</u>	<u>106,234</u>
Cost and expenses:			
Cost of food, supplies, rental, and equipment sales	42,023	49,505	54,461
Selling, general, and administrative expenses	37,941	41,494	34,505
Marketing fund expenses	5,787	-	-
Loss (gain) on disposal of land, property, and equipment	2,724	(165)	(137)
Depreciation and amortization	<u>12,906</u>	<u>12,640</u>	<u>12,423</u>
Total cost and expenses	<u>101,381</u>	<u>103,474</u>	<u>101,252</u>
Operating (loss) income	<u>(7,617)</u>	<u>(4,273)</u>	<u>4,982</u>
Other income (expense):			
Interest income	3	6	14
Interest expense	<u>(5,426)</u>	<u>(7,486)</u>	<u>(6,543)</u>
Loss before benefit (provision) for income taxes	(13,040)	(11,753)	(1,547)
Benefit (provision) for income taxes	<u>1,924</u>	<u>2,134</u>	<u>(726)</u>
Net loss	<u>\$ (11,116)</u>	<u>\$ (9,619)</u>	<u>\$ (2,273)</u>

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Statements of Stockholders' Equity

For the Years Ended April 27, 2021, April 28, 2020, and April 30, 2019
(In Thousands, Except Share Data)

	Outstanding Stock (All Classes)		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' (Deficit) Equity
	Shares	Amount			
Balance, May 1, 2018	100	\$ -	\$ 44,415	\$ (3,307)	\$ 41,108
Distribution to Parent	-	-	-	(27)	(27)
Stock option compensation	-	-	217	-	217
Net loss - for the year ended April 30, 2019	-	-	-	(2,273)	(2,273)
Balance, April 30, 2019	100	-	44,632	(5,607)	39,025
Distribution to Parent	-	-	-	(431)	(431)
Stock option compensation	-	-	290	-	290
Net loss - for the year ended April 28, 2020	-	-	-	(9,619)	(9,619)
Balance, April 28, 2020	100	-	44,922	(15,657)	29,265
Impact of ASC Topic 606 Adoption, net of tax benefit of \$490,000	-	-	-	(1,474)	(1,474)
Stock option compensation	-	-	272	-	272
Net loss - for the year ended April 27, 2021	-	-	-	(11,116)	(11,116)
Balance, April 27, 2021	<u>100</u>	<u>\$ -</u>	<u>\$ 45,194</u>	<u>\$ (28,247)</u>	<u>\$ 16,947</u>

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended April 27, 2021, April 28, 2020, and April 30, 2019

(In Thousands)

Increase (Decrease) in Cash	<u>April 27, 2021</u>	<u>April 28, 2020</u>	<u>April 30, 2019</u>
<u>Cash flows from operating activities:</u>			
Net loss	\$ (11,116)	\$ (9,619)	\$ (2,273)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	12,906	12,640	12,423
Amortization of deferred loan costs	412	412	412
Amortization of deferred gain on sale-lease back	(148)	(89)	-
Provision for bad debts	(324)	589	16
Deferred franchise fees	(19)	-	-
Deferred income taxes	(1,308)	(3,290)	(1,826)
(Gain) loss on interest rate swap	(824)	1,633	752
Loss (gain) on sale of land, property, and equipment	2,724	(165)	(137)
Amortization of above/below market leases	106	119	102
Stock option compensation	272	290	217
Changes in assets and liabilities, net of assets acquired:			
Accounts receivable	(553)	391	(155)
Due from related parties	(1,333)	(5,447)	-
Inventories	(231)	295	(791)
Prepaid expenses and other current assets	229	(472)	(265)
Prepaid income tax	(781)	(267)	(592)
Other assets	242	154	569
Accounts payable	(1,602)	970	628
Accrued expenses	2,592	957	(503)
Franchisee deposits	(53)	(68)	116
Franchise advertising contributions, net	416	-	-
Deferred revenue	(61)	(61)	(60)
Other long-term liabilities	208	(50)	(672)
Net cash provided by (used in) operating activities	<u>1,754</u>	<u>(1,078)</u>	<u>7,961</u>
<u>Cash flows from investing activities:</u>			
Capital expenditures	(4,462)	(21,061)	(5,037)
Proceeds from the sale of land, property, and equipment	13,690	8,015	788
Contribution to investment	-	(400)	-
Additional consideration paid	-	-	(562)
Net cash provided by (used in) investing activities	<u>9,228</u>	<u>(13,446)</u>	<u>(4,811)</u>
<u>Cash flows from financing activities:</u>			
(Payments) advances on lines of credit	(1,172)	4,250	-
Proceeds from senior debt borrowing	-	15,000	-
Repayment of senior debt borrowing	(13,739)	(4,310)	(3,000)

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows - Continued

For the Years Ended April 27, 2021, April 28, 2020, and April 30, 2019
(In Thousands)

	<u>April 27,</u> <u>2021</u>	<u>April 28,</u> <u>2020</u>	<u>April 30,</u> <u>2019</u>
Increase (Decrease) in Cash			
Distribution to Parent	-	(431)	(27)
Principal payments on capital lease obligations	(46)	(41)	(40)
Proceeds from sale of sale-leaseback properties	-	2,673	2,727
Repayment of sale-leaseback liability	<u>(171)</u>	<u>(131)</u>	<u>(5)</u>
Net cash (used in) provided by financing activities	<u>(15,128)</u>	<u>17,010</u>	<u>(345)</u>
Net (decrease) increase in cash	(4,146)	2,486	2,805
Cash, beginning of year	<u>8,034</u>	<u>5,548</u>	<u>2,743</u>
Cash, end of year	<u>\$ 3,888</u>	<u>\$ 8,034</u>	<u>\$ 5,548</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	<u>\$ 5,739</u>	<u>\$ 5,372</u>	<u>\$ 4,971</u>
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Supplemental Disclosure of Noncash Investing and Financing Transactions:

During the year ended April 27, 2021, the Company entered into new capital leases for office equipment totaling approximately \$122,000.

During the year ended April 27, 2021 and April 28, 2020, the Company acquired property, plant, and equipment totaling \$98,000 and \$1,980,000, respectively, included within accounts payable.

During the year ended April 28, 2020, the Company entered into sale-lease back transactions resulting in a deferred gain of \$2,984,000.

See notes to consolidated financial statements.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies:

Huddle House, Inc. (HHI), operates and licenses to others the right to develop and operate 24-hour, full-service convenience restaurants under the Huddle House name. In addition, HHI sells food, supplies, parts, and equipment to Huddle House system restaurants. HHI also leases restaurant facilities and equipment to franchisees of Huddle House system. Unaudited system sales, including franchise locations and Company-owned locations, aggregated approximately \$188,565,000, \$220,891,000, and \$243,590,000 for the fiscal years ending April 27, 2021 (Fiscal 2021), April 28, 2020 (Fiscal 2020), and April 30, 2019 (Fiscal 2019), respectively. There were 53 and 48 Company-owned stores as of April 27, 2021 and April 28, 2020, respectively. There were 260 and 285 franchise stores as of April 27, 2021 and April 28, 2020, respectively.

As of and for the year ended April 29, 2020, HHI consolidated the balances and results of operations of Huddle House Marketing Fund, Inc. (HH Marketing Fund), an advertising cooperative required to be joined by HHI's company-owned and franchised restaurants. Prior to April 29, 2020, HH Marketing Fund was not consolidated by HHI. Therefore, HHI and HH Marketing Fund are collectively referred to as the "Company."

These consolidated financial statements include the financial statements of HHI and the HH Marketing Fund as of and for the year ended April 27, 2021 and only the financial statements of HHI as of and for the fiscal years ended April 28, 2020 and April 30, 2019.

Peachtree Holdco Inc. (PHI) was formed on December 20, 2017, by Elysium Capital Management, LLC (Elysium) and various other minority shareholders. Upon completion of a series of related transactions on January 31, 2018, PHI acquired 100% of the outstanding stock of Huddle House Holdings, Inc. (HHHI), the parent of HHI.

Basis of consolidation

The accompanying consolidated financial statements include the accounts of HHI and HH Marketing Fund. All significant intercompany transactions have been eliminated in consolidation.

Basis of presentation

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification), which is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities. All of the Codification's content carries the same level of authority.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Use of estimates in the preparation of financial statements

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

Operating cycle

The Company's fiscal year is the 52- or 53-week period ending the Tuesday nearest to the final day of April. The years ended April 27, 2021, April 28, 2020, and April 30, 2019 all included 52 weeks.

Receivables and credit policies

Accounts receivables are uncollateralized franchisee obligations due under normal trade terms requiring payment within 15 days from the invoice date. Franchisee account balances not paid within payment terms are considered delinquent and may include interest.

The Company carries accounts receivable at amounts deemed to be collectible by management. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. Accounts are written off when the account is determined to be uncollectible. Recoveries are recognized in the period they are received. The ultimate collectibility of the accounts receivable may differ from that estimated by management. At April 27, 2021 and April 28, 2020, the Company has recorded an allowance for doubtful accounts of \$492,000 and \$816,000, respectively.

The Company periodically offers loans to individual franchisees. These notes accrue interest with an average effective rate of 8.8%, and are due on various dates through December 2027. Amounts due to the Company under notes at April 27, 2021 and April 28, 2020, totaled \$78,000 and \$102,000, respectively, and are included in other accounts receivable and other assets in the accompanying balance sheets.

Inventories

Inventories are valued at the lower of cost or market, with cost determined by applying the first-in, first-out valuation method.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Land, property, and equipment

Land, property, and equipment are recorded at cost. Depreciation of property and equipment are provided using the straight-line method over the following estimated useful lives:

Buildings and leasehold improvements	Shorter of 5 - 30 years or life of lease
Equipment and vehicles	3 - 8 years

Property under capital leases are stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value of the leased property at the inception of the lease. Property and equipment held under capital leases and leasehold improvements are amortized using the shorter of the lease term or estimated useful life of the asset.

Expenditures for maintenance and repairs are charged to expense as incurred. Additions and betterments are capitalized. The cost of properties sold or otherwise disposed of, and the accumulated depreciation thereon is eliminated from the property and reserve accounts, and gains and losses are reflected in the consolidated statements of operations.

The Company reviews annually, or more frequently if circumstances require, the lives and depreciation methods assigned to long lived assets, such as property and equipment. The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable (based on estimates of future undiscounted cash flows). In the event of impairment, the asset is written down to its fair value. No impairments were recognized for the years ended April 27, 2021, April 28, 2020, or April 30, 2019.

Goodwill and intangible assets

Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company amortizes goodwill on a straight-line basis over 10 years. The Company will test goodwill when a triggering event occurs that indicates that the fair value of the Company may be below its carrying amount. When a triggering event occurs, an entity has the option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, the entity must perform the quantitative test to compare the entity's fair value to its carrying amount, including goodwill, with an impairment loss, if any, representing the excess of the Company's carrying amount to its fair value (limited to the carrying amount of goodwill of the Company).

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Goodwill and intangible assets - continued

Intangible assets principally include trade names and franchise agreements. Intangible assets of the Company have been recorded at their estimated fair value based upon the valuation on the date of acquisition. Trade names are considered to have an indefinite life and are not subject to amortization. The franchise agreements are being amortized based upon estimated underlying cash flows, which approximates the straight-line method over the average remaining life of the franchise agreements of nine years. If impairment is indicated, the Company assesses recoverability of amortizable intangibles from future operations using undiscounted cash flows derived from the lowest appropriate asset groupings. Impairments, if indicated, are recognized in operating results to the extent that the carrying value exceeds fair value, which is generally determined based on the net present value of estimated future cash flows or market data for comparable companies.

The Company determined that the Coronavirus (COVID-19) outbreak resulted in a significant net loss during the year ended April 28, 2020, which represented a triggering event. The Company, with the help of a third-party appraisal firm, performed an impairment test to recalculate the fair value of the Company as of April 28, 2020 based on the discounted cash flows of the Company, which utilized an average of the income approach and market approach, plus cash and cash equivalents, excess cash-free net working capital and the tax amortization benefit as of the impairment date. The fair value of the Company exceeded the carrying value of the asset. As such, there was no impairment loss recorded during the year ended April 28, 2020. There was no impairment recognized for the year ended April 27, 2021.

Investment

The Company's investment is accounted for under the cost method of accounting and is carried at cost.

Revenue recognition

On April 29, 2020, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers" (ASC Topic 606). ASC Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most previous revenue recognition guidance, including industry-specific guidance. ASC Topic 606 outlines a five-step process for revenue recognition that focuses on transfer of control and also requires enhanced disclosures regarding the nature, amount, timing, and

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Revenue recognition - continued

uncertainty of revenues and cash flows from contracts with customers. Major provisions of ASC Topic 606 including determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and how revenue should be recognized at a point in time or over time.

The Company adopted ASC Topic 606 using the modified retrospective approach, and accordingly the new guidance was applied retrospectively to franchise fees and the HH Marketing Fund. Franchise fees were previously recorded at the point in time when the franchisee location began operations. Under ASC Topic 606, franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which generally range from 10 to 20 years. The gross amount of the adjustment to franchise fees was \$1,964,000 which was offset by the change to deferred income taxes of \$490,000. As a result, the Company decreased the opening balance of consolidated accumulated deficit as of April 29, 2020, by \$1,474,000. Also as a result of the adoption of ASC Topic 606, the Company is required to consolidate the marketing fund and present advertising fund income and related marketing expenses on their income statement on a gross basis. There was no impact to opening consolidated accumulated deficit as of April 29, 2020. The HH Marketing Fund income and related marketing expense would have had no impact to the consolidated statement of operations for the years ended April 28, 2020 and April 30, 2019.

The Company recognizes revenues from food, supplies, and equipment sales upon delivery to franchisees. Restaurant revenues is recognized at time of sale to the customer. Royalties and termination fees are recognized as revenue when they are earned pursuant to the franchise agreement. Rent revenue is recognized on a straight-line basis based on the total payments required under the leases.

The Company provides services related to marketing to franchisees that are distinct from the franchise agreement because they do not require integration with other services the Company provides. The Company has determined that it is the principal in these arrangements. Accordingly, the related revenue is presented on a gross basis on the consolidated statements of operations. Marketing revenues are based on a percent of sales and are recognized at the time the underlying sales occur.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Revenue recognition - continued

Revenue consists of the following for the years ended (in thousands):

	<u>April 27,</u> <u>2021</u>	<u>April 28,</u> <u>2020</u>	<u>April 30,</u> <u>2019</u>
Food, supplies, and equipment revenue	\$ 47,828	\$ 59,446	\$ 67,243
Restaurant sales	32,049	28,344	26,897
Operations revenue	7,395	9,100	10,246
Franchise fee revenue	351	777	820
Marketing fund revenue	4,827	-	-
Other revenue	<u>1,314</u>	<u>1,534</u>	<u>1,028</u>
	<u>\$ 93,764</u>	<u>\$ 99,201</u>	<u>\$ 106,234</u>

Vendor discounts

The Company has certain agreements with vendors that generally provide discounts to the Company on purchases. Such discounts are accrued when related purchases are received and are classified as a reduction of product cost.

Franchisee deposits

Franchisee deposits are comprised of security deposits and monies received in advance for future franchise location openings. Security deposits are refundable upon expiration of a franchise agreement or serve as collateral for amounts unpaid by the franchisee. Franchisee deposits for future franchise locations are recognized as revenue over the term of the franchise agreement.

Advertising and marketing fund

The Company expenses all advertising costs as incurred for Company-owned stores. Advertising costs, exclusive of amounts expended by the marketing funds, were \$188,000, \$317,000, and \$424,000 for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, respectively.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Advertising and marketing fund - continued

HHI's company-owned and franchised restaurants are required to join an advertising cooperative, HH Marketing Fund. Each member restaurant contributes a percentage of sales to the HH Marketing Fund for market-wide programs, such as television, radio, and digital and print advertising. The rate of the contribution and uses of the monies collected are determined by management.

The liability, franchise advertising contributions, net, reflects marketing revenues in excess of marketing campaigns expenses incurred as of April 27, 2021 for the HH Marketing Fund. HH Marketing Fund was not consolidated into the accompanying financial statements at April 28, 2020, thus no franchise advertising contribution, net is included on the consolidated balance sheet at April 28, 2020.

Income taxes

The Company has elected to be treated as a C-Corporation for income tax purposes. As a result, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Management provides a valuation allowance for any net deferred tax assets when it is more likely than not that a portion of such net deferred tax assets will not be recovered. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. All federal and state income tax positions taken or anticipated to be taken in the income tax returns are attributable to the entity. As of April 27, 2021 and April 28, 2020, there are no known items which would result in a material accrual related to where the Company has federal or state attributable tax positions.

Interest rate swap agreements

The Company entered into an interest rate swap agreement to manage floating interest rate exposure with respect to amounts borrowed, or forecasted to be borrowed, under credit facilities. The interest rate swap agreement is recognized at fair value. The interest rate swap liability was \$1,439,000 and \$2,263,000 as of April 27, 2021 and April 28, 2020, respectively.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Interest rate swap agreements - continued

This liability is included in other long-term liabilities on the consolidated balance sheets. Changes in the fair value of the interest rate swap liability are recognized in earnings, as the interest rate swap agreement does not qualify for hedge accounting. During the years ended April 27, 2021, April 28, 2020 and April 30, 2019, the Company recorded a gain (loss) of \$824,000, \$(1,633,000), and \$(752,000), respectively, related to the interest rate swap, which is included in interest expense on the consolidated statements of operations. During the years ended April 27, 2021, April 28, 2020, and April 30, 2019, there were no cash flows related to the interest rate swap agreement. When they occur, cash flows from the interest rate swap agreement are recorded in interest expense on the consolidated statements of operations and in cash paid for interest on the consolidated statements of cash flows (see Note 6).

Fair value of financial instruments

The Company utilizes a valuation technique to measure the fair value of assets and liabilities by using a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The Company applied the provisions of this valuation technique in recording its interest rate swap agreement measured at fair value on a recurring basis as of April 27, 2021, April 28, 2020, and April 30, 2019 (See Note 6). The valuation of the interest rate swap agreement was determined using widely accepted valuation techniques including discounted cash flow analyses on the expected cash flows of the derivatives. These analyses reflect the contractual

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Fair value of financial instruments - continued

terms of the derivatives, including the periods to maturity, and uses observable market-based inputs, including interest rate curves, implied volatilities, and creditworthiness of the counterparties, which is a Level 2 measurement valuation technique.

Deferred loan costs

Deferred loan costs include financing costs incurred for obtaining new debt for HHI. Prior to the year ended April 30, 2019, the Company incurred deferred financing costs of \$2,057,795. These costs are capitalized and amortized using the straight-line method over the term of the related debt. The Company amortized \$412,000 of deferred financing costs for the years ended April 27, 2021, April 28, 2020, and April 30, 2019.

Stock-based compensation

The Company recognized compensation expense in an amount equal to the calculated fair value of the award on the grant date on a straight line basis over the vesting period of the stock options. Upon exercise of stock options, the Company would issue new shares of common stock.

There were no stock options granted during the year ended April 27, 2021.

The fair values of the Company's stock options existing during the following periods were estimated using the Black Scholes option pricing model using the following assumptions:

	<u>April 27, 2021</u>	<u>April 28, 2020</u>	<u>April 30, 2019</u>
Volatility	50.00%	50.00%	50.00%
Dividend yield	-	-	-
Risk-free interest rate	2.90%	2.90%	2.90%
Expected life (years)	5.0	5.0	5.0

The Company estimated volatility based upon the historical volatility of several similar companies in the Company's industry. Based on the capital structure of the Company, the Company does not intend to declare cash dividends on its stock in the foreseeable future as any excess cash flow would have been used to reduce debt. The risk-free interest rate was based on U.S. Treasury yields in effect for the expected term of the stock options. The expected term was determined using the "simplified" method, based upon the average of the vesting period and contract term.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 1 - Description of business and summary of significant accounting policies - continued:

Reclassifications

Certain amounts previously reported within the Company's financial statements have been reclassified to conform to current year presentation. The reclassifications did not have an impact on the Company's previously reported consolidated net loss.

Subsequent events

The Company has evaluated subsequent events through August 18, 2021, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of April 27, 2021, have been incorporated into these financial statements.

Note 2 - New accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): Amendments to the FASB Accounting Standards Codification (Update 2016-02), which requires an entity to recognize lease assets and lease liabilities on the consolidated balance sheet and to disclose key qualitative and quantitative information about the entity's leasing arrangements. This update is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. A modified retrospective approach is required. Upon adoption of this new standard, the Company will recognize significant right of use assets and lease obligation liabilities on the consolidated balance sheets as a result of its operating lease obligations. Operating lease expense will still be recognized on a straight-line basis over the remaining life of the lease within cost of food, supplies, rental and equipment and selling, general, and administrative expenses in the consolidated statements of operations. The Company is currently evaluating the effect that ASU 2016-02 will have on the consolidated financial statements and related disclosures.

Note 3 - Investment:

The Company has a 0.5% interest in Huddle Pie, LLC. The Company uses the cost method to account for this investment. On October 22, 2019, the Company contributed \$400,000 to this entity.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 4 - Goodwill and intangible assets:

Intangible assets including goodwill as of April 27, 2021 and April 28, 2020 are as follows (in thousands):

	2021			Net Carrying Value	Weighted-Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Impairment		
Goodwill	\$ 52,330	\$ 16,993	\$ -	\$ 35,337	10 years
Franchise agreements	44,700	16,142	-	28,558	9 years
Trade names	19,100	-	-	19,100	Indefinite
Balance, April 27, 2021	<u>\$ 116,130</u>	<u>\$ 33,135</u>	<u>\$ -</u>	<u>\$ 82,995</u>	
	2020			Net Book Value	Weighted-Average Amortization Period
	Gross Carrying Amount	Accumulated Amortization	Impairment		
Goodwill	\$ 52,330	\$ 11,760	\$ -	\$ 40,570	10 years
Franchise agreements	44,700	11,175	-	33,525	9 years
Trade names	19,100	-	-	19,100	Indefinite
Balance, April 28, 2020	<u>\$ 116,130</u>	<u>\$ 22,935</u>	<u>\$ -</u>	<u>\$ 93,195</u>	

The annual goodwill and indefinite-lived intangible impairment test performed in Fiscal 2021, 2020, and 2019 did not result in an impairment change.

Aggregate amortization expense for amortizing intangible assets and goodwill for the years ended April 27, 2021, April 28, 2020, and April 30, 2019 was \$10,200,000.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 4 - Goodwill and intangible assets - continued:

Future expected amortization expense for amortizing intangible assets and goodwill are as follows at April 27, 2021 (in thousands):

<u>Fiscal Year:</u>	
2022	\$ 10,200
2023	10,200
2024	10,200
2025	10,200
2026	10,200
Thereafter	<u>12,895</u>
	<u>\$ 63,895</u>

Note 5 - Land, property, and equipment:

Land, property, and equipment as of April 27, 2021 and April 28, 2020 is comprised of the following (in thousands):

	<u>2021</u>	<u>2020</u>
Land	\$ 3,223	\$ 3,449
Buildings and leasehold improvements	9,816	14,446
Equipment and vehicles	<u>17,082</u>	<u>24,385</u>
	30,121	42,280
Less: Accumulated depreciation and amortization	<u>(6,577)</u>	<u>(4,298)</u>
Net land, property, and equipment	<u>\$ 23,544</u>	<u>\$ 37,982</u>

Depreciation expense totaled \$2,706,000, \$2,440,000, and \$2,223,000 for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, respectively.

Included in land, property, and equipment at April 27, 2021 and April 28, 2020 are capitalized leased assets with a cost of \$3,005,000 and \$2,859,000 and accumulated depreciation of \$793,000 and \$720,000, respectively.

Included in land, property, and equipment at April 27, 2021 and April 28, 2020 are assets leased to lessees by the Company with total net book value of \$3,970,000 and \$4,147,000, respectively.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 6 - Long-term debt:

Long-term debt and capital lease obligations as of April 27, 2021 and April 28, 2020 consist of the following (in thousands):

	<u>2021</u>	<u>2020</u>
Capital lease obligations (interest imputed at rates from 5.5%)	\$ 97	\$ 21
Revolving Loans, mature January 31, 2023; principal repayable in full at maturity; interest at formula rates based on LIBOR or a defined base rate plus an applicable margin that is calculated quarterly and payable monthly, as defined in the agreement (effective interest rate of 5.5% and 6.5% at April 27, 2021 and April 29, 2020, respectively).	3,078	4,250
Development Loans, mature January 31, 2023; repayable in quarterly installments of principal; interest at formula rates based on LIBOR or a defined base rate plus an applicable margin that is calculated quarterly and payable monthly, as defined in the agreement (effective interest rate ranging from 5.05% to 5.85% as of April 27, 2021 and April 28, 2020).	6,300	15,000
Senior Secured Term Loan, matures January 31, 2023; repayable in quarterly installments of principal; interest at formula rates based on LIBOR or a defined base rate plus an applicable margin that is calculated quarterly and payable monthly, as defined in the agreement (effective interest rate of 5.50% and 5.20% at April 27, 2021 and April 28, 2020, respectively).	<u>66,341</u>	<u>71,380</u>
Total	75,816	90,651
Less: current portion	(6,516)	(4,771)
Less: deferred finance costs	<u>(719)</u>	<u>(1,131)</u>
Long-term portion	<u>\$ 68,581</u>	<u>\$ 84,749</u>

The Company had a outstanding letter of credit in the amount of \$750,000 which reduces the amount that can be borrowed on the Revolving Loan. As of April 27, 2021 and April 29, 2020, the Company had not drawn on the outstanding letter of credit facility.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 6 - Long-term debt - continued:

In conjunction with the formation of PHI on January 31, 2018, the Company borrowed a total of \$80,500,000 under three long-term loan agreements. The agreement provided a Senior Secured Term Loan in the amount of \$80,000,000, a revolving credit facility that provided for maximum borrowings of \$5,000,000, and a development facility that provides for maximum borrowings of \$15,000,000. All facilities expire on January 31, 2023 and bear interest at LIBOR or the Base Rate of plus the applicable margin at the time of the borrowing. The facilities are collateralized by substantially all assets of the Company.

On October 13, 2020, the fourth amendment and waiver to the credit agreement was executed which waived the existing events of default, including violations of restrictive and financial covenants, failure to timely file unaudited and audited financial statements, and failure to deliver a compliance certificate and calculation of Excess Cash Flow, as defined. The amendment also added required prepayments of Development Loans and other amounts upon consummation of certain Sales and Leaseback Transactions, as defined in the agreement. The amendment also revised the lease-adjusted leverage ratio and the fixed charge coverage ratio and waived the calculation of these covenants until July 20, 2021. The agreement also added additional monthly financial covenants for minimum EBITDA and Minimum Liquidity, as defined in the agreement, that take effect as of November 10, 2020. Lastly, the amendment added additional restrictive covenants during the Amendment Period, as defined in the agreement.

Future maturities of long-term debt are as follows at April 27, 2021 (in thousands):

<u>Fiscal Year:</u>	
2022	\$ 6,516
2023	6,518
2024	<u>62,782</u>
	<u>\$ 75,816</u>

In March 2018, the Company entered into an interest rate swap agreement with Regions Bank. The interest rate swap limits to a fixed annual interest rate (2.675%) on a notional amount of \$36,000,000 as of April 27, 2021 and April 28, 2020. The interest rate swap agreement expires January 31, 2023.

Accrued interest at April 27, 2021 and April 28, 2020 was \$466,000 and \$367,000, respectively, and is included in "Accrued expenses" in the accompanying consolidated balance sheets.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 6 - Long-term debt - continued:

Interest expense consists of the following (in thousands):

	<i>Year Ended April 27, 2021</i>	<i>Year Ended April 28, 2020</i>	<i>Year Ended April 30, 2019</i>
Interest on loans and capital leases	\$ 5,838	\$ 5,441	\$ 5,379
(Gain) loss on interest rate swap	(824)	1,633	752
Amortization and write-off of deferred loan costs	<u>412</u>	<u>412</u>	<u>412</u>
	<u>\$ 5,426</u>	<u>\$ 7,486</u>	<u>\$ 6,543</u>

Note 7 - Sale lease-back transaction:

The Company entered into sale-leaseback transactions with third parties which have escalation clauses of 7.5% every fifth anniversary of the lease. The leases have 20-year terms and have 4 renewal options of 5 years each.

A portion of the leases were deemed by management to qualify for sales leaseback accounting under "Leases (Topic 840-40): Leases Sale-Leaseback Transactions" (Topic 840-40). During the year ended April 27, 2021, the Company recognized a net loss of \$2,698,000 on sales-leaseback transactions. During the year ended April 28, 2020, a deferred gain on sale of \$2,984,000 arose from these sale-leaseback transactions. In accordance with U.S. GAAP, gains arising from the sale of land, building, and building improvements and the subsequent leaseback of land, building, and building improvements are deferred and recognized in proportion to the related lease payments made over the life of the lease, which is 20 years. The Company recognized \$148,000 and \$89,000 of the deferred gain during the years ended April 27, 2021 and April 28, 2020, respectively, which is included in selling, general, and administrative expenses on the consolidated statements of operations. Lease payments for these transactions range from \$3,879 to \$5,973 per month.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 7 - Sale lease-back transaction - continued:

During the year ended April 28, 2020, management determined that a portion of the transactions did not qualify for sales leaseback accounting under Topic 840-40 and therefore are accounting for these transactions under the finance method and are included as sale lease-back liability on the consolidated balance sheets. Lease payments for these transactions range from \$3,555 to \$5,583. Future minimum lease payments related to the sale-leaseback transactions at April 27, 2021, are as follows (in thousands):

<u>Year Ending April 27, 2021,</u>	
2022	\$ 324
2023	324
2024	324
2025	344
2026	344
Thereafter	<u>4,952</u>
Total minimum lease payments	6,612
Less: Amount representing interest	<u>(1,519)</u>
Present value of net minimum lease payments	5,093
Less: Current portion	<u>(177)</u>
Long-term portion	<u>\$ 4,916</u>

Note 8 - Employee benefit plan:

The Company has a defined contribution 401(k) profit sharing plan covering substantially all of its employees. Employees may elect to make tax deferred savings contributions to the plan. Employer contributions to the plan are made at the discretion of the Company. An employer contribution of \$645,000, \$217,000, and \$149,000 was made for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, respectively

Note 9 - Stock option plan:

The Company has a nonqualified stock option plan (PHI Stock Option Plan) for certain key Company employees. Under the PHI Stock Option Plan, stock options granted can be exercised for one share of the common stock of PHI. Options issued under the PHI Stock Option Plan consist of both time and performance options. The time options vest 20% each year for five years. The performance options vest as of the sale of PHI and achievement of certain performance goals.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 9 - Stock option plan - continued:

The maximum number of shares of common stock with respect to which options may be granted to participants under the PHI Stock Option Plan is 526.

A summary of all options issued under the PHI Stock Option Plan are presented below:

	<u>PHI Stock Option Plan</u>	
	<u>Common Stock Options Outstanding</u>	<u>Weighted- Average Exercise Price</u>
Options outstanding at May 1, 2018	<u>417</u>	<u>\$ 20,905</u>
Granted	5	20,905
Forfeited	<u>(12)</u>	<u>20,905</u>
Options outstanding at April 30, 2019	<u>410</u>	<u>20,905</u>
Granted	58	26,099
Forfeited	(100)	20,905
Repurchased	<u>(4)</u>	<u>20,905</u>
Options outstanding at April 28, 2020	364	21,733
Forfeited	<u>(4)</u>	<u>20,905</u>
Options outstanding at April 29, 2021	<u><u>360</u></u>	<u><u>\$ 21,733</u></u>

The following table summarizes information concerning options outstanding under the PHI Stock Option Plan:

		<u>2021</u>	
<u>Common Stock Options Outstanding</u>	<u>Exercise Price</u>	<u>Weighted-Average Contractual Remaining Life (In Years)</u>	<u>Exercisable as of April 27, 2021</u>
360	\$ 20,959	6.83	45

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 9 - Stock option plan - continued:

The total compensation cost of the stock options related to nonvested awards not yet recognized was approximately \$534,000 and \$812,000 as of April 27, 2021 and April 28, 2020, respectively. The weighted-average period over which this cost was expected to be recognized was 5 years and 4.66 years as of April 27, 2021 and April 28, 2020, respectively.

Note 10 - Income taxes:

The provision for income taxes consisted of the following (in thousands):

	<i>Year Ended April 27, 2021</i>	<i>Year Ended April 28, 2020</i>	<i>Year Ended April 30, 2019</i>
Current:			
Federal	\$ (679)	\$ 1,078	\$ 1,974
State	<u>63</u>	<u>(463)</u>	<u>573</u>
Total current	(616)	615	2,547
Deferred	<u>(1,308)</u>	<u>(2,749)</u>	<u>(1,821)</u>
(Benefit) provision for income taxes	<u>\$ (1,924)</u>	<u>\$ (2,134)</u>	<u>\$ 726</u>

The differences between the federal statutory tax rate and the Company's effective tax rate are as follows:

	<i>Year Ended April 27, 2021</i>	<i>Year Ended April 28, 2020</i>	<i>Year Ended April 30, 2019</i>
Federal statutory rate	21.0 %	21.0 %	21.0 %
State taxes - net of federal benefit	1.0 %	4.1 %	(13.2)%
Permanent differences	(9.2)%	(9.8)%	(78.5)%
Other	<u>2.0 %</u>	<u>2.9 %</u>	<u>23.8 %</u>
Effective tax rate	<u>14.8 %</u>	<u>18.2 %</u>	<u>(46.9)%</u>

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 10 - Income taxes - continued:

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities as of April 27, 2021 and April 28, 2020, are as follows (in thousands):

	<u>April 27, 2021</u>	<u>April 28, 2020</u>
Noncurrent deferred tax assets:		
Allowance for doubtful accounts	\$ 122	\$ 203
Accrued expenses	1,716	1,640
Other	<u>793</u>	<u>375</u>
Total long-term deferred tax assets	<u>2,631</u>	<u>2,218</u>
Long-term deferred tax liabilities:		
Intangible assets	11,167	12,333
Property and equipment	2,561	2,604
Other	<u>79</u>	<u>255</u>
Total long-term deferred tax liabilities	<u>13,807</u>	<u>15,192</u>
Net deferred tax liabilities	<u>\$ 11,176</u>	<u>\$ 12,974</u>

Note 11 - Transactions with related parties:

Management fees, director fees, and other expenses paid to certain stockholders are included in selling, general, and administrative expenses and aggregated approximately \$39,000, \$69,000, and \$38,000 for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, respectively.

HHI leases office space and allocates direct administrative expense to HH Marketing Fund, an affiliate related through common management, of approximately \$186,000 for the years ended April 28, 2020 and April 30, 2019. Additionally, the Company-owned restaurants expensed and paid approximately \$849,000 and \$807,000 for the year ended April 28, 2020 and April 30, 2019, respectively, to HH Marketing Fund for advertising costs. All such amounts were recorded within "Selling, general, and administrative expenses" in the accompanying consolidated statements of operations for the year ended April 28, 2020 and April 30, 2019.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 11 - Transactions with related parties - continued:

The Company consolidated HH Marketing Fund within these consolidated financial statements for the year ended April 27, 2021, and all applicable intercompany transactions were eliminated in consolidation.

During the year ended April 28, 2020, the Company incurred acquisition expenses of approximately \$2,017,000 in connection with the purchase of Perkins, LLC (Perkins). These costs are included as a component of selling, general, and administrative expenses on the consolidated statements of operations.

The Company performs administrative services for Perkins beginning in Fiscal 2020. The Company charges a monthly fee to Perkins for these services based upon the percentage of total revenues generated between each company. The fees are included as a reduction to selling, general, and administrative expenses on the consolidated statements of operations and totaled approximately \$7,203,000 and \$4,702,000 for the years ended April 27, 2021 and April 30, 2020, respectively.

As of April 27, 2021 and April 28, 2020, the Company had \$300,000 due from four officers of the Company which is included in "Due from related parties, long-term" in the accompanying consolidated balance sheets.

As of April 27, 2021 and April 28, 2020, the Company had approximately \$6,543,000 and \$5,252,000, respectively, due from Perkins which is included in "Due from related parties" in the accompanying consolidated balance sheets.

As of April 27, 2021, the Company had approximately \$50,000 due from PR&B Marketing Fund LLC which is included in "Due from related parties" in the accompanying consolidated balance sheets.

As of April 28, 2020, the Company had approximately \$9,000 due from HH Marketing Fund, which is included in "Due from related parties" in the accompanying consolidated balance sheets.

As of April 27, 2021 and April 28, 2020, the Company had approximately \$9,000 and \$8,000, respectively, due from various employees, which is included in "Due from related parties" in the accompanying consolidated balance sheets.

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 12 - Commitments and contingencies:

Operating leases

Future minimum rental payments and related minimum sublease rentals required under long-term noncancelable operating leases relating to land, property, and equipment as of April 27, 2021 are as follows (in thousands):

	<u>Operating Lease Commitments</u>	<u>Related Minimum Sublease Rentals</u>	<u>Net Commitments</u>
<u>Fiscal Year:</u>			
2022	\$ 3,559	\$ 489	\$ 3,070
2023	3,383	412	2,971
2024	3,252	373	2,879
2025	3,235	272	2,963
2026	3,291	159	3,132
Thereafter	<u>38,171</u>	<u>551</u>	<u>37,620</u>
	<u>\$ 54,891</u>	<u>\$ 2,256</u>	<u>\$ 52,635</u>

Rent expense for operating leases for the years ended April 27, 2021, April 28, 2020, and April 30, 2019 were \$3,631,000, \$3,175,000, and \$2,506,000, respectively. Sublease rental revenue associated with operating leases for the years ended April 27, 2021, April 28, 2020, and April 30, 2019 was \$300,000, \$350,000, and \$403,000, respectively, including \$49,000, \$99,000, and \$65,000 for the years ended April 27, 2021, April 28, 2020, and April 30, 2019, respectively, for rent based on sales volume.

Total future minimum rents receivable, including sublease rentals, as of April 27, 2021, from land, property, and equipment leased to franchisees (or third parties), exclusive of contingent rentals on sales volume, were as follows (in thousands):

<u>Fiscal Year:</u>	
2022	\$ 695
2023	489
2024	412
2025	373
2026	272
Thereafter	<u>551</u>
	<u>\$ 2,792</u>

HUDDLE HOUSE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements - Continued

April 27, 2021 and April 28, 2020

Note 12 - Commitments and contingencies - continued:

Legal matters

The Company is involved in certain litigation and claims in the ordinary course of business. In management's opinion, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

EXHIBIT F

TABLE OF CONTENTS TO MANUAL

**MANAGER IN TRAINING MANUAL
Table of Contents**

Topic	Pages	Total Pages
Manager Orientation Guide		21
Introduction	1-8	8
Job Descriptions & Guidelines	9-14	6
Food Safety	15-21	7
MIT Training Guide		108
Introduction	1-9	9
Manager Training Outline	10-67	68
Manager Tools	68-108	41
Total Pages		129

COOK & SERVER TRAINING GUIDES

Table of Contents

Topic	Pages	Total Pages
Cook & Server Orientation Guide		20
Introduction	1-8	8
Job Descriptions & Guidelines	9-13	5
Food Safety	14-20	7
Cook Training Guide		66
Introduction	1-5	5
Prep/Fryer	6-14	9
Eggs	15-23	9
Grill	22-36	15
Sandwich/Expo	37-44	8
Cook Tools	45-66	22
Server Training Guide		56
Introduction	1-5	5
Shift 1*	6-19	14
Shift 2*	20-28	9
Shift 3*	29-39	11
Shift 4*	40-50	11
Shift 5*	51-56	6
<i>*Note: Each shift has information regarding menu knowledge, steps of service, and POS instruction</i>		
Total Pages		142

RECIPE BINDER
FOH Plating Guide - Breakfast
Table of Contents

Topic		Pages	Total Pages
TAB 1	Proteins	1-17	17
TAB 2	Breakfast Sides	1-20	20
TAB 3	French Toast, Waffles, and Pancakes	1-32	32
TAB 4	Egg Breakfasts, Biscuits, Hashbrowns, And Omelets	1-54	54
TAB 5	Kid's Meals	1-14	14
TAB 6	Value Meals	1-10	10
TOTAL PAGES IN MANUAL			147

RECIPE BINDER
FOH Plating Guide – Lunch & Dinner
Table of Contents

Topic		Pages	Total Pages
TAB 1	Proteins	1-13	13
TAB 2	Lunch and Dinner Sides	1-18	18
TAB 3	Starters and Salads	1-40	40
TAB 4	Burgers and Melts	1-15	15
TAB 5	Sandwiches	1-16	16
TAB 6	Dinners	1-16	16
TAB 7	Kid's Meals	1-6	6
TAB 8	Value Meals	1-11	11
TOTAL PAGES IN MANUAL			135

RECIPE BINDER
BOH Prep Guide
Table of Contents

Topic		Pages	Total Pages
TAB 1	Batters, Gravies, and Grits	1-11	11
TAB 2	Frozen Foods and Miscellaneous	1-8	8
TAB 3	Potatoes and Produce	1-23	23
TOTAL PAGES IN MANUAL			42

EXHIBIT G

HUDDLE HOUSE, INC.
FRANCHISEE COMPLIANCE QUESTIONNAIRE

As you know, Huddle House, Inc. (“HHI”) and you are preparing to enter into a Franchise Agreement and/or Market Development Agreement (as indicated in response to question #4 below) for the establishment and operation of one or more HHI franchised businesses. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that HHI has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. I had my first face-to-face meeting with a representative of HHI on _____, 20__.
2. Have you received the HHI Franchise Disclosure Document (“FDD”) that was provided to you?
Yes _____ No _____
3. Did you sign a receipt for the FDD indicating the date you received it?
Yes _____ No _____
4. At this time, you are entering into a (check as applicable):
 Franchise Agreement. If so, have you received a fully completed copy (other than signatures) of the Franchise Agreement and each attached addendum and/or related agreement?
Yes _____ No _____
 Market Development Agreement. If so, have you received a fully completed copy (other than signatures) of the Market Development Agreement and each attached addendum and/or related agreement?
Yes _____ No _____
5. Do you understand that the success or failure of your HHI franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, labor and supply costs, lease terms and other economic and business factors?
Yes _____ No _____
6. Has any employee or other person speaking on behalf of HHI made any statement or promise concerning the revenues, profits or operating costs of a HHI franchised business operated by HHI or its franchisees that is contrary to the information contained in the FDD?
Yes _____ No _____
7. Has any employee or other person speaking on behalf of HHI made any statement or promise regarding the amount of money you may earn in operating, or the likelihood of success you may achieve in operating, the franchised business that is contrary to the information contained in the FDD?
Yes _____ No _____

8. Has any employee or other person speaking on behalf of HHI made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that HHI will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

9. If you are entering into “Franchise Agreement”, please answer the following (if not, and instead you are entering into a Market Development Agreement, please skip to Question 10):

A. Have you entered into any binding agreement with HHI concerning the purchase of this franchise prior to today (this does not refer to a Market Development Agreement signed with HHI for the development of multiple franchises)?

Yes _____ No _____

B. Have you paid any money to HHI concerning the purchase of this franchise prior to today (this is not referring to any development fees paid under a Market Development Agreement signed with HHI)?

Yes _____ No _____

10. If you are entering into “Market Development Agreement”, please answer the following (if not, please go to Question 11):

A. Have you entered into any binding agreement with HHI concerning the purchase of the development rights prior to today?

Yes _____ No _____

B. Have you paid any money to HHI concerning the purchase of the development rights prior to today?

Yes _____ No _____

11. If you have answered “Yes” to any one of questions 6-11, please provide a full explanation of each “Yes” answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of questions 6-11, please leave the following lines blank.

12. I signed (check as applicable):

Franchise Agreement (and addenda, if any) on _____, 20__, and I acknowledge that no agreement or addendum is effective until signed and dated by HHI.

Market Development Agreement (and addenda, if any) on _____, 20__, and I acknowledge that no agreement or addendum is effective until signed and dated by HHI.

* * *

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

APPLICANT

_____, 20__

EXHIBIT H

STATE SPECIFIC DISCLOSURE ADDENDA

California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Huddle House, Inc. in connection with the offer and sale of franchisees for use in the State of California shall be amended to include the following:

1. Our website, www.huddlehouse.com, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

3. 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.

4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

5. In Item 3, “Litigation,” shall be amended by the addition of the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, 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 and Exchange Act of 1934, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

6. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The following notice is required to be inserted in this Disclosure Document by the state of California whenever an applicable provision is included in a Franchise Agreement. We reserve the right to attempt to enforce all of the provisions listed below in which we indicate that “this provision may not be enforceable under California law.”

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchisee. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchisee. This provision may not be enforceable under California law.

The Franchise Agreement contains a provision that may be interpreted as a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires that litigation be conducted in Atlanta, Georgia. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

7. Some of the categories of the financial performance figures in Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Huddle House Franchised Business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”

8. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000 - 31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§ 2000 - 20043, are met independently without reference to this Addendum to the Disclosure Document.

Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 the Disclosure Document for Huddle House, Inc. for use in the State of Illinois is amended as follows:

1. The “Summary” section of Item 17 (w), entitled Choice of Law, is amended by adding the following language:

However, except for federal law, Illinois law applies if the jurisdiction requirements of the Illinois Franchise Disclosure Act of 1987 (as amended) are met.

2. The following language is added to the end of **Item 17**, “Renewal, Termination, Transfer, and Dispute Resolution”:

“Sec. 705/4 of the Illinois Franchise Disclosure Act provides that ‘any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void, provided that a franchise agreement may provide for arbitration in a forum outside of this state [Illinois].’”

The Franchisee’s rights upon non-renewal may be affected by Section 20 of the Illinois Franchise Disclosure Act of 1987. If the Franchisor refuses to renew the Franchise Agreement, the Franchisor will compensate the Franchisee if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act of 1987.

Conditions under which the Franchise Agreement can be terminated may be affected by Section 19 of the Illinois Franchise Disclosure Act of 1987.

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.

3. Each section of this Addendum will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Addendum).

Indiana Disclosure

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document for Huddle House, Inc. for use in the State of Indiana shall be amended as follows:

1. Item 8, “Restrictions on Sources of Products and Services,” shall be amended by the addition of the following language:

Any benefits derived as a result of a transaction with suppliers for Indiana franchisees will be kept by us as compensation for locating suppliers and negotiating prices for you.

2. Item 12, “Territory,” shall be amended by the addition of the following section:

We will not compete unfairly with you within a reasonable area.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following sections at the end of the Item:

The Indiana Deceptive Franchise Practices Act requires that any release executed by a Franchisee or transferor must not include any claims arising under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

The Indiana Deceptive Franchise Practices Act requires that Indiana law govern any cause of action which arises under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

4. No release language set forth in the Disclosure Document or the Franchise Agreement shall relieve us or any other person directly or indirectly from liability imposed by the laws concerning franchising of the State of Indiana.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code §§ 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum to the Disclosure Document.

Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the Franchise Disclosure Document for Huddle House, Inc. for use in the State of Maryland is amended as follows:

1. The following language is added to the end of **Item 17**, “Renewal, Termination, Transfer and Dispute Resolution”:

“The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law. See **Exhibit MD-1** below for additional information regarding the release.

The Franchise Agreement permits you to sue only in the jurisdiction in which we maintain our principal place of business, except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, and for those claims, you may file suit in Maryland.

The Franchise Agreement and Market Development Agreement provide for termination upon bankruptcy of the franchisee. This provision may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, *et seq.*).

Notwithstanding any provision of the Franchise Agreement or Market Development Agreement to the contrary, any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be commenced within three (3) years from the grant of the franchise or such action shall be barred.

2. The following language is added to the end of **Exhibit G**, “Franchisee Compliance Questionnaire”:

“The representations under this Franchisee Compliance Questionnaire are not intended, 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 to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this addendum to the Disclosure Document.

Michigan Disclosure Addendum

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 SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- (C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS 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 FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- (E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.
- (F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.
- (G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION

DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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 THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

* * * *

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913**

Minnesota Disclosure Addendum

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document for Huddle House, Inc. for use in the State of Minnesota shall be amended to include the following:

1. Item 13, “Trademarks,” shall be amended by the addition of the following paragraph at the end of the Item:

Pursuant to Minnesota Stat. Sec. 80C.12 (Subd. 1(g)), we are required to protect any rights which you have to use our Licensed Marks.

2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs:

With respect to franchisees governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a licensee be given 90 days’ notice of termination with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the license not be unreasonably withheld.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) 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. The Franchise Agreement contains a provision that may be interpreted as a liquidated damages clause under Minnesota law. Certain liquidated damages clauses are unenforceable.

4. No release language set forth in the Franchise Agreement shall relieve us or any other person directly or indirectly from liability imposed by the laws concerning franchising in the State of Minnesota.

5. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Disclosure Document.

New York Disclosure Addendum

ADDITIONAL RISK FACTORS:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISEE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE 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 PROSPECTUS. 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 PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Huddle House, Inc. for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," shall be supplemented by the addition of the following at the beginning of the Item:

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, 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.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchisees under our trademark, 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 franchisee as a real estate broker or sales agent.

Other than those actions described below, no litigation is required to be disclosed in this Disclosure Document.

2. Item 4, “Bankruptcy” shall be deleted in its entirety, and the following Item 4 shall be substituted in lieu thereof:

Neither we, nor our predecessor or affiliate, nor any of our or their officers or general partners, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as 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; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by deleting “d”, “j”, “w” and the following new “d”, “j”, “w” shall be substituted in lieu thereof:

Provision	Selection in Franchise Agreement	Summary
d. Termination by you	None	Pursuant to New York General Business Law, the Franchisee may terminate the Agreement upon any grounds available by law.
j. Assignment of contract by us	13(a)	No assignment will be made except to an assignee who, in Franchisor’s judgment, is willing and able to assume the Franchisor’s obligation under the Franchise Agreement.
w. Choice of law	22(a)	The foregoing choice of law should not be considered as a waiver of any right conferred upon the Franchisor or the Franchisee by the General Business Law of the State of New York, Article 33.

4. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchisee will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Modifications that we make to our Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

6. Provisions of general releases are mentioned in this Disclosure Document and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you and any cause of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and regulations issued under this law shall remain in force, it being the intent that the non-waiver provisions of the General Business Law of the State of New York, Sections 687.4 and 687.5 be satisfied.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Huddle House, Inc. shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

2. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this Addendum to the Disclosure Document.

Rhode Island Disclosure Addendum

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document for Huddle House, Inc. for use in the State of Rhode Island shall be amended as follows:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraph at the end of the Item:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act 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 this Act.”

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

Virginia Disclosure Addendum

In recognition of the requirements of the Virginia Retail Franchising Act, Virginia Code, Title 13.1, Chapter 8, §§ 13.1-557 through 13.1-574, the Franchise Disclosure Document for Huddle House, Inc. (the “FDD”) for use in the State of Virginia shall be amended as follows:

1. Item 17.h. is amended by the addition of the following statements:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

2. This Addendum to the FDD shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum to the FDD.

Washington Disclosure Addendum

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Huddle House, Inc. in connection with the offer and sale of franchisees for use in the State of Washington shall be amended to include the following:

1. Item 5, “Initial Fees,” is amended by the addition of the following at the end of the paragraph “Existing Franchisee Referral Program”:

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

2. In Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” row (d) “Termination by You” for the Franchise Agreement chart and the Market Development chart are amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law. Developers may terminate the Market Development Agreement under any grounds permitted by law.

3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is amended by the addition of the following paragraphs at the conclusion of the Item:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

4. Each provision of this addendum to the Disclosure Document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this addendum to the Disclosure Document. The Washington Franchise Investment Protection Act is located at Wash. Rev. Code §§ 19.100.010 to RCW 19.100.940.

EXHIBIT I

STATE-SPECIFIC AGREEMENT AMENDMENTS

California Franchise Agreement Amendment

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the parties to the attached Huddle House, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

2. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

3. Franchisee must sign a general release if Franchisee renews or transfers Franchisee’s franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

4. Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

5. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

6. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

California Market Development Agreement Amendment

In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the parties to the attached Huddle House, Inc. Market Development Agreement (the “Agreement”) agree as follows:

1. If any of the provisions of the Agreement concerning termination and non-renewal of a franchise are inconsistent with either the California Franchise Relations Act or with the federal bankruptcy law (11 U.S.C. §101, et seq.) (concerning termination of the Agreement on certain bankruptcy-related events), then such laws will apply.

2. The Agreement requires that it be governed by Georgia law. This requirement may be unenforceable under California law.

3. Franchisee must sign a general release if Franchisee renews or transfers Franchisee’s franchise. California Corporations Code 31512 voids a waiver of Franchisee’s rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee’s rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

4. Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

5. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

6. Each provision of this amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law and California Franchise Relations Act are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this California Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Illinois Franchise Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Huddle House, Inc. Franchise Agreement (the “**Agreement**”) agree as follows:

1. The following new Section 3(d) is added to the existing **Section 3** of the Agreement, under the heading “Term”:

(d) If any of the provisions of this Section 3 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act will apply. If Company refuses to renew this Agreement, Company will compensate Operator if (and to the extent) compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

2. The following new **Section 14(e)** will be added to **Section 14** of the Agreement, under the heading “Default and Termination”:

(e) If any of the provisions of this Section 14 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then Illinois law will apply.

3. **Section 22(a)** of the Agreement, under the heading “Governing Law,” is deleted and replaced by the following new Section 22(a):

(a) Choice of Law. This Agreement and related agreements are accepted by Company in the State of Georgia and shall be governed by, construed in accordance with and enforced in accordance with the laws of the state of Illinois, which laws shall prevail in the event of any conflict; provided, however, (i) any provision not enforceable under Illinois law shall be construed in accordance with the laws of the State(s) where such restriction(s) is(are) to apply, (ii) any Illinois law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section, and (iii) the laws of the state in which the Premises are located shall apply to the construction and enforcement of the obligations set forth in Sections 7(cc) and 12(b) hereof, without regard to its conflicts of laws.

4. The following language is added to the end of **Section 22(b)** of the Agreement, under the heading “Governing Law”:

Operator and Company agree that the preceding limitations of this Section 22(b) will not apply with respect to claims arising under the Illinois Franchise Disclosure Act, which provides that “any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void.”

5. The following new **Section 22(d)** is added to **Section 22** of the Agreement, under the heading “Governing Law”:

(d) Nothing contained in this Section or elsewhere in this Agreement will constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met).

6. Each section of this Amendment will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Amendment).

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

Illinois Market Development Agreement Amendment

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Huddle House, Inc. Market Development Agreement the “**Agreement**”) agree as follows:

1. The following new **Section 8(c)** is added to **Section 8** of the Agreement, under the heading “Termination”:

(c) If any of the provisions of this Section 8 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law shall apply.

2. **Section 16(d)** of the Agreement, under the heading “Miscellaneous Provisions,” is replaced by the following new Section 16(d):

(d) Governing Law/Jurisdiction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of Illinois. The parties agree and consent to personal jurisdiction of the Superior Court of Fulton County, Georgia, and the United States District Court for the Northern District of Georgia, Atlanta Division, with regard to any civil action relating to any claim arising under this Agreement, and agree that venue shall be proper in such courts for such action, except with respect to claims arising under the Illinois Franchise Disclosure Act. Operator and Company agree that the limitations of the preceding sentence will not apply with respect to claims arising under the Illinois Franchise Disclosure Act, which provides that “any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this state [Illinois] is void”) may be brought in Illinois. Nothing in this Section 16.d. is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Illinois to which it would not otherwise be subject.

3. The following new language is added to the end of **Section 16(e)** of the Agreement, under the heading “Miscellaneous Provisions”:

Nothing in this Section 16(e) or elsewhere in this Market Development Agreement will constitute a condition, stipulation or provision purporting to bind any person to waive compliance with any provision of the Illinois Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met).

4. Each section of this Amendment will be effective only to the extent (for that section) that the jurisdictional requirements of the Illinois Franchise Disclosure Act are independently met (without reference to this Amendment).

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Market Development Agreement Amendment on the same day as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Maryland Amendment to Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Huddle House, Inc. Franchise Agreement (the “**Agreement**”) agree as follows:

1. **Section 13(c)(vi)** of the Agreement, under the heading “Transfer and Assignment,” shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(vi) That any transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company, its parent, subsidiaries, affiliates and their respective officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules, and ordinances arising out of, or connected with, the performance of this Agreement; excluding only such claims as the transferor may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233);

2. **Sections 22(b)(ii)** and **(iii)** of the Agreement, under the heading “Governing Law,” shall be supplemented by the addition of the following language at the end of each of those Sections:

Operator and Company agree that the preceding limitations of this Section 22(b) regarding jurisdiction and venue of actions shall not apply with respect to claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233), which may be brought in Maryland.

3. **Section 22(b)(v)** of the Agreement, under the heading “Governing Law,” shall be deleted in their entirety, and shall have no force or effect; and the following Section (v) shall be substituted in lieu thereof:

(v) Any and all claims and actions arising out of or relating to this Agreement, the relationship of Operator and Company (or Company’s affiliates), or Operator’s operation of the Franchised Business, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) shall be commenced within three (3) years from the grant of the franchise.

4. **Section 23** of the Agreement, under the heading “Acknowledgments,” shall be supplemented by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____
Name: _____
Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

Maryland Market Development Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached Huddle House, Inc. Market Development Agreement (the “**Agreement**”) agree as follows:

1. **Section 16(d)** of the Agreement, under the heading “Miscellaneous Provisions,” shall be supplemented by the addition of the language at the end of Section 16(d):

Operator and Company agree that the preceding limitations of this Section 16(d) regarding jurisdiction and venue of actions shall not apply with respect to claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233), which may be brought in Maryland.

2. **Section 16(e)** of the Agreement, under the heading “Miscellaneous Provisions” shall be deleted in its entirety, and shall have no force or effect; and the following shall be substituted in lieu thereof:

(e) Time for Claims and Waivers. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Developer and Company (or Company’s affiliates), or Developer’s development of Huddle House Restaurants under this Agreement, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) shall be commenced within three (3) years from the grant of the franchise.

3. **Section 17** of the Agreement, under the heading “Developer’s Acknowledgments,” shall be supplemented by the following:

The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Compliance Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Minnesota Franchise Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Huddle House, Inc. Franchise Agreement (the “**Agreement**”) agree as follows:

1. **Section 6** of the Agreement, under the heading “Licensed Marks,” shall be amended by the addition of the following new **Section 6(f)**:

(f) Pursuant to Minnesota Stat. Sec. 80C.12 (Subd. 1(g)), Company is required to protect any rights Franchisee may have to Company’s Licensed Marks.

2. **Section 13(c)(vi)** of the Agreement, under the heading “Consent by Company to Proposed Transfer,” shall be deleted in its entirety and shall have no force or effect, and the following Section 13(c)(vi) shall be inserted in lieu thereof:

(vi) The transferor shall have executed a general release under seal, in a form satisfactory to Company, of any and all claims against Company and its officers, directors, shareholders and employees, in their corporate and individual capacities, excluding only such claims as the transferor may have under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

3. **Section 13** of the Agreement, under the heading “Consent by Company to Proposed Transfer,” shall be supplemented by the addition of the following new **Section 13(c)(xii)**:

(xii) Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (Subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

4. **Section 14** of the Agreement, under the heading “Default and Termination,” shall be supplemented by the following new **Section 14(f)**:

(f) Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (Subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure), and 180 days’ notice for non-renewal of the Franchise Agreement.

5. **Section 22** of the Agreement, under the heading “Governing Law”, shall be supplemented by the following **Section 22(d)**, which shall be considered an integral part of the Agreement:

(d) Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s), 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.

6. Notwithstanding **Section 22(b)(v)**, under the heading “Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers”, in the event that a claim is brought pursuant to Minn. Stat. § 80C.17, that claim must be commenced no more than three (3) years after the cause of action accrues, pursuant to Minn. Stat. § 80C.17 (Subd. 5).

7. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

Minnesota Market Development Agreement Amendment

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached Huddle House, Inc. Market Development Agreement (the “**Agreement**”) agree as follows:

1. **Section 13** of the Agreement, shall be supplemented by the addition of the following new **Section 13(f)**:

(f) Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (Subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.

2. **Section 8** of the Agreement, under the heading “Termination,” shall be supplemented by the following new **Section 8(c)**:

(c) Minnesota law provides franchisees with certain termination rights. In sum, Minn. Stat. § 80C.14 (Subd. 3) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure), and 180 days’ notice for non-renewal of the Franchise Agreement.

3. **Section 16** of the Agreement, under the heading “Miscellaneous Provisions”, shall be supplemented by the following **Section 16(n)**, which shall be considered an integral part of the Agreement:

(n) Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) 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.

4. Notwithstanding **Section 16.e** of this Agreement, under the heading “Time for Claims”, in the event that a claim is brought pursuant to Minn. Stat. § 80C.17, that claim must be commenced no more than three (3) years after the cause of action accrues, pursuant to Minn. Stat. § 80C.17 (Subd. 5).

5. Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Huddle House, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. Section 13(c)(vi), under the heading “Transfer and Assignment,” shall be deleted in its entirety, and shall have no force or effect; and the following shall be substituted in lieu thereof:

(vi) The transferor shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its officers, directors, agents, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances, provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

2. Section 20 of the Agreement, under the heading “Enforcement,” shall be supplemented by the addition of the following to Section 20:

(d) Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

3. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchisee will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

New York Market Development Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Huddle House, Inc. Market Development Agreement (the “**Agreement**”) agree as follows:

1. Section 16 of the Agreement, under the heading “Miscellaneous Provisions,” shall be supplemented by the addition of the following to Section 16:

(n) Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

2. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchisee will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Market Development Agreement Amendment on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

North Dakota Franchise Agreement Amendment

In recognition of the requirements of North Dakota Law and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Huddle House, Inc. Franchise Agreement (the “**Agreement**”) agree as follows:

1. The Agreement shall be amended by the addition of the following **Section 24**:

24. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Any provision (i.e., Section 12) which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Restriction on Forum: Any provision (i.e., Section 22) requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

C. Liquidated Damages and Termination Penalties: Any provision (i.e., Sections 12(d)(ii) and 14(c)) requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

D. Applicable Laws: Any provision (i.e., Section 22) which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

E. Waiver of Trial by Jury: Any provision (i.e., Section 22(b)(iv)) requiring North Dakota franchisees to consent to the waiver of a trial by jury.

F. Waiver of Exemplary and Punitive Damages: Any provision (i.e., Section 22(b)(vi)) requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

G. General Release: Any provision (i.e., Section 13) requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

North Dakota Market Development Amendment

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the parties to the attached Huddle House, Inc. Market Development Agreement the “**Agreement**”) agree as follows:

1. The Agreement shall be amended by the addition of the following **Section 18**:

18. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. **Situs of Arbitration Proceedings:** Any provision (i.e., Section 15) requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee’s business.

B. **Restriction on Forum:** Any provision (i.e., Section 16) requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

C. **Liquidated Damages and Termination Penalties:** Any provision (i.e., Sections 5(c)(v) and 6(c)(iii)) requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

D. **Applicable Laws:** Any provision (i.e., Section 16) which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

E. **Waiver of Trial by Jury:** Any provision (i.e., Section 16(f)) requiring North Dakota franchisees to consent to the waiver of a trial by jury.

F. **Waiver of Exemplary and Punitive Damages:** Any provision (i.e., Section 16(g)) requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Franchise Agreement Amendment on the same day as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Rhode Island Franchise Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Huddle House, Inc. Franchise Agreement (the “Agreement”) agree as follows:

1. Section 13 of the Agreement contains a provision requiring a general release as a condition of renewal and transfer of the franchise. Such release will exclude claims arising under the Rhode Island Franchise Investment Act.

2. This Agreement requires that it be governed by Georgia law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under § 19-28.1-14.

3. Section 22(b)(ii) of the Agreement, under the heading “Consent to Personal Jurisdiction, Forum Selection, Consent to Service of Process, and Waivers,” will be amended by the addition of the following, which will be considered an integral part of this Agreement:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act 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 this Act.”

4. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

5. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

6. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Franchise Agreement Amendment on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____
FRANCHISEE SIGNATORY1, TITLE

By: _____
FRANCHISEE SIGNATORY2, TITLE

Rhode Island Market Development Agreement Amendment

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Huddle House, Inc. Market Development Agreement (the “Agreement”) agree as follows:

1. This Agreement requires that it be governed by Georgia law. To the extent that such law conflicts with Rhode Island Franchise Investment Act, it is void under § 19-28.1-14.

2. Section 16 of the Agreement, under the heading “Miscellaneous Provisions,” will be amended by the addition of the following, which will be considered an integral part of this Agreement:

§ 19-28.1-14 of the Rhode Island Franchise Investment Act 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 this Act.”

3. Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

4. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

5. To the extent this Amendment is inconsistent with any terms or conditions of the Agreement or the Exhibits or Schedules thereto, the terms of this Amendment shall govern.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment Market Development Agreement Addendum on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Washington Amendment to Franchise Agreement and Related Agreements

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Huddle House, Inc. Franchise Agreement (the “Agreement”) agree as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply independently without referring to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

Washington Amendment to Market Development Agreement and Related Agreements

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Huddle House, Inc. Market Development Agreement (the “Agreement”) agree as follows:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply independently without referring to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Market Development Agreement on the same date as the Market Development Agreement was executed.

COMPANY
HUDDLE HOUSE, INC.,
a Georgia corporation

By: _____

Name: _____

Title: _____

OPERATOR
FRANCHISEE NAME,
a [STATE] [ENTITY TYPE]

By: _____

FRANCHISEE SIGNATORY1, TITLE

By: _____

FRANCHISEE SIGNATORY2, TITLE

EXHIBIT J

SAMPLE GENERAL RELEASE LANGUAGE

Franchisee [Developer], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the “**Franchisee Group**”), hereby forever release and discharge, and forever hold harmless Huddle House, Inc., its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the “**Franchisor Group**”), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any or all members of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise [Development] Agreement, the relationship created by the Franchise [Development] Agreement, or the development, ownership, or operation of the Huddle House Restaurant. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys’, accountants’, and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise [Development] Agreement or the Huddle House Restaurant. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

State Effective Dates

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

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

STATES	EFFECTIVE DATE
California	
Illinois	
Indiana	
Maryland	
Michigan	
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 seller-assisted marketing plans.

EXHIBIT K
RECEIPTS

ITEM 23 -- RECEIPT

(to be retained by Prospective Franchisee)

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

If Huddle House, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that Huddle House, Inc. gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that Huddle House, Inc. gives you this Disclosure Document at least 10 days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Huddle House, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency (identified on **Exhibit B**).

The franchisor is Huddle House, Inc., 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328. Its telephone number is (770) 325-1300.

Issuance Date: August 20, 2021.

The franchise seller for this offering is Peter Ortiz, Chief Development Officer, whose address is 5901-B Peachtree Dunwoody Road, Suite 450, Sandy Springs, Georgia 30328, and telephone number is (770) 325-1300. Additional franchise sellers involved in this franchise offering are listed on the attached page (if applicable).

Huddle House, Inc. authorizes the agencies identified on **Exhibit B** to receive service of process for it in the particular state.

I have received a Disclosure Document dated August 20, 2021 that included the following Exhibits and other Attachments:

- Exhibit A – Huddle House Standard Contracts
- Exhibit B – List of Agents for Service of Process
- Exhibit C – List of State Administrators
- Exhibit D – List of Franchise Owners and Former Franchisees
- Exhibit E – Financial Statements

- Exhibit F – Table of Contents to Manual
- Exhibit G – Franchisee Compliance Questionnaire
- Exhibit H – State-Specific Disclosure Addenda
- Exhibit I – State-Specific Agreement Amendments
- Exhibit J – Sample General Release Language
- State Effective Dates
- Exhibit K – Receipts

Signature: _____

Date FDD Received: _____

Printed Name: _____

Title/Position: _____

Address: _____

Company Name (if applicable): _____

THIS COPY TO BE RETAINED BY PROSPECTIVE FRANCHISEE

ITEM 23 -- RECEIPT

(to be returned to HHI)

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

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| Exhibit E – Financial Statements | Exhibit J – Sample General Release Language |
| | State Effective Dates |
| | Exhibit K – Receipts |

Signature: _____

Date FDD Received: _____

Printed Name: _____

Title/Position: _____

Address: _____

Company Name (if applicable): _____

RETURN THIS RECEIPT TO:

Huddle House, Inc.
5901B Peachtree Dunwoody Rd., Ste. 450
Sandy Springs, GA 30328