HARAZ COFFEE HOUSE FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

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HARAZ COFFEE HOUSE
FRANCHISING, LLC
A Michigan Limited Liability Company
14661Rotunda Drive, Ste. 304
Dearborn, Michigan 48120
Tel. (313) 505-0666
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This Franchise Disclosure Document ("FDD") describes the ***"Haraz Coffee House"*** franchise concept, a quick service coffee Cafe offering both in-Cafe seating and carry-out of Yemen grown coffee blends, espresso, teas and pastries and related items.

The total investment necessary to begin operation of a single HARAZ COFFEE HOUSE franchise is between $375,450 to $584,077. This includes $137,000 to $234,500 that must be paid to the Franchisor or its affiliates. The total multi-unit development operator fees necessary to begin operation as a two (2) to five (5) Café Multi-Unit Operator that must be paid to the Franchisor or its affiliates ranges from $95,000 to $230,000 based on the number of Cafes opened.

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**.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Haraz Franchising at (313) 246-3626.

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

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

Issuance Date**:** June 22, 2026

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 L.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only HARAZ COFFEE HOUSE Franchise 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 HARAZ COFFEE HOUSE franchisee?	Item 20 or Exhibit L 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.

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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 mode 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 M.

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 multi-unit development agreements require you to resolve disputes with the franchisor by arbitration and/or litigation only in Michigan. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate with the franchisor in Michigan than in your own state.

2. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate the business from the Franchisor, its affiliates or designated suppliers, at prices the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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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TABLE OF CONTENTS

ITEM **PAGE**

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

ITEM 2--BUSINESS EXPERIENCE 4

ITEM 3--LITIGATION 4

ITEM 4--BANKRUPTCY 5

ITEM 5--INITIAL FEES 5

ITEM 6--OTHER FEES 6

ITEM 7--ESTIMATED INITIAL INVESTMENT 13

ITEM 8--RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 18

ITEM 9--FRANCHISEE'S OBLIGATIONS 22

ITEM 10--FINANCING 24

ITEM 11--FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 24

ITEM 12--TERRITORY 35

ITEM 13--TRADEMARKS 38

ITEM 14--PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 40

ITEM 15--OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 41

ITEM 16--RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 41

ITEM 17--RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 43

ITEM 18--PUBLIC FIGURES 49

ITEM 19--FINANCIAL PERFORMANCE REPRESENTATIONS 50

ITEM 20--OUTLETS AND FRANCHISEE INFORMATION 52

ITEM 21--FINANCIAL STATEMENTS 57

ITEM 22--CONTRACTS 57

ITEM 23--RECEIPTS 57

EXHIBITS

A.	Financial Statements
B.	Franchise Agreement and Addenda
C.	Multi-Unit Development Agreement
D.	Personal Guaranty
E.	Confidentiality Agreement
F.	Assignment of Internet, Social Media and Telephone Service Agreement
G.	Authorization Agreement for Electronic Funds Transfer
H	Consent for Credit and Background Check
I	Acknowledgment Addendum to Franchise Agreement
J.	Mutual Release
K.	Operations Manual Table of Contents
L.	List of Franchisee/Company-Owned Units/ Franchisees and Multi-Unit Operators Who Have Left the System
M.	List of State Administrators
N.	List of Agents for Service of Process
O.	State Law Disclosures
P.	Receipts

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

Franchisor

The Franchisor is HARAZ COFFEE HOUSE FRANCHISING, LLC. In this Franchise Disclosure Document, the Franchisor will be referred to as "we," "us," "Company," "Franchisor," or "HARAZ COFFEE HOUSE" and the person who buys an Individual Unit Franchise will be referred to as "you". In order to distinguish between disclosure applicable to Individual Unit Franchises and Multi-Unit Franchises, the person who buys a Multi-Unit Franchise will usually be referred to as "Multi-Unit Developer." If the prospective franchisee or Multi-Unit Developer is a corporation, partnership, limited liability company or other entity, "you" or "Multi-Unit Developer" will mean the entity and the owners of the entity.

We are a Michigan limited liability company, organized on January 6, 2023 for the purpose of offering HARAZ COFFEE HOUSE franchises. We do business under our company name and the names "HARAZ" and "HARAZ COFFEE HOUSE." Our principal business address is 14661Rotunda Drive, Ste. 304, Dearborn, Michigan 48120 ("Corporate Office"). If your state is listed in Exhibit M to this disclosure document, our agent for service of process in your state is listed in Exhibit N. If your state is not listed in Exhibit M, our agent for service of process is Hamzah Nasser, CEO and Member.

Parents, Predecessors and Affiliates

We do not have any parents or predecessors. The first HARAZ COFFEE HOUSE was opened in Dearborn, Michigan on April 10, 2021 by our CEO and Founding member, Hamzah Nasser, who organized Village Qahwah, LLC, a Michigan limited liability company ("Village Qahwah"), doing business as Haraz Coffee House, on July 15, 2019. This Cafe is located at 13810 Michigan Avenue, Dearborn, Michigan 48126. On January 2, 2025, the operations of the Dearborn Café were transferred to Dearborn Coffee, LLC. This entity shall be deemed our Affiliate for purposes of this disclosure document and its Cafe is the basis upon which our franchise system has been created. Village Qahwah also owns the trademarks, trade names and intellectual property rights to the "HARAZ" mark. Through a written license agreement with Village Qahwah, we have obtained the exclusive right to license the HARAZ marks to our franchisees.

Haraz HQ, LLC ("Haraz HQ") is another Affiliated entity located at 14661 Rotunda Drive, Ste. 304, Dearborn, Michigan 48120. Haraz HQ owns and operates a warehouse facility that is a designated supplier from which certain products used in the operation of your franchise business must be obtained. This business is also owned and operated by our Founder, Hamzah Nasser.

We have two (2) other Affiliated entities that are also owned and operated by our Founder. The first is HCH Distribution, LLC ("HCH Distribution") located at 14661 Rotunda Drive, Ste. 304, Dearborn, Michigan 48120 that will supply various products to our franchisees including equipment such as but not limited to grinders, press and espresso machines as well as coffee beans, teas, sauces, product mixes, chinaware, silverware and disposable packaging. The second is HCH Bakery, LLC ("HCH Bakery"), located at 14661 Rotunda Drive, Ste. 304, Dearborn, Michigan

48120 that will be the primary supplier for all Haraz bakery items to our franchisees that will be obtained from approved distributors.

We and/or our Affiliates may be an Approved Supplier or Designated Supplier of certain products and services to our franchisees (see Item 8). Otherwise, we do not have any affiliates that provide products or services to our franchisees.

Neither we nor our Affiliates have offered in the past or now offer franchises in any other line of business. We do not currently have other business activities.

The Franchise Offered

We offer to you the right to own and operate a quick-service HARAZ COFFEE HOUSE Cafe devoted to offering coffee prepared from beans grown in the Haraz mountains in Yemen, 3000 meters above sea level. In addition, your franchise will also offer coffee, teas, espresso, pastries and related items. The HARAZ COFFEE HOUSE Cafe will offer both limited seating and carry out based services under the HARAZ COFFEE HOUSE name and service marks (a "HARAZ COFFEE HOUSE" or "Cafe").

The typical HARAZ COFFEE HOUSE Cafe is located inside a strip center, either as an end-cap space or in-line space. An end-cap unit will make available a drive-up window to service motor vehicle customers, plus some inside seating to accommodate walk-in customers. Your site must meet our traffic, performance measured by Placer AI and similar information brokers, parking, access, space and demographic standards. The prototypical space size will be approximately 1800 to 2500 square feet and will include uniform interior and exterior designs and colors surrounding our proprietary name and logo.

HARAZ COFFEE HOUSE franchises will operate under our trademarks, service marks, logos, trade dress and other elements identifying our franchise system and Cafes, some of which are described in Item 13 of this Franchise Disclosure Document (the "Franchise Marks" or "Proprietary Marks") and in accordance with the systems that we specify for operating a HARAZ COFFEE HOUSE Cafe (the "Franchise System"). The distinguishing characteristics of the Franchise System include the Franchise Marks, proprietary Yemen coffee Roasts, coffee preparation techniques, trade dress elements of the business, including color schemes, art and overall look and feel of the Cafe, the uniforms worn by staff and certain materials used in the operation of the business, supplier and distribution arrangements, formulas, recipes and specifications for food and drink products, training, operational procedures, promotional techniques and materials, signs, paper products, equipment layout, methods of inventory and operation, and manuals covering business practices and policies. You acquire the right to operate a HARAZ COFFEE HOUSE by signing our standard Franchise Agreement. Under the Franchise Agreement, you will acquire the right to operate a single HARAZ COFFEE HOUSE at a designated location (the "Franchise Location"). Your franchise may be referred to in this Franchise Disclosure Document as the "Franchise Business."

Multi-Unit Franchise

In certain circumstances, we may offer to you the right to sign a Multi-Unit Agreement (the "Multi-Unit Agreement") in the form attached as Exhibit C to this Disclosure Document to develop multiple Cafes These stores may or may not be located within a specifically described geographic area. Under the Multi-Unit Agreement, you must establish at least two (2) Stores according to a development schedule and sign a separate Franchise Agreement for each Store established under the Multi-Unit Agreement. The Franchise Agreement for the first Cafe will be in the form attached as Exhibit B to this Disclosure Document and will be signed at the same time you sign the Multi-Unit Agreement. For each additional Cafe developed under the Multi-Unit Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may include different terms and conditions, including but not limited to different royalties, advertising fees and other payments that may be incurred.

Market and Competition

Your franchise will serve the general public. The general market for coffee, espresso and related drinks offered by HARAZ COFFEE HOUSE Cafes is highly developed. Depending upon your location, you may face substantial competition from other coffee Cafes and brands, including fast food, dine-in and carry out businesses. Examples of competitors include nationally affiliated, regionally affiliated and local, franchises, chains and independently owned quick service Cafes or restaurants.

Industry Regulations

While we are unaware of any state or federal laws regulating the operation of a coffee Cafe business, there are numerous laws and regulations that applicable to the retail sale of food and beverages. For example, the U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and Cafe sanitary conditions. State and local agencies inspect Cafes to ensure that they comply with these laws and regulations. These laws and regulations may vary significantly from state to state and even from locality to locality. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Cafe, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Cafe's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Cafes and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and regulate advertisements. State and local agencies inspect Cafes to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in

which you are interested in locating your Cafe and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to Cafes. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and Cafe sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in Cafes. While NLEA specifies a number of exemptions for Cafes, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Cafes and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Cafe, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Cafe. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

ITEM 2--BUSINESS EXPERIENCE

Hamzah Nasser: Founder, Chief Executive Officer and Member

Hamzah Nasser is the Founder of the Company, the Affiliated Entities and has served as our CEO since inception of the Company in January, 2023. From April, 2021 to January, 2023, Mr. Nasser developed the Haraz Coffee House concept at the Dearborn location which he continues to own.

Nasser Nasser: Director of Training

Mr. Nasser has been Director of Training since January, 2023 to the present. From January 2021 to December, 2022 he was Manager of the Haraz Dearborn location.

Optegra Advisors, LLC: Franchise Sales and Marketing

We have engaged Optegra Advisors, LLC as a third party independent consultant to assist in the sales and marketing of our franchises, site analysis and project management. Optegra is located at 14661 Rotunda Dr., Dearborn, MI 48120.

ITEM 3—LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4--BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5--INITIAL FEES

Individual Unit Franchises

You must pay an initial franchise fee of $50,000. The initial franchise fee must be paid in full at the time the Franchise Agreement is signed. Except as described in this paragraph, our initial franchise fees are uniform and are non-refundable. We have not charged an initial franchise fee for those locations owned by our founding Members.

Initial Inventory and Equipment

Prior to opening your Café, you must purchase your initial inventory and certain required café equipment, furniture, fixtures, and related services from our affiliates, Haraz HQ, LLC ("Haraz HQ") and HCH Distribution, LLC ("HCH Distribution"). Haraz HQ and HCH Distribution are approved suppliers in our system and are affiliated entities under common control with us.

We estimate that the cost of your opening inventory and required furniture, fixtures, and equipment ("FF&E") for the Haraz Coffee House design and operational standards, including, without limitation, menu items, ingredients, paper goods, uniforms, branded retail merchandise, espresso machines, coffee brewers, grinders, and other required equipment and related setup services, will range from $87,000 to $184,500, depending on the size, format, and approved design specifications of your Café.

Upon execution of the lease for your Franchised Business, or at such earlier time as we may designate for order placement, you must pay to us or to Haraz HQ and/or HCH Distribution a deposit equal to 50% of the estimated cost of such initial inventory and FF&E. This deposit will be applied toward the cost of procuring the required initial inventory, FF&E, and related services for your Café.

All amounts paid for initial inventory, FF&E, and related services, including the deposit, are non-refundable, except as required by applicable law.

Site Plans, Design, and Project Review Fee

At the time site design and planning is to begin, you must pay us $10,000 for site design services,

CAD and related plan materials, and remote project oversight assistance in connection with the development of the Franchised Location.

Multi-Unit Developer Franchises

If you qualify and choose to become a Multi-Unit Developer, you will sign a Multi-Unit Agreement for a minimum two (2) Cafe development, together with the Franchise Agreement for the first HARAZ COFFEE HOUSE Cafe that you will develop. The initial franchise fee for the first Cafe will be $50,000 but the initial franchise fee for each additional Cafe to be developed will be reduced to $45,000. Concurrently with the execution of the Multi-Unit Agreement, you must pay a Multi-Unit Development Fee that will be 100% of the initial franchise fee for the first Cafe to be developed ($50,000), sign the first Franchise Agreement, and pay a deposit equal to 50% of the $45,000 reduced initial franchise fee (i.e. $22,500) for each additional Cafe to be developed under the Multi-Unit Agreement. For your first Cafe, we will apply $50,000 of the Development Fee to pay the initial franchise fee in full. For each Cafe developed after the first one, we will apply $22,500 of the Development Fee towards the initial franchise fee due under the then current Franchise Agreement and the balance of the initial franchise fee due, or $22,500 is payable when you sign the Franchise Agreement for the Cafe. The number of Individual Unit Franchises that will be specified for development will be jointly determined by you and us based on published data including but not limited to population density, business locations, household income, traffic patterns, etc. We estimate that the typical Multi-Unit Development Schedule will be for two (2) to five (5) Individual Unit Franchises. We reserve the right to adjust this formula depending upon the size of the area and the financial ability of the Multi-Unit Developer. The Development Fee must be paid in a lump sum and is non-refundable.

ITEM 6--OTHER FEES

Individual Unit Franchises

Type of Fee[(1)]	Amount	Due Date	Remarks
Royalty Fee	4% of Gross Sales	The second business day of each week by electronic funds transfer	Gross Sales include all revenues from the franchise business except sales taxes paid and refunds.[(2)]
Advertising Fund Contribution	1% of Gross Sales	The second business day of each week by electronic funds transfer	See Item 11 for information on the Advertising Fund.
Local Advertising	1% of Gross Sales	Monthly	.Paid to vendors

Type of Fee[(1)]	Amount	Due Date	Remarks
Cooperative Advertising	None currently. May vary, up to 3% of Gross Sales. Any expenditures are credited against Local Advertising required.	As incurred	You must participate in the advertising cooperative for your area if one is established.[(3)]
Initial Inventory and FF&E	$87,000 to $184,500	50% deposit upon execution of the lease for the Franchised Business; remainder due upon invoice	Paid to our affiliates Haraz HQ and HCH Distribution for opening inventory and required FF&E, including food and non-food items, coffee beans, teas, spices, sauces, disposable packaging, chinaware, silverware, uniforms, branded retail merchandise, espresso machines, coffee brewers, grinders, and related setup services.
Inspection Failure Fee[4]	$500 per identified breach of operating manual and FDD	On receipt of invoice	See note 4 below.
On-Site Opening Training and Launch Support	$450 per day, plus travel, food and lodging	As incurred or upon invoice	See note 5 below
Successor Renewal Fee	$25,000	At the time the renewal Franchise Agreement is signed	You must pay a renewal fee if you renew your franchise at the end of the initial term of the franchise.
Transfer Fee	$15,000 subject to state law; seller is to pay $7500 and buyer is to pay $7500	Before closing of the transfer	You and your transferee must pay a transfer fee if you transfer your franchise or a controlling interest in the franchisee or substantially all the assets of the franchise.
Late Charge, NSF Fees and Interest	Late charge of $50 per day, NSF fees of at least $30 and interest of 1.5% per month or maximum rate allowed by law	On receipt of billing	A late charge must be paid on all late payments, NSF fees must be paid for checks or debits returned to us for non-sufficient funds (NSF) or other similar reasons and interest must be paid on all overdue amounts.

Type of Fee[1]	Amount	Due Date	Remarks
Audit Expenses	Cost of audit	On receipt of our billing	This cost must be paid if the audit is necessary because of your failure to furnish reports or financial information, or the audit discloses an under-statement of 3% or more.
Appraiser Fee	50% of actual cost	On receipt of billing	If we elect to purchase the assets of your franchise on expiration or termination and we cannot mutually agree on the purchase price.
Technology Systems Fee	Currently approximately $986 per month ($11,832 per year)	On receipt of billing	. Paid to us or our designated vendors for required technology systems and related services, including the Toast POS system and card terminals, Restaurant365 or a similar inventory management and reporting platform we designate, required third-party delivery integrations, the Toast custom app or similar application we specify, and Certus AI or a similar AI phone and order-management system we designate. See Note 9.
Promotions, coupons, Gift Card, E-Card or Frequency Card Program Fees	Only our administrative costs to implement the program to be shared prorate among franchisees	On receipt of billing	If we establish and administer various promotions such as coupons, gift cards, E-Cards, frequency or other similar programs, we may charge an administrative fee for administering those programs of $100 per franchisee.
Maintenance and Repairs	Actual cost to us	On receipt of billing	If you fail to maintain your Franchise Location, we may do so at your expense.
Refurbishing Costs	Actual cost not to exceed $75,000 [6]	At time of refurbishing	You must refurbish the Franchise Location to meet our current requirements. These amounts will not be paid to us.

Type of Fee[(1)]	Amount	Due Date	Remarks
Insurance	Actual cost to us if we are required to buy for you	On receipt of billing	If you fail to purchase the insurance we specify for the Franchise Business, we may do so at your expense.
Indemnification	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your franchise
Damages for Loss of Bargain on Termination	See Note 7	On termination	You must pay us liquidated damages if the Franchise Agreement is terminated before the end of the term, except for termination by you for cause.
Annual Conference	Actual costs for travel, lodging, meals	As incurred	Hotel, airlines, Cafes
Banking and merchant processing fees	Actual costs	As incurred	Paid to Vendor
Costs and Attorneys Fees	Amount will vary under circumstances	As incurred	You must pay our costs and attorney fees if we are the prevailing party in an action or if we must take action to enforce your obligations to us.
Supplier/Product Evaluation Fee	$250 plus fees of lab, testing or vendor	Prior to evaluation	If you wish to use a non-approve supplier or non-approved products a fee will be required for testing and evaluation.
Noncompliance Fee	$500 per occurrence	When assessed	The fee applies if you are not in compliance with the Franchise Agreement and may be implemented without issuance of a written notice of default

Type of Fee[(1)]	Amount	Due Date	Remarks
Site review fee	$2,500 plus $500-$ 1000 for travel and related expenses	In event a site review is required, as incurred.	Payable if you elect to use your own broker or brokerage firm, or if you ask us to review a site, LOI, lease proposal, term sheet, or other transaction identified or in process before signing the Franchise Agreement. You must also reimburse the reasonable travel, lodging, meal, and related expenses of our designated representatives..

Notes to Table

(1) Except as noted, all fees are imposed by and payable to us and are uniform for all franchises offered at this time. All fees paid to us are non-refundable. You will pay royalty, advertising and other periodic payments payable to us by electronic or similar funds transfer in the appropriate amounts from your primary bank account to our bank accounts in the manner that we specify. Your primary operating bank account means the account in which revenue from your Franchise Business is deposited and held to pay amounts owed to us and other creditors of your Franchise Business. You must sign and provide to your bank and to us the documents necessary to authorize electronic or similar funds transfers specified by us. See the Electronic Funds Transfer Authorization attached to the Franchise Agreement as Exhibit G.

(2) The Franchise Agreement defines "Gross Sales" as the entire amount of all of your revenues from the ownership or operation of the Franchise Business or any business at or about the Franchise Location including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, food stamps, coupons and premiums (unless exempted by us), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing Gross Sales if the cash, credit or receivables represent amounts previously included in Gross Sales where royalty fees and advertising contributions were paid. Gross Sales are deemed received by you at the time the goods, products, merchandise, or services from which they derive are delivered or at the time the relevant sale takes place, whichever occurs first. Gross Sales consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable to the products or services exchanged for the Gross Sales at the time the Gross Sales are received.

(3) We have not yet formed any advertising cooperatives. If we form an advertising cooperative, the cooperative may require additional advertising fees, but only by a majority vote of the members of the cooperative. If a cooperative is formed the additional maximum advertising fee shall be 3% of Gross Sales and shall be credited against advertising fund payments due.

(4) If you fail an inspection with respect to food or health safety or brand protection, a default of the Franchise Agreement will have occurred. Thus, we may charge fees to cover our costs of inspection including travel and any legal fees we incur regarding notifying you of your default.

If you fail an inspection with respect to food safety, health and sanitation standards, store cleanliness, customer service standards, brand protection, approved sourcing requirements, or other specified operating standards under the Franchise Agreement or Operations Manual, a default under the Franchise Agreement will have occurred. In such event, we may charge you fees to cover the costs of inspection, including travel costs and any legal fees incurred in connection with notice of default or enforcement of our requirements. We may also assess a $500 fee for each material inspection failure or noncompliant condition identified, including each unauthorized item, product, or sourcing violation involving unapproved vendors or third parties.

(5) We may require two (2) Haraz HQ trainers to be present at your Café for on-site opening training and launch support for a minimum of fourteen (14) calendar days. In that event, you must pay $450 per day for two (2) trainers, based on an eight (8) hour day, plus any materials, travel, lodging, meal, and related expenses. These trainers may provide both instruction and operational support, including assistance with opening activities, staff training, customer service, and order fulfillment. This fee is intended only to partially offset our cost of providing such services. We do not charge a separate fee for supplemental owner training at Haraz HQ for up to one (1) to two (2) weeks, but you must bear all related travel, lodging, meal, wage, and personal expenses.

(6) We can require refurbishing no more than one time during the initial term of the Franchise Agreement. This limit of $75,000 will not apply at the time of renewal of the Franchise Agreement. It is our intent to impose this requirement uniformly on all Franchise Locations.

(7) If the Franchise Agreement is terminated before its expiration (other than termination by you for cause), we may recover from you damages attributable to the loss of bargain resulting from that termination. The damages for our loss of bargain will be the present value of the royalty fees that you would have paid to us for the lesser of: (i) the balance of the term of the Franchise Agreement if the Franchise Agreement had not been terminated; or (ii) 104 weeks. The royalty that you would have paid to us will be calculated by taking the average weekly amount of those payments for the twelve-month period [or such lesser period if you were not in operation for a full twelve-month period] immediately preceding the date of termination and multiplying that amount by the number of weeks left in the term of the Franchise Agreement at the time of termination (maximum of 104 weeks).

(8) The CAD Site Concept Plan is a basic overlay on satellite imagery, and/or preliminary civil designs, to confirm the feasibility of Cafe development, before entering into a ground lease or purchase agreement. You are responsible for the costs incurred in preparing the final site plan to suit the shape and site constraints of the Cafe, before submitting to us for site acceptance. These expenses may be paid to us or third parties.

9) We currently require certain technology systems and related services for the operation of the Franchise Business, including the Toast POS system and card terminals, Restaurant365 or a similar inventory management and reporting platform we designate, required third-party delivery

integrations such as Uber Eats, DoorDash, and Grubhub, the Toast custom app or similar application we specify, the Haraz custom app or a similar application we designate, and Certus AI or a similar AI phone and order-management system we designate. The current aggregate cost of these required systems is approximately $986 per month ($11,832 per year), payable to us or our designated vendors, as applicable, although these amounts may be lower or higher depending on vendor pricing, store configuration, selected service levels, and the systems we require at the time. These fees are in addition to any separately disclosed website, payment processing, internet, telephone, maintenance, support, upgrade, or other vendor charges that may apply. We reserve the right to designate successor systems, replacement vendors, additional required integrations, or modified technology requirements from time to time, and vendor pricing is subject to change.

Multi-Unit Franchises

Type of Fee (1)	Amount	Due Date	Remarks
Development Fee	$50,000 for first unit plus $22,500 times the number of locations to be developed	Upon signing Multi-Unit Agreement	Nonrefundable.
Franchise Fee Balance	$22,500 per Cafe after first location	Upon signing Franchise Agreement	Nonrefundable.
Transfer Fee	Subject to state law, 25% of the initial Multi-Unit Fee being charged for comparable territories at the time of the transfer	Before closing of the transfer	Multi-Unit Developer must pay a transfer fee if its Multi-Unit Developer Franchise is transferred.
Costs and Attorneys Fees	Amount will vary under circumstances	As incurred	You must pay our costs and attorney fees if we are the prevailing party in an action or if we must take action to enforce your obligations to us.
Indemnification	Amount will vary under circumstances	As incurred	You must reimburse us if we incur liability from the operation of your Multi-Unit business.

Notes to Table

(1) Except as otherwise noted, all fees are imposed by and are payable to us. The fees payable to us are not refundable.

ITEM 7--ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Individual Unit Franchises.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	$50,000 (1)	Lump sum	On signing the Franchise Agreement	Us
Grand Opening Advertising	$75,000	As arranged	As arranged	Us or approved Advertising Media & Vendors
Lease Deposit and First Month's Rent, Utilities (2)	$5,000- to $15,000	As agreed	As specified in lease	Lessor
Leasehold Improvements (3)	$110,000 to $180,000	As agreed	Before opening as incurred	Contractors/ Vendors
Starting Inventory, Furniture, Fixtures and Equipment including Café Equipment Paid to Franchisor/Affiliates (4)	$87,000-$184,500	As agreed	Before opening as incurred	Us or Approved Contactors/ Vendors/Affiliate
Drive Thru Locations Only	$34,000 to 39,405	As agreed	Before opening as incurred	Approved Vendors. This cost will cover necessary technology and equipment, digital menu boards, engineering and installation charges and licenses.
Exterior and Interior Signage	$7,000 to $13,000	As incurred	Before opening as incurred	Approved Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Licenses/Permits	$2000 to $3,000	As incurred	Before opening as incurred	Governmental Entities
Architecture/ Engineering Fees	$7,500 to $15,000	As incurred	Before opening as incurred	Approved Vendors
Site Design, and Project Review Fee	$10,000	As agreed	Upon lease execution or procurement of site	Us or Approved Contactors/ Vendors/Affiliate
Technology/ POS System (5)	$1000 per terminal and $1500 for online payment App	As incurred	Before opening as incurred	Vendors
Insurance (6)	$3500 to $4800	As agreed	Before opening as incurred	Insurance Companies
Costs Incurred for 14 days of onsite training from 2 trainers (7)	6,300-10,500	As incurred	Before opening as incurred	Franchisor Affiliates, Airlines, Hotels, Cafes, Employees
Legal Fees	$2000 - $3000	As incurred	Before opening or as incurred	Attorney
Additional Funds (three months) (9)	$42,650 to $46,872	As incurred	As incurred	Vendors, Employees and Us
TOTALS (10 – 12)	**$**375,450 to $584,077			

Our estimate of your initial investment to develop one HARAZ COFFEE HOUSE Cafe is described in the table above. If you take over an existing Cafe space, your costs may be less. The estimate covers the period before the opening of your franchise and includes a category for additional expenses you may incur during the initial three-month phase after the opening of your franchise. The estimate does not include an owner's salary or draw. The estimate also does not include cash requirements to cover operating losses or owner's draw after the initial three-month phase of the franchise. You may need additional funds available, whether in cash or through unsecured credit lines or have other assets that you may liquidate, or that you may borrow against, to cover your personal living expenses and any operating losses after the initial phase of your franchise. The estimates below also do not reflect an amount for investment in real estate, since it is assumed that you will lease your premises.

Notes to Table

(1) No amount is refundable.

(2) These costs are based on rental of your Franchise Location. We expect the typical HARAZ COFFEE HOUSE Cafe to range in size from 1800 square feet to 2500 square feet with seating for approximately 35-50 customers. We estimate that average cost per square foot will range from approximately $130 to $140 depending upon real estate costs. In major metropolitan areas (such as New York or Los Angeles) this range can be higher from $160 to $200 per square foot. The initial charge to you for leasing the Franchise Location is estimated to be the first month's rent and, in some cases, a security deposit of one- or two-month's rent. Your rent may be subject to escalation clauses based on inflation or other factors as provided in your lease. The annual rent amount may vary depending on the area of the country, condition, location and size of the location and the demand for the location among prospective tenants. Your initial investment will be much greater if you purchase real estate and construct your Franchise Location and we do not have any estimate of those costs. The balance of costs in the estimation are for utilities (i.e. gas, water, electricity) that you will incur each month. Your initial costs may be less if you are able to negotiate tenant improvement allowances.

If you choose to purchase real property on which to build your Cafe, your initial investment will be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

(3) You must construct and build out your Franchise Location in accordance with our standards and specifications. We will provide prototype plans and design criteria for the build-out of a Café. You must engage an architect or architectural firm approved by us to prepare and adapt the plans for the specific size, configuration, and conditions of your approved site. We may condition approval on the architect's or firm's familiarity with our concept, prior acceptable work product, and demonstrated ability to prepare plans consistent with our brand standards. This requirement is intended to protect the Franchise System and franchisees from deficient plans, design errors, and delays associated with inexperienced or unsuitable design professionals. You may not use any architectural plans or begin construction unless and until those plans have been approved by us. The estimates in this Item 7 assume a freestanding location or an in-line end-cap location in a strip center, including a location where drive-thru capacity may be added.

(4) You must furnish and equip the Franchise Location in the manner we specify. The amounts in this category include the cost of opening inventory and required furniture, fixtures, and equipment ("FF&E") for the Haraz Coffee House design and operational standards, which must be purchased from us, our affiliates, or approved vendors, as we designate. These amounts may be paid in part to our affiliates, Haraz HQ, LLC and HCH Distribution, LLC, for required equipment, products, and related setup items, including, without limitation, espresso machines, coffee brewers, grinders, small wares, branded merchandise, and similar items.

This category also includes dining area furniture and fixtures, such as tables, chairs, accessories, paneling, lighting, ceiling and floor treatments, decorative elements, telephones, security systems, safes, office furniture, and other required furnishings. Major equipment may include walk-in coolers, walk-in freezers, refrigerators, dishwashers, stoves, beverage dispensing equipment, and similar items. Costs will vary depending on the size, condition, configuration, and approved design of your Franchise Location. To the extent available, you may finance or lease certain items included in this category.

(5) This category includes the required networked point-of-sale system, approved scanning vendor ("ASV") services, security cameras, and related technology components described in Item 11. We anticipate that you will need a minimum of one (1) POS unit for your Franchise Location, although additional units may be required depending on the size, format, and operational needs of the Café. Current recurring monthly fees for required technology systems and related services are described in Item 6 and Item 11.

(6) You must purchase and maintain the following insurance coverage:

Type of Coverage	Limits/Specifications
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	$120,000 – Special Form Coverage -- Full Replacement Cost
Business Personal Property	$80,000 – Special Form Coverage -- Full Replacement Cost
Spoilage	$10,000
Business Income	Twelve (12) Months of Continuing Royalty Payments and rent
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations
Workers' Compensation	Statutory Requirements
Stop Gap or Employer Liability	$1,000,000 by Disease $1,000,000 each Accident $1,000,000 Policy Limit
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit

Your lease may require higher limits or additional coverages. Each specified policy of insurance must meet the following requirements: (a) the policy must name us (and any of our affiliates that we reasonably specify) as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to us; (c) the insurance must be placed with an approved vendor and an insurance carrier with an AM Best's Rating of not less than A; and (d) the policy must provide that failure by you to comply with any term, condition or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded us.

(7) Training is provided to one owner of the franchise and its manager. Although we do not charge any additional fees for the initial training program, you must pay any wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during initial training. The cost will depend on the distance you and your employees must travel and the type of accommodations you choose. We anticipate that you will have no expenses if you are locally based to our training facility other than wages you may pay to your manager.

(8) You must purchase certain proprietary beans and recipe items which constitute key components of the System, the cost of which is included here. Also included in our estimate is the opening food inventory, uniforms, linens, small wares, first aid supplies, office supplies, initial cleaning supplies, gift cards, menus and other printed items and opening cash drawer. The amount of your initial inventory will vary depending on the sales volume you anticipate for your Cafe and current market prices.(Your miscellaneous pre-opening expenses may include utility deposits, installation of telephones, legal or accounting services, office supplies, menu printing, etc.

(9) This is an estimate only of the range of additional funds you may need (but not working capital) to cover initial start-up expenses for the first three (3) months of operation of your franchise. This amount does not include any owner draw, wages, benefits or subcontractor installers' costs, but we estimate that the range of payroll expenses and employee benefit expenses for the initial three (3) months will be from $42,650 to $46,872 based on a minimum wage rate of $12.48 per hour . The estimate of additional funds is based on our affiliate's experience and expertise in the metropolitan Detroit area. These amounts are generally not refundable.

(10) We relied on our affiliates' experience in metropolitan Detroit to develop and operate a similar business to compile these estimates.

(11) Except as may be noted, none of the payments to us are refundable. The refundability of payments to other parties is determined by your agreements with those parties.

(12) We do not offer any financing for any part of your initial investment. You may, however, finance a portion of your initial investment with a third party.

Multi-Unit Franchises

In addition to the initial investment described above for each individual franchise Cafe that Multi-Unit Developer owns and operates, Multi-Unit Developer will incur the following expenses:

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Multi-Unit Development Fee (1)	$72,500 for 2 Cafes to $140,000 for 5 Cafes	Lump sum	When the Multi-Unit Agreement is signed	Us
Franchise Fee Balance of $20,000 per Location (Cafes 2-5)	$22,500 to $90,000	Lump Sum	When Franchise Agreement is signed	Us
Total Estimated Initial Investment	**$95,000 to $230,000***			

Notes to Table

***Based on a Multi-Unit Schedule for two (2) to five (5) franchises**.

(1) See Item 5 regarding the initial Multi-Unit Development Fee.

ITEM 8--RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Obligations to Purchase or Lease from the Franchisor or its Designated Suppliers

You must purchase all equipment, fixtures, signs, banners, inventory, coffee and espresso beans, teas, food products, proprietary seasonings, recipes, supplies, packaging materials, ingredients, paper and plastic products, menus, uniforms, POS and computer systems, computer hardware and software, time clocks and payroll/tax filing services and all other products and services for the development and operation of your HARAZ COFFEE HOUSE franchise of the type and in the amounts we specify, in accordance with our specifications and only from manufacturers, suppliers or distributors we designate or approve ("Approved Suppliers" or "Designated Suppliers"). We and our affiliates may be Approved Suppliers. We may also be the only Approved Suppliers of proprietary coffee and espresso beans. This includes our Affiliates, Haraz HQ that is currently the only Approved Supplier of coffee beans to be used by your franchise, as well as HCH Bakery and HCH Distribution.

You must prepare serve all of the items on our standard menu pursuant to our recipes and methods without departing from the standard menu. No food or liquid items may be sold that are different from our standard menu unless you have received our written approval. We do not have to approve other suppliers or distributors for any of these products and services. We impose these requirements so that we can ensure uniformity of operations, quality and sufficient volume purchases to obtain favorable pricing under contracts with suppliers and distributors. If you wish to request approval of a supplier, we may grant approval of alternative suppliers upon written request. Our fee will be $250 for each request as disclosed by Item 6, plus costs of lab testing or fees charged by the vendor. Based on the information and/or samples you supply to us from the proposed alternative supplier, we will test the items supplied and review the proposed supplier's business reputation, Cafe very performance, credit rating and other information. We reserve the right to update our criteria periodically. We may permit you to purchase from alternative suppliers who meet our criteria after they are approved by us. We expect to complete our review and advise you of our decision within 30 days after you submit all required information to us.

Our criteria for approving suppliers are made available to you upon request (and may be set forth in the Operations Manual). Our specifications and standards with respect to product and supply purchases are contained in our Operations Manual and through bulletins, memos and emails.

We will provide a list of Approved Suppliers to you in memos, bulletins, emails or in our Operations Manual. This list may be amended from time to time at our discretion. We may enter into agreements with Approved Suppliers for and on behalf of all HARAZ COFFEE HOUSE franchises or all HARAZ COFFEE HOUSE franchises in a particular region. As of the date of this disclosure document, our Founder Hamzah Nasser, has an ownership interest in our Affiliate Haraz HQ that will be an Approved Supplier of certain coffee and espresso beans, teas, and other required items you must carry in the operation of your franchise. No other individual that has an ownership interest or is an officer in the Franchisor owns an interest in any Approved Supplier.

We may negotiate purchase arrangements with some of our Approved Suppliers or Designated Suppliers for the benefit of our franchisees in order to take advantage of group purchasing power.

We reserve the right to receive rebates or other fees from Approved Suppliers based on sales of goods or services to our franchisees. We have the right to collect all rebates or fees and you must cooperate with us in the collection of those rebates and fees. We may be the only Approved Supplier for proprietary seasonings and thus may retain all revenue from purchases by franchisees.

You must acquire, maintain and update the equipment (including POS and computer systems), signs, products, and supplies that we specify for establishing and operating your HARAZ COFFEE HOUSE franchise. Also, all of these items must meet our standards and specifications.

Cafe Specifications

You must prepare, or cause to be prepared, all required construction plans and specifications to suit the shape and dimensions of the premises and ensure that these plans and specifications comply with applicable ordinances, building codes, federal and state laws, permit requirements and lease requirements and restrictions. You must submit construction plans, bids, specifications, and any other documentation or forms we may require to us for our approval before you begin construction of your Cafe, and you must submit all revised plans and specifications to us during the course of construction. .

We will furnish you with our mandatory and suggested specifications and layouts for your HARAZ COFFEE HOUSE Cafe, including requirements for dimensions of the premises, design, image, décor, layout, signs, furniture, fixtures, equipment and color scheme. You must hire an approved architect to adapt our plans to the specific shape and dimensions of the approved location for your Cafe. Our approval only relates to how well the build-out plans implement our prototype plans and implementation and presentation of the Proprietary Marks. We must review and approve all plans and specifications before you begin to construct the location to ensure that they meet our design requirements. We may inspect the Cafe during its development.

Site Approval

The Café must be located at a site approved by us in writing. The lease must be signed within 180 days from signing the Franchise Agreement and the site must be opened within 180 days from executing the lease. If either of these do not timely occur, at our discretion we may terminate the Franchise Agreement and retain all monies paid. You have the option to use our designated real estate broker to locate a suitable site at no cost to you. For each Franchised Location, whether developed pursuant to a single-unit Franchise Agreement or a Multi-Unit Development Agreement, you must satisfy our then-current site selection criteria, territorial requirements, and development standards. We will evaluate proposed sites on a case-by-case basis, taking into account such factors as size, configuration, appearance, ingress and egress, visibility, parking,

demographics, traffic counts and traffic patterns, co-tenancy, competition, commercial suitability, rental obligations, and such other economic, physical, and market conditions as we deem relevant, including lease terms and conditions required by us. We do not intend to lease sublease sites to you. If we do so, we may derive revenue from the rent you pay us. Our approval of a proposed site, lease, or transaction does not constitute, and should not be construed as, a representation, warranty, or guaranty that the site will be successful or suitable for your business objectives; rather, such approval means only that, at the time given, the proposed location satisfies our then-current standards and requirements for approval within the Franchise System.

In connection with the identification, negotiation, and leasing of the Franchised Location, you must use a real estate broker or brokerage firm approved by us, unless we expressly waive this requirement in writing. Our approved brokers and brokerages are familiar with our site selection protocols, lease requirements, development criteria, and brand protection considerations. In no event will your use of our approved broker or brokerage firm result in any brokerage fee, commission, or other charge being payable by you to such broker or brokerage. Any compensation payable in connection with the use of our approved brokers or brokerages will be arranged by us or otherwise handled outside of the franchisee's obligation. Notwithstanding the foregoing, you remain solely responsible for retaining your own legal counsel to review and advise you regarding the lease and related occupancy documents before execution.

If you elect to use your own broker or brokerage firm, or if you request that we review or underwrite a site, letter of intent, lease proposal, term sheet, or other transaction that was identified, sourced, negotiated, or otherwise in process before the date of this Agreement, we may, in our sole discretion, permit you to proceed, subject to your payment of a site assessment fee of $2,500, together with the travel, lodging, meals, and other reasonable out-of-pocket expenses incurred by any project Review, architect, retail analyst, or other representative designated by us. This fee is intended to defray the additional review, analysis, diligence, and advisory services that would otherwise ordinarily be addressed through our approved brokerage channels, including, without limitation, market analysis, site suitability review, lease and deal-structure review, development feasibility analysis, design coordination, and related franchisor oversight.

You may not execute a lease, letter of intent, amendment, renewal, expansion, relocation document, or other binding occupancy agreement for the Franchised Location unless and until you have delivered the proposed documentation to us, afforded us a reasonable opportunity to review the same, and received our prior written approval of both the site and the material lease terms to be noticed to cre@harazcoffeehouse.com at 14661 Rotunda Dr, Dearborn MI 48120. Our approval of a proposed site, lease, or transaction does not constitute, and should not be construed as, a representation, warranty, or guaranty that the site will be successful or suitable for your business objectives; rather, such approval means only that, at the time given, the proposed location satisfies our then-current standards and requirements for approval within the Franchise System.

Insurance

You must purchase insurance coverage for your business in accordance with our standards and specifications and from our Approved Suppliers, including the following:

Type of Coverage	Limits/Specifications
General Liability	$1,000,000 Bodily Injury/Property Damage Per Occurrence / $2,000,000 Aggregate
Building Improvements and Betterments	$120,000 – Special Form Coverage -- Full Replacement Cost
Business Personal Property	$80,000 – Special Form Coverage -- Full Replacement Cost
Spoilage	$10,000
Business Income	Twelve (12) Months of Continuing Royalty Payments and rent
Flood, Earthquake and Volcanic Eruption	Subject to Territory Limitations
Workers' Compensation	Statutory Requirements
Stop Gap or Employer Liability	$1,000,000 by Disease $1,000,000 each Accident $1,000,000 Policy Limit
Hired and Non-Owned Automobile Liability	$1,000,000 Combined Single Limit

Your lease may require higher limits or additional coverages. Each specified policy of insurance must meet the following requirements: (a) the policy must name us (and any of our affiliates that we reasonably specify) as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to us; (c) the insurance must be placed with an approved vendor and an insurance carrier with an AM Best's Rating of not less than A; and (d) the policy must provide that failure by you to comply with any term, condition or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded us.

Advertising Materials

Before you implement them, you must send us for approval samples of all advertising, promotional and marketing materials, which we have not prepared or previously approved. If you do not receive written approval within fifteen (15) days after we receive the materials, they are disapproved. You may not use any advertising or promotional materials that we have disapproved.

As noted in Items 7 and 11, you must conduct a grand opening advertising program for the Cafe in accordance with our standards and specifications during the thirty (30) day period after opening.

Revenue or Other Benefits to Franchisor or Affiliates

During fiscal 2025, our Affiliate, Haraz HQ received $210,872.98 (100% of its revenue) in revenue from required purchases by franchisees of equipment such as espresso machines and grinders. Our Affiliate HCH Bakery, LLC received $103,799.98 (100% of its revenue) in revenue from required purchases of baker items and our Affiliate HCH Distribution, LLC achieved revenue of $4,356,874.02 (100% of its revenue) from purchases of coffee beans and teas. No payments of

any kind were made to us from any of these Affiliated entities for purchases made by our franchisees.

We may negotiate prices for numerous products for the benefit of the System, but not for any individual franchisee. We will attempt to receive volume discounts for the System.

Percentage of Purchases

All of your purchases from Approved Suppliers and in accordance with our specifications will represent 90% to 100% of your total purchases in the establishment of your HARAZ COFFEE HOUSE franchise and 90% to 100% of your total purchases in the ongoing operation of your Franchise Business.

Cooperatives; Material Benefits to Franchisees

We do not at this time have any formal purchasing or distribution cooperatives. We do not provide material benefits to our franchisees based on a franchisee's purchases from designated sources.

ITEM 9--FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	Sections 7.1, 7.2 and 7.3 of the Franchise Agreement; Section 4 of Multi-Unit Agreement	Items 7, 11, and 17
b. Pre-opening purchases/leases	Sections 7.3, 7.6 and 7.7 of the Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Sections 7.1 through 7.7 of the Franchise Agreement; Section 4 of Multi-Unit Agreement	Items 5, 7 and 11
d. Initial and ongoing training	Section 10 of the Franchise Agreement;	Item 11
e. Opening	Section 8.1 of the Franchise Agreement; Sections 1 and 4 of the Multi-Unit Agreement	Items 11 and 17
f. Fees	Sections 3.2(i), 7.7, 8.9, 8.13, 9.2, 9.3, 10.3, 13.2(f), 15.5 and 16.8 of the Franchise Agreement; Section 5 of the Multi-Unit Agreement	Items 5, 6 and 7

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies/operating manual	Sections 2.1, 2.2, 3.2, 4.10 through 4.14, 6, 7, 8, 9.3, 9.4, 9.5, 10.2, 10.3, 13.2 and 14 of the Franchise Agreement; Sections 4 and7 of the Multi-Unit Agreement	Items 8, 11, 13 and 16
h. Trademarks and proprietary information	Sections 6 and 11 of the Franchise Agreement; Section 4 of the Multi-Unit Agreement; Section 1 of Confidentiality Agreement (Exhibit E)	Items 13 and 14
i. Restrictions on products/ services offered	Sections 8.5 and 8.6 of the Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 8.1 and 8.3 of the Franchise Agreement	None
k. Territorial development and sales quotas	Section 8.1 and 8.2 of the Franchise Agreement; Sections 1 and 4 of the Multi-Unit Agreement	Item 12
l. Ongoing product/service purchases	Sections 4.11, 8.4, 8.5 and 8.6 of the Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Sections 3.2, 8.7 and 13.2 of the Franchise Agreement	Items 11 and 17
n. Insurance	Section 8.10 of the Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of the Franchise Agreement	Items 6 and 11
p. Indemnification	Section 8.13 of the Franchise Agreement;	Item 6
q. Owner's participation/ management/staffing	Sections 8.8 and 8.9 of the Franchise Agreement; Appendix D of Franchise Agreement - Personal Guaranty; Section 6 of the Multi-Unit Agreement	Items 11 and 15
r. Records and reports	Sections 4.10 through 4.14 of the Franchise Agreement; Section 11 of the Multi-Unit Agreement	None
s. Inspections and audits	Sections 4.13 and 4.14 of the Franchise Agreement	Item 6
t. Transfer	Section 13 of the Franchise Agreement; Section 8 of the Multi-Unit Agreement	Items 6 and 17
u. Renewal	Section 3.2 of the Franchise Agreement; Section 3 of the Multi-Unit Agreement	Items 6 and 17
v. Post-termination obligations	Sections 11 and 15 of the Franchise Agreement; Section 7 of the Multi-Unit Agreement; Sections 1 and 2 of Confidentiality Agreement	Item 17
w. Non-competition covenants	Section 12 of the Franchise Agreement	Item 17

Obligation	Section in Agreement	Disclosure Document Item
x. Dispute resolution	Section 16 of the Franchise Agreement; Section 12 of the Multi-Unit Agreement; Section 7 of Confidentiality Agreement	Item 17

ITEM 10--FINANCING

We do not offer direct or indirect financing for your franchise. We do not guaranty any of your notes, leases, or other obligations. At your request, we may provide information and advice to assist you in seeking financing.

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

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

Before Opening

Before you open your business, we will:

1. Site Selection and Approval. Assist you in identifying and evaluating a suitable site for the Franchise Business and review your proposed site for approval (Sections 5.1 and 7.1 of the Franchise Agreement).

You are solely responsible for obtaining the site for your HARAZ COFFEE HOUSE franchise, subject to our approval. In connection with the identification, negotiation, and leasing of the Franchised Location, you must use a real estate broker or brokerage firm approved by us, unless we expressly waive this requirement in writing. Our approved brokers and brokerages are familiar with our site selection criteria, lease requirements, development standards, and brand protection considerations. In no event will our approved broker or brokerage firm charge you any brokerage fee, commission, or similar amount. Any compensation payable in connection with the use of our approved brokers or brokerages will be arranged by us. Notwithstanding the foregoing, you remain solely responsible for retaining your own legal counsel to review the lease and related occupancy documents before execution.

We must approve each site for your Franchise Business, whether you are opening a single location or multiple locations under a Multi-Unit Development Agreement, in accordance with our then-current standards and requirements. In evaluating a proposed site, we may consider such factors as the condition of the exterior and interior of the building, ingress and egress, visibility, parking, surrounding population density, income and education levels, vehicle and pedestrian traffic counts and traffic patterns, space dimensions, signage restrictions, use restrictions, co-tenancy, competitive conditions, and economic terms. The Franchise Agreement does not establish a fixed period within which we must approve or disapprove a site, but we will endeavor to complete our review within 30 days after receipt of all information and documentation we require. If we do not

provide written approval, the site will be deemed disapproved. If we cannot agree on a site and your HARAZ COFFEE HOUSE Café is not opened within the time specified in the Franchise Agreement, the Franchise Agreement may be terminated.

If you elect to use your own broker or brokerage firm, or if you ask us to review a site, letter of intent, lease proposal, term sheet, or other transaction already identified or in process before execution of the Franchise Agreement, we may, in our sole discretion, permit you to do so, but you must pay the site assessment fee and related travel and out-of-pocket expenses described in Item 6.

2. Plans and Specifications. Provide you with prototype plans, design criteria, and standards and specifications for leasehold improvements, interior design, layout, floor plan, signage, products, inventory, uniforms, equipment, POS system, color scheme, and décor for the construction and improvement of your Franchise Location (Section 5.2 of the Franchise Agreement).

You must use an architect or architectural firm approved by us to prepare and adapt the plans for the specific size, configuration, and conditions of your approved site. We may condition approval on the architect's or firm's familiarity with our concept, prior acceptable work product, and demonstrated ability to prepare plans consistent with our brand standards.

3. Equipment, Inventory, and Approved Suppliers. Specify and provide sources and standards for the equipment, supplies, materials, and menu items used in the Café, including the Approved Suppliers list for the equipment, fixtures, signage, inventory, and related products and services necessary to develop and begin operation of the Franchise Business (Section 5.3 of the Franchise Agreement).

4. Operations Manual. Provide you with one copy of our Operations Manual for use in the operation of your Franchise Business during the term of the franchise (Section 5.4 of the Franchise Agreement). The Operations Manual is described in more detail below under the heading "Operations Manual."

5. Initial Training. Provide the initial training program for the operation of the Franchise Business (Sections 5.5 and 10 of the Franchise Agreement). At least two persons designated by us must complete the required training program, which may include the owner or designated operator and the on-site manager, as we determine. The training program is described in more detail below under the heading "Training."

6. On-Site Opening Training and Launch Support. If we require it, provide on-site opening training and launch support at your Café through two experienced Haraz HQ trainers for a minimum of fourteen (14) calendar days. During their on-site presence, these trainers may assist with opening procedures, staff training, store operations, customer service, and order fulfillment while training your personnel. You must pay the applicable fees and expenses described in Item 6 for this on-site support.

We may also provide supplemental owner training at Haraz HQ for up to one (1) to two (2) weeks without a separate training tuition charge; however, you must bear all travel, lodging, meal, wage, and related personal expenses associated with that training.

7. Authorized Products and Services. Designate the products and services to be offered by the Franchise Business and provide sources of supply for those products and services (Section 5.7 of the Franchise Agreement).

8. Grand Opening Assistance. Provide assistance in developing a grand opening campaign (Section 9.1 of the Franchise Agreement).

Time of Opening

The typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your business is approximately 10 to 12 months. You must open your HARAZ COFFEE HOUSE franchise within one (1) year after signing the Franchise Agreement, unless we approve a later opening date in writing.

The principal factors we expect may affect this time period include site selection and approval, lease negotiations, plan preparation and approval, permitting, construction and build-out, delivery of equipment and inventory, completion of training, obtaining applicable licenses, and other pre-opening requirements, as well as your readiness to proceed.

If your franchise is not opened within the required time period, we may review the status of the site search, development progress, permitting, construction, training, and other relevant circumstances to determine whether an extension, additional conditions, or other action is appropriate under the circumstances. If we determine, in our discretion, that the franchise has not made sufficient progress toward opening, or that you are not diligently pursuing development of the Franchised Location, we may exercise our rights under the Franchise Agreement, including the right to terminate the Franchise Agreement and retain fees previously paid, to the extent permitted by law.

Notwithstanding the foregoing, if you are seeking to secure a site in a highly competitive metropolitan market, are using a broker or brokerage firm approved by us, and the site search has remained active and has not been suspended, delayed, or abandoned at your request, we may, in our discretion, extend the applicable development or opening deadlines.

We do not own or operate any Café premises that are leased to franchisees. Except as otherwise described in this Item, we do not deliver or install inventory, equipment, supplies, or signs.

During Operation

During the operation of your franchise, we will:

1. Provide updates to you updates and modifications to our Operations Manual and other specifications for all aspects of the Franchise Business as they become available (Section 5.4 of the Franchise Agreement).

2. If you request, we may provide assistance beyond this period, but you must pay a charge for the additional services in an amount determined by us (Section 5.6 of the Franchise Agreement).

3. Designate the products and services to be offered by the Franchise Business and continually provide you with updates in our specifications for products or services. We will also provide sources of supply for all authorized products and services (Section 5.7 of the Franchise Agreement).

4. Our representative will visit the Franchise Business after opening and periodically visit the business after that at intervals that we deem appropriate throughout the remaining term of the Franchise Agreement. During these visits the representative will evaluate your operations and provide any operational advice and assistance deemed necessary. We will also provide reasonable operational advice and assistance to you by telephone or email, including advice on specific services or products, if requested by you (Section 5.8 of the Franchise Agreement).

5. Provide guidance on and approval of the pricing of the products and services of the Franchise Business (Section 5.9 of the Franchise Agreement).

6. Administer the Advertising Fund when implemented and review for approval any local advertising proposed by you (Section 5.10 and Section 9 of the Franchise Agreement). Our advertising program is described in more detail below in this Item under the heading "Advertising."

7. Indemnify you against liability to third parties resulting from claims by third parties that your use of the Franchise Marks infringes trademark rights of the third party, but only if (a) you have used the Franchise Marks in accordance with the requirements of the Franchise Agreement and the Operations Manual and (b) you have given notice to us of the claim within ten days of receipt by you of the claim and you have tendered the defense of the claim to us (Sections 5.11 and 6.4 of the Franchise Agreement).

8. Make all modifications to or substitution of the Franchise Marks on a uniform basis for all similar situated franchisees in a particular market (Section 6 of the Franchise Agreement).

9. If your initial Franchise Location becomes unusable, review for approval any alternative location proposed by you (Section 7.1 of the Franchise Agreement).

10. Review proposed transferees of your franchise business for approval (Section 13 of the Franchise Agreement).

Advertising

1. Grand Opening

You are required to spend at least $7500 for grand opening advertising for your Franchise Business ("Grand Opening Advertising Payment"). This amount will be used for advertising for your Franchise Business during the two (2) week soft opening and 1 day grand opening of your Franchise Business or as otherwise agreed by us. We will work with you to develop a grand opening advertising plan, which we must approve. You will be responsible for implementing the plan and directly paying media vendors.

2. Local Advertising.

You must conduct local advertising in your Territory and spend at least 1% of your Cafe's Gross Sales each month for local advertising. We encourage that more than 1% be spent. We must approve all advertising before you use it. You must provide us with an annual marketing plan by December 1 of every year for the following year and we must approve this plan. You must also send us a monthly update to your marketing plan before the end of every month including an expenditure report to show that you have complied with the Local Advertising requirements. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 6-month period must be submitted to us for our approval before you may use it.

We are not required to spend any amount for advertising in your area or territory.

3. Advertising Fund.

We require you to contribute up to 1% of your Gross Sales to an advertising fund that will be administered by us or an agency we designate (the "Ad Fund"). The advertising fund will be used to maximize general public recognition and patronage of the Franchise Marks and Franchise System. We will use the advertising fund to formulate, develop, and produce advertising and promotional programs and to conduct advertising and promotional programs on a national, regional or local level as we determine, in our discretion, to be most effective in achieving brand and product media placement. We are not required to spend your advertising fund contributions to place advertising in your local area or in any specific media. As described below, any advertising placed by you must be approved in advance by us.

We may engage the services of an advertising source or sources to formulate, develop, produce and conduct advertising and these costs will be paid by the Ad Fund. Up to 15% of the Ad Fund may be used to reimburse us for our reasonable administrative costs that we incur in activities related to the formation, development and production of advertising or the administration of the advertising fund. This may include, for example, expenses incurred in market research, preparation of marketing and advertising materials, advertising agency fees, internet promotion, and website development and maintenance. We will not use the advertising fund for advertising that is primarily for the solicitation for the sale of franchises. We will submit to you, on request,

an annual report of the receipts and disbursements of the Ad Fund, which may be unaudited and prepared by our management.

Any HARAZ COFFEE HOUSE Cafe operated by us or our Affiliates will contribute to the advertising fund on the same basis as our franchisees.

If we do not use advertising fund contributions during the fiscal year in which they accrue, we will hold those funds for use in the following year.

We intend to use outside advertising agencies or independent contractors to produce advertising for us at this time. We expect that advertising by the fund may be local, regional (and eventually national) in scope and may include newspaper, magazine, direct mail, radio and television as funds permit.

During our fiscal year 2025 our advertising fund collected $104,283 in advertising fees from franchisees. This represented less than one percent (i.e, .36%) of our total revenue of $2,858,544. We spent $93,853.47 for media placement, $23,816.60 for production of advertising and $10,307.20 for administrative costs during that year. Expenditures in excess of $104,283 were paid by the Franchisor.

You must participate in any gifts cards, coupons, ad flyers, electronic gift or money cards (E-cards), frequency cards, promotions, specials or other programs specified by us and honor all cards issued by us or by other franchisees in accordance with our policies. Your participation in those programs is integral to the Franchise System and to the success of those programs. We or a person designated by us will administer any gift and E-card or other similar programs specified by us. We may charge an administrative fee for administrating those programs. You must also honor and participate in discount coupons or similar promotional materials, drives, prizes, giveaways, contests and other programs, local, regional or national, related to sales promotions, specified by us to the extent that participation does not violate federal or state law.

To ensure uniformity, your location(s) will be listed on our website and social media platforms. As a result, you may not develop or create your own website or social media platforms (i.e. Facebook, Twitter, etc.) for your franchise location.

Use of Artificial Intelligence ("AI")

To insure protection of our Marks and brand reputation, any use of Artificial Intelligence ("AI") in the marketing and operation of your franchise is prohibited unless prior written authorization has bas been received. This includes but is not limited to uploading, referring to, description of, reference to, or use of our Marks and intellectual property rights in any manner whatsoever including but not limited to materials, advertisements, customer solicitations, program or product offerings, or services offered by our franchisees.

4. Advertising Cooperative. We do not have a cooperative advertising fund at this time but reserve the right to implement such fund in the future. If such coop fund is created, all franchisees and affiliated Cafes will be required to participate but required expenditures for local

advertising will be credited to you against any payments to be made to the fund. If your Franchise Business is within a designated advertising area, you must join, maintain a membership in and abide by the governing instrument of the advertising cooperative for that area. Each cooperative will work with us or an agency designated by us in coordinating and placing regional and local advertising for the members of the cooperative. The structure of the cooperative as well as the original governing instrument of the cooperative and any changes to that instrument, must be approved by us. The cooperative cannot modify the terms of your Franchise Agreement but may require you to make contributions to the cooperative in addition to the advertising fund contributions you will pay to us. Each Cafe Franchised Location in the cooperative will have one vote on matters before the cooperative. Decisions will be made as provided in the governing instrument of the cooperative, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of the cooperative. The cooperative will decide how the cooperative will be administered, whether by the members of the cooperative, a committee of the cooperative, us or an advertising agency. The cooperative will decide whether and how annual or periodic statements will be provided to the members of the cooperative. Any franchisee holding an officer, management, executive or committee position with the cooperative must be a franchisee in good standing. The costs and expenses of each cooperative must be paid by that cooperative. We have the power to require cooperatives to be formed and we may change, dissolve, or merge cooperatives.

We do not as of the date of this disclosure document have an advertising council.

Electronic Cash Register and Computer Systems

You must purchase, lease, license, subscribe to, implement, and maintain the point-of-sale ("POS"), inventory management, online ordering, third-party delivery integration, mobile application, AI phone and call-handling, and related computer, communications, and technology systems that we specify for the Franchise Business, and you must use those systems in the manner we require. These systems may include designated hardware, software, applications, interfaces, terminals, peripherals, subscriptions, support services, and related technology components necessary for the operation of the Franchise Business.

We may develop, acquire, designate, endorse, replace, update, or modify these required systems and the specifications for them from time to time. As part of the required technology stack, we may require you to obtain or use specified hardware and software, service agreements, third-party integrations, licenses, interfaces, communications systems, reporting platforms, mobile applications, or other technology products or services developed by us or third parties. Modification of our system specifications may require you to incur additional costs to obtain, replace, update, upgrade, license, subscribe to, or maintain new or modified technology systems during the term of the Franchise Agreement. Within thirty (30) days after notice from us, or within such longer period as we may specify, you must obtain and have operational the technology components we require. There are no contractual limitations on the cost or frequency of your obligation to update, upgrade, replace, or maintain required technology systems during the term of the franchise.

We have the right to independently access the sales information and other data produced by the POS and other required technology systems, and there are no contractual limitations on our right to access and use that information and data, subject to applicable law. You must provide us with access to the information on the POS and other required systems in the manner we specify and must supply any passwords, credentials, security codes, or other access information necessary to permit that access. We may retrieve, analyze, download, and use the software and all data on your POS and related systems at reasonable times, provided that such access does not unreasonably interfere with the operation of the Franchise Business.

As of the date of this Disclosure Document, the POS system and technology software's we currently require, estimate the cost to be approximately $986-$1,161 per month ($11,832 – 13,932 per year), although these amounts may be lower or higher depending on vendor pricing, store configuration, selected service levels, and the systems we require at the time. These fees are payable to us or our designated vendors, as applicable, and vendor pricing is subject to change.

The required technology stack may include computers, touchscreens, printers, cash drawers, card readers, software programs, inventory management tools, mobile ordering applications, delivery aggregation or integration tools, AI telephone and order-management systems, reporting systems, labor and scheduling functions, menu management tools, and other operational and reporting functions for the Franchise Business. We may require that all or part of these systems be purchased, leased, licensed, or subscribed to from designated vendors. Neither we nor our vendors have any contractual obligation to maintain, repair, update, or upgrade your systems except as provided in the applicable vendor agreements or service arrangements.

All required technology systems must be configured and maintained in accordance with the Payment Card Industry Data Security Standards ("PCI DSS") and any other data security, cybersecurity, or payment processing requirements we specify. Upon installation, and thereafter as we may require, you must use an independent approved scanning vendor or other vendor designated or approved by us to verify PCI compliance or other required security compliance. You must promptly report to us any known or suspected vulnerability, breach, or material security incident involving your POS or other required technology systems and provide proof of compliance upon our request.

You must also maintain online ordering capability and all required delivery platform integrations for the Franchise Business in the manner we specify. The online ordering and payment systems, third-party delivery integrations, and AI phone and order-management systems must be implemented and maintained in accordance with our standards, PCI DSS requirements, and any other operational, technological, or security requirements we establish from time to time.

You must acquire and maintain at all times high-speed internet access and such other communications capability as we require for communication with customers and with us by email and other electronic means, for connection to required systems, and to allow us to access your POS and related systems remotely. You must also maintain an email address and, if we specify, participate in a centralized email or communications system maintained by us or our designated provider.

Operations Manual

As described above, we loan to you one or more copies of our Operations Manual or will provide access to the Operations Manual over our corporate Intranet.

Please note that what we refer to as our Operations Manual actually consists of several topic-specific manuals. As of the date of this disclosure document, the title of each of these topic-specific manuals and the number of pages on each subject within each of these manuals is provided on Exhibit K to this disclosure document. Our Operations Manual consists at this time of 264 pages.

TRAINING PROGRAM

Subject	Hours of Classroom / Instructional Training	Hours of On-the-Job / Operational Training	Location
Days 1–6: Intensive Technical, Recipe, POS, Sanitation, and Operational Training	24	24	At the Franchised Location and/or such other location as we designate
Day 7: Official Soft Opening and Transition to Live Service	0	8	At the Franchised Location
Days 8–14: Shadowing, Refinement, Operational Support, and Managerial Handover	8	48	At the Franchised Location
Total	**32**	**80**	

Total Training Program: 112 hours over fourteen (14) calendar days, based on eight (8) hours per day.

14-Day Master Training Schedule (2 Phases):

Day	Training Focus and Trainer Roles
Phase 1: Technical Mastery and Pre-Opening Readiness (Days 1–6)	
Day 1	**Foundations – Store Workflow, Traditional Hot Beverages, Espresso and Steam Wand Techniques** Trainer A: Traditional hot beverage preparation and stovetop procedures. Trainer B: Espresso extraction, milk science, and steam wand techniques. Focus includes workflow setup, sanitation, station organization, and opening procedures.

Day	Training Focus and Trainer Roles
Day 2	**Timed Brews, Latte Architecture, Service Standards, Safety, and Cleanliness** Trainer A: Timed traditional beverage preparation, teas, and related product methods. Trainer B: Hot and iced latte builds, spice integration, and beverage consistency. Focus includes customer service standards, uniform standards, safety, and cleanliness.
Day 3	**Cold Bar – Refreshers, Smoothies, and Iced Beverage Workflow** Trainer A: Refreshers, smoothies, and cold beverage production methods. Trainer B: Iced latte workflow, sequencing, and order management.
Day 4	**Specialty Beverages – Frappes and Advanced Espresso Builds** Trainer A: Frappes, garnish standards, and related specialty beverage procedures. Trainer B: Advanced espresso beverages, layered drinks, and slow bar methods.
Day 5	**Bulk Preparation and Specialty Beverage Systems** Trainer A: Bulk preparation procedures, large-format beverages, and cold brew handling. Trainer B: Specialty beverage systems, including cloud-based layered cold foam beverages and related product standards.
Day 6	**Operations, POS, Health Standards, and Pre-Opening Certification** Training includes POS operations, modifiers, greeting and upselling standards, health department procedures, three-compartment sink procedures, FIFO, date labeling, and cross-contamination prevention. Team members must demonstrate operational readiness before participating in the soft opening.
Phase 2: Live Operations, Shadowing, and Handover (Days 7–14)	
Day 7	**Official Soft Opening** Focus: First day of live customer service. Trainer Role: Active support, live supervision, real-time corrections, and brand standard enforcement during the initial public opening.
Days 8–10	**Shadowing and Performance Reinforcement** Focus: Reduced trainer intervention and increased team execution. Trainer Role: Observation, brief corrective coaching, and reinforcement of recipe, service, and workflow standards.
Days 11–13	**Operational Fluency and Manager Development** Focus: Speed, consistency, rush management, prep continuity, cleaning cycles, and shift discipline. Trainer Role: Continued oversight, behind-the-scenes flow support, and briefing of the Store Manager regarding employee performance and operational needs.
Day 14	**Final Certification and Exit** Focus: Independent operation.

Day	Training Focus and Trainer Roles
	Trainer Role: Final walkthrough, quality audit, final operational review, and managerial handover. Upon satisfactory completion, the trainers sign off on the opening team.

Notes:

(1) Training will typically be conducted within approximately thirty (30) to forty-five (45) days before opening your franchise. Initial and opening training will be conducted by Nasser Nasser, who has over five (5) years experience and has been with our Company since the beginning, personnel employed by us or our affiliates, or other trainers designated by us, each of whom will have experience in the operation of a HARAZ COFFEE HOUSE Café or in the subject matter being taught.

(2) Initial training will primarily consist of a mandatory fourteen (14) calendar day on-site training and opening support program conducted at the Franchised Location by two (2) trainers designated by us, unless we designate an alternate or supplemental location, format, or training method for part of the program. The training program will consist of eight (8) hours per day and will include a blended combination of instruction, teaching, demonstration, supervised practice, live operational support, opening assistance, labor, shadowing, coaching, and final certification.

(3) The first six (6) days of the program are intended to prepare the Franchised Location, systems, and staff for commencement of live operations. The Franchised Location is expected to begin its soft opening on the seventh (7th) day after the trainers' arrival, subject to our determination that pre-opening standards have been satisfied. The remaining seven (7) days are intended to support live operations, reinforce standards, transition the team to independent execution, and complete managerial handover.

(4) At least two (2) individuals designated by us must successfully complete the required training program, and we may require that one of those individuals be the owner or designated operator and another be the on-site manager. Additional employees may participate in portions of the training, subject to our requirements. All personnel who receive access to our training materials, methods, recipes, systems, or other confidential information must sign any confidentiality or related agreements we require.

(5) The instructional materials used in training may include the Operations Manual, proprietary recipes, product specifications, workflow procedures, operational checklists, customer service standards, and other materials we designate. You and your designated personnel must successfully complete training to our satisfaction before and during the opening of the Franchise Business. We may determine satisfactory completion based on attendance, participation, performance in live or simulated operating conditions, compliance with recipe and service standards, successful completion of tests or evaluations, and demonstrated ability to operate the Franchise Business in accordance with our standards and procedures.

(6) During the on-site training period, our trainers may provide both instruction and operational support, including assistance with store setup, workflow implementation,

opening activities, staff training, customer service, product execution, and order fulfillment while training your personnel. This support is intended to facilitate an orderly and compliant launch of the Franchised Location and to transition the opening team toward independent operation. Such support does not relieve you of your responsibility to independently operate the Franchise Business in accordance with our standards.

(7) If we require this on-site opening training and launch support, you must pay the fees and expenses disclosed in Item 6. The current fee for required on-site training is $450 per day for each trainer, based on an eight (8) hour day, for a minimum of fourteen (14) calendar days, plus applicable travel, lodging, meal, and related expenses. We may also provide supplemental owner training at Haraz HQ for up to one (1) to two (2) weeks without a separate training tuition charge; however, you must bear all travel, lodging, meal, wage, and related personal expenses associated with that training.

(8) Periodically, and on an as-needed basis, we may require you, your manager, and/or other personnel to attend additional training programs, meetings, webinars, or conferences. If we do so, you must pay any applicable fees and expenses disclosed in Item 6. You and your personnel must also bear all travel, lodging, meals, salaries, and other expenses associated with attending such programs. Neither you nor your employees will receive any compensation from us while attending training, meetings, or conferences.

ITEM 12--TERRITORY

Individual Unit Franchises

Franchise Location

You must operate your HARAZ COFFEE HOUSE Cafe only from a specific location, which will be designated in Item 1 on Appendix A to the Franchise Agreement. If the exact location for your HARAZ COFFEE HOUSE has not been determined before signing of the Franchise Agreement, you must execute a lease for a location for your franchise within the area designated on Appendix A within 180 days from execution of the Franchise Agreement. If we determine in our sole opinion that there are good grounds as to why you have not met this requirement, we may grant you an extension that we determine. You must always operate your Cafe only at a location approved in writing by us.

As long as you sell approved products and services at your franchise location, you are not limited in the area from which you may draw your customers. The sale of any other products or services requires our prior written consent. You will also have no right to solicit or conduct business through the use of toll free telephone numbers, catalogs, direct mail, internet, social media or other advertising or solicitation methods not involving or promoting only sales over-the-counter at your Franchise Location.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control. We will determine the geographic size of your protected area that will be based upon a combination of approximately 40,000 households and daytime/workday population surrounding your Franchise Location (the "Protected Area"). A map of your Protected Territory will be

attached to your Franchise Agreement. In your Protected Area, we will not operate, authorize, license or franchise any other person to operate a business using the Franchise Marks, the Franchise System or any other Cafe business that offers the same products and services as Franchisor, without your prior written consent. Notwithstanding the above, this Protected Area is not exclusive as we may operate or authorize another person to operate a HARAZ COFFEE HOUSE in a public facility, such as train station, bus station, shopping mall/center, airport, park, amusement park, hotels, arena or stadium ("Non-traditional Venues") within your Protected Area, or in any geographic area.. Also, if your Franchise Location is in a densely populated urban area (such as a major downtown area), we may at our discretion choose to offer you a Protected Area that is based upon a designated number of city blocks. In that case, the area will be mutually agreed upon and will be identified in Item 2 of Appendix A of the Franchise Agreement. In less populated rural areas, we may grant a larger Protected Area at our discretion.

You cannot relocate your franchise without our approval. If your franchise location becomes unusable or unavailable for your HARAZ COFFEE HOUSE, you must obtain our written approval for a new site. The factors we will consider for relocating are the same as those we consider for your initial location. These include the condition of the exterior and interior of the building, visibility, site access, surrounding population density, income and educational levels, vehicle traffic counts, pedestrian traffic counts, space dimensions, parking availability, signage restrictions, use restrictions, and economic terms

You and any other franchisee may make deliveries into any Protected Area, whether by your own employees or third-party delivery companies (i.e. Grub Hub, Door Dash, etc.), as long as the customer is not further than five (5) miles from the Cafe. Thus, subject to this restriction, you are not prohibited from delivering into the Protected Area of any other HARAZ COFFEE HOUSE franchisee. You will not be permitted to offer delivery service to any customer located outside of your Protected Area if deliveries cannot be made within a reasonable period of time or if you are unable to maintain the quality of the product delivered in accordance with the System. What constitutes a "reasonable period of time" means the time limits we determine, from time to time, as designated in the Manuals. You will compete with other HARAZ COFFEE HOUSE Cafes which are now, or which may in the future be, located near or adjacent to your Protected Area (Franchise Agreement, Section 2.3). We will not pay you any compensation for soliciting or accepting orders in your Protected Area.

We may operate and authorize others to operate a Cafe business that offers the same products as a HARAZ COFFEE HOUSE Cafe in your Protected Area if we acquire a chain of existing Cafes or franchise rights to a chain of existing Cafes. However, in that case, we will not add or authorize any other person to add any additional units of those Cafes in your Protected Area after the acquisition.

Your limited rights as described above relate to location only and do not grant you any exclusivity of marketing or customers. Any HARAZ COFFEE HOUSE Cafe may sell their products and services to any customer. To the extent permitted by law, for the protection of our brand, we will attempt to require adherence to minimum and maximum prices that may be published from time to time. There are no restrictions on our right to solicit or accept orders within your Protected Area, although we have no present intention to do so. You will not receive any

compensation if we, our affiliates or franchisees solicit or accept customers or orders from inside your Protected Area.

Franchisee Options; Additional Franchises

You will not have any options, rights of first refusal or similar rights to acquire additional franchises within any specified territory or any contiguous territories. We may allow you to acquire additional franchises if you meet our qualifications in place at that time for acquiring a franchise and ownership of multiple locations. These qualifications may include standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, availability of management personnel, etc.

Reservation of Rights

All rights not expressly granted in the Franchise Agreement to you relating to the Franchise Marks and Franchise System are reserved to us or our Affiliates including but not limited to: (a) the right to operate and authorize others to operate businesses using the Franchise Marks and/or Franchise System at any location other than a location in your Protected Area; (b) the right to operate or authorize others to operate any business that does not use the Franchise Marks or the Franchise System at any location, including locations within your Protected Area.; (c) the right to use other channels of distribution including but not limited to grocery stores, wholesale distributors such as Costco and Sam's Clubs, internet, catalogues, telemarketing and direct marketing for sales within the Protected Area while using our principal trademark or trademarks other than our principal trademark, each without compensation to franchisee.

If you are in default, we reserve the right to terminate your Franchise Agreement or decrease your Protected Area in addition to our other rights under the Agreement. However, your Protected Area will not be altered because of population increases, decreases or other circumstances. Neither the Franchisor or any Affiliate of the Franchisor operates, franchises or has current plans to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those the Franchisee will offer..

Multi-Unit Franchises

Territory

Under the Multi-Unit Operator Agreement, we grant you the right to develop and operate two (2) to five (5) Cafes specified in the Minimum Performance Schedule, which is an exhibit to the Multi-Unit Agreement. Each Cafe will receive a maximum radius of three (3) miles from the Café ("Designated Area") The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria, so you can meet the Minimum Performance Schedule.

Except as described below, during the term of the Multi-Unit Agreement, we and our affiliates will not operate or grant a franchise for the operation of Haraz Coffee House Cafes to be located within your Designated Area. However, we have the right to terminate the Multi-Unit Agreement if you are not in full compliance with all of its terms and conditions and all of the Franchise Agreements signed under it. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control.

As long as Multi-Unit Developer is not in default of its obligations, we will not authorize any other person to act as our agent in the territory to promote the sale of Individual Unit Franchises in the territory. All rights not granted to the Multi-Unit Developer are reserved to us, including those set forth above with respect to Individual Franchise Units and the right to: (1) authorize others to promote the sale of and service in the territory of business concepts now or in the future offered by us as well as other businesses operated under our current or future marks or systems other than Individual Unit Franchises described in this Franchise Disclosure Document; (2) authorize other persons to act as Multi-Unit Developers in any area other than Multi-Unit Developer's territory; and (3) to offer, sell and/or operate or authorize others to offer, sell and/or operate Individual Unit Franchises at any location outside the territory without invoking any of Multi-Unit Developer's rights or responsibilities under the Multi-Unit Agreement.

Achievement of Development Schedule

To maintain Multi-Unit Developer's rights in the territory (and avoid termination of the Multi-Unit Agreement), Multi-Unit Developer must comply with a minimum development schedule that will be negotiated and specified in the Multi-Unit Agreement. We estimate that Multi-Unit Developers' minimum development schedule may range from 2 to 5 Individual Unit Franchises. For the purposes of the minimum development schedule, an Individual Unit Franchise will only be considered in operation if the Individual Unit Franchise is open and operating and not in default of any of its obligations under the terms of the Individual Unit Franchise Agreement for that Individual Unit Franchise. If a failure to comply with the development schedule is due to causes beyond Multi-Unit Developer's control, such as strike, weather, the inability to obtain essential equipment or materials, or fire, and Multi-Unit Developer has acted in good faith to comply with the development schedule, the development schedule will be extended for an additional time equal to the delay.

If Multi-Unit Developer fails to meet the minimum development schedule beyond any applicable extensions, Multi-Unit Developer will be in default of its obligations under the Multi-Unit Agreement, and we may terminate such Agreement after written notice and Multi-Unit Developer's failure to cure the default within 30 days of the written notice. Termination of the Multi-Unit Agreement will not affect any Franchised Location open, operating and in good standing as of the date of termination.

Except as provided above, Multi-Unit Developer does not have to meet certain sales volume, market penetration or other contingencies to continue Multi-Unit Developer's rights in the territory and the territory will not be altered because of population increases, decreases or other circumstances.

ITEM 13--TRADEMARKS

By written agreement with our Affiliate, Village Qahwah, LLC ("Licensor"), we have been licensed to use and sub-license to our franchisees, all Proprietary Marks used, developed or held by Licensor. If this License Agreement is terminated your rights to continue using the Proprietary Marks may be terminated or restricted by the Licensor. Under the Franchise Agreement, we grant you the nonexclusive right to use these Proprietary Marks in connection with the operation of your Franchise Location. We will license you to use the Proprietary Marks currently used or that may hereafter be used in the operation of the business. You must use the Proprietary Marks only for the operation of your Franchise Business in the manner we authorize. You will be licensed to use our trademarks, service marks, trade names, logos and symbols (the "Marks") in the operation of your HARAZ COFFEE HOUSE Cafe in accordance with the terms of your Franchise Agreement.

As of the date of this disclosure document, Licensor has obtained or made application for registration of the following federal service mark with the United States Patent and Trademark Office ("USPTO") in Washington, D.C.:

MARK	APPLICATION DATE/NUMBER	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
HARAZ LOGO	December 7, 2020; Ser. No. 90363266	6,573,205	November 30, 2021	Principal
HARAZ COFFEE HOUSE (for restaurant services)	September 14, 2021; Ser. No.97027108	7,003,551	March 21, 2023	Principal
HARAZ COFFEE HOUSE (for franchise services)	December 8, 2022: Ser. No. 97708509	7,836,518	June 17, 2025	Principal

.

There are no currently effective material determinations of the USPTO, the USPTO Trademark Trial and Appeal Board, or the trademark administrator of any state or any court involving the Marks. There are no pending infringement, opposition or cancellation proceedings involving the Marks. There is no pending material federal or state court litigation regarding our use of, or ownership rights in the Marks. In addition, other than the License Agreement described above, there are no agreements currently in effect that significantly limit the rights of our right to

HARAZ COFFEE HOUSE or to use or license the use of the Marks in a manner material to the franchise.

The Franchise Agreement does not obligate us to protect your use of the Marks or protect you against claims of infringement of unfair competition arising out of your use of the Marks. You must promptly notify us of any use of, or claim of right to, the Marks or any colorable variation of the Marks and any litigation instituted by any third party against us or you involving the Marks. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involved the Marks. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Marks. If we do so, you are required under the Franchise Agreement to sign documents and to render any other assistance as is reasonably necessary in our opinion to carry out the defense, prosecution or settlement We are not aware of either superior prior rights or infringing uses that could materially affect your use of the principal Mark in the state in which your HARAZ COFFEE HOUSE business will be located.

If we discontinue or modify any of the Marks, we may require you to discontinue or similarly modify your use of that Mark at your expense. If this occurs, you will incur the tangible cost of compliance (for example, changing signs). If the expenditure is required due to implementation of a new name based on rejection of our request for registration by the USPTO, we will equally share with you your costs for new exterior and interior signage and menu name changes. Your rights under the Franchise Agreement will continue as long as you implement the modification or discontinuance of the Marks as required by us. If you fail to comply with this requirement, we have the right to terminate the Franchise Agreement.

We will indemnify you against liability to third parties resulting from claims by third parties that Franchisee's use of the Franchise Marks infringes trademark rights of the third party, but only if (a) Franchisee has used the Franchise Marks in accordance with the requirements of this Agreement, the Operations Manual and our specifications and (b) Franchisee has given notice to Us of the claim within 10 days of receipt by Franchisee of the claim and Franchisee has tendered the defense of the claim to Us..

ITEM 14--PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to your franchise. We do not have any pending patent applications that are material to your franchise. We claim copyright protection for our written materials, including our Operations Manual, although these materials are not registered with the U.S. Registrar of Copyrights. There are no currently effective material determinations of the United States Copyright Office or any court regarding any of our copyrighted or confidential materials. There are no agreements currently in effect that limit our rights to use or license the copyrighted materials or any of our confidential information. We do not know of any superior prior right or infringing uses of our copyrighted materials or our confidential information that could materially affect your use of those materials or information.

Proprietary and Confidential Information; Trade Secrets

Our Operations Manual, specifications and procedures and other aspects of the Franchise System are considered proprietary and confidential and are or may be protected as trade secrets under various state and federal laws. This information may include site selection criteria, training and operations materials, recipes, methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience, knowledge of operating results, financial performance and related intellectual property. We grant you a limited license to use our trade secrets and proprietary know-how relating to the operation of Franchise System (the "Proprietary Information"). You acquire no interest in the Proprietary Information provided to you other than the right to utilize it in the operation of your HARAZ COFFEE HOUSE franchise in accordance with and during the term of the Franchise Agreement. You also must treat the contents of the Operations Manual as confidential. You are prohibited from disclosing, copying and/or duplicating, recording, reproducing or otherwise making available the contents of the Operations Manual to any unauthorized person without our consent.

You must not use our specifications and procedures or any other aspect of our Franchise System in any unauthorized manner and you must take reasonable steps to prevent disclosure of this information to others. Your employees must sign an agreement relating to confidentiality in a form specified by us before you may disclose our confidential information to them (see Exhibit E).

You must promptly notify us of any use of, or claim of right to, the Proprietary Information and any litigation instituted by any third party against us or you involving the Proprietary Information. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the Proprietary Information. If we discontinue or modify any of the Proprietary Information, we may require you, at your expense, to discontinue or similarly modify your use of that Proprietary Information.

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

At least one of the persons designated in Appendix A of the Franchise Agreement must be a designated owner (a "Designated Owner"), who has been trained. Such person must: (a) devote his or her full time and effort to the day-to-day active management and operation of the Franchise Business; (b) personally exercise his or her best efforts to market the Franchise Business and maximize customer satisfaction; (c) preserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchise Business; and (d) represent and act on behalf of Franchisee in all dealings with us. If you desire to have a manager, other than a Designated Owner, devote full time and effort to the day-to-day active management and operation of the Franchise Business in place of a Designated Owner, the manager must successfully complete the training program designated by us and must be approved, in writing, by us. The manager need not be an equity owner in the franchise. We must also approve, in writing, any change in your management personnel. You must have all of your managers' sign an agreement relating to confidentiality in the form we specify as a condition of employment of the manager. See Exhibit E. If the Franchisee is a corporation, partnership, limited liability company or other entity, each

person with an ownership interest must personally guaranty all of the Franchisee's obligations to us (see Exhibit D, Personal Guaranty).

If Multi-Unit Developer is a corporation, partnership or other entity, the owners must personally guaranty all of the Multi-Unit Developer's obligations to us (see Exhibit D, Personal Guaranty).

ITEM 16--RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Individual Unit Franchise

You may only sell products or services approved by us. You must sell all products and provide all services that we specify for sale by the Franchise Business. You must not sell any products, provide any services or engage in any business at your Franchise Business or Franchise Location other than those specified by us without written authorization from us. We may add or delete required or authorized products or services to be provided by the Franchise Business. If any products or services are added, you must be qualified to provide the products and services before we will authorize you to offer those products and services. If a product or service is deleted, you must cease offering that product or service immediately on written notice from us. We will make all changes in the required products and services for good faith marketing reasons and on a uniform basis for all similarly situated franchisees in a particular market, except when test marketing products or services.

You are prohibited from soliciting customers by the use of toll-free telephone numbers, catalogs, direct mail, Internet, social media or other advertising and solicitation methods that we have not approved in writing.

You may provide Cafe services to your customers subject to the terms and conditions stated in the Franchise Agreement and the Operations Manual, as amended from time to time. Your Protected Territory is non-exclusive with respect to customers, but you may not open a Cafe within the Protected Area of any other franchisee or Company operated location.

In the event you determine to offer special discounts or coupons to induce customers to patronize your Franchise Business, such discounts or coupons must state the following legend: "THIS COUPON IS VALID ONLY AT (YOUR ADDRESS). OTHER HARAZ COFFEE HOUSE LOCATIONS MAY BE INDEPENDENTLY OWNED AND OPERATED AND ARE UNDER NO OBLIGATION TO ACCEPT THIS COUPON." If your coupons are accepted by other franchisees or Company owned locations, upon our request, you must reimburse the coupon-accepting location the difference between its regular menu price and the price obtained pursuant to the coupon(s) it accepted.

Multi-Unit Franchises

The Multi-Unit Agreement does not authorize Multi-Unit Developer to operate an Individual Unit Franchise. Those rights are only granted under the Individual Unit Franchise Agreement that must be signed for each franchise location in Multi-Unit Developer's territory.

The Multi-Unit Agreement does not authorize Multi-Unit Developer to market and develop franchises to any other person or entity nor does it grant any sub-franchise rights. Multi-Unit Developer must restrict its activities to its territory (see Item 12).

Minimum and Maximum Prices

To the extent permitted by federal and state laws, to maintain uniformity and pricing viability of our franchise system, we reserve the right to require that your franchise advertise and charge minimum and maximum prices for your menu items as we may determine in our sole discretion.

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

These tables list certain important provisions of the Franchise, Multi-Unit Developer and related Agreements. You should read these provisions in the Agreements attached to this Disclosure Document.

Individual Unit Franchise Agreement

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 3.1	10 years
b. Renewal or extension of the term	Section 3.2	Two options of five years
c. Requirements for you to renew or extend	Section 3.2	Not in default; no multiple defaults within last 12 months; provide notice; maintain possession of Franchise Location; has satisfied payment and reporting requirements throughout the initial term; satisfy current training standards; sign a general release; sign new Franchise Agreement; pay a renewal fee; and comply with other standards. As a condition of renewal, you may be asked to sign a Franchise Agreement with materially different terms and conditions than your original Franchise Agreement. Subject to applicable state law.
d. Termination by you	Section 14.1	If we materially breach the Franchise Agreement and do not cure after notice.
e. Termination by us without cause	None	
f. Termination by us with cause	Sections 14.2 through 14.4	If you materially breach the Agreement or the occurrence of any of the events listed in these sections as described below.

Provision	Section in Agreement	Summary
g. "Cause" defined—curable defaults	Section 14.4	Notice and cure period is 10 days for monetary defaults and 30 days for other defaults. The defaults include: failure to pay obligations to us, our affiliates or third parties relating to the Franchise Business; failure to operate in accordance with uniform standards or meet minimum performance requirements; failure to purchase products and services from Approved Suppliers; disputes among franchisee's owners that materially and adversely affects the Franchise Business; any other material breach of the Franchise Agreement or any other agreement by you or your affiliates; the cancellation of any guaranty.
h. "Cause" defined—non-curable defaults	Section 14.3	Non-curable defaults include: failure to obtain Franchise Location, failure to complete training, obtain permits or pay amounts due; material misrepresentation, dishonesty or fraud; a substantial number of complaints from customers; a transfer without complying with Section 13 of the Franchise Agreement; conviction of a crime; multiple failures to meet minimum performance scores; multiple defaults; failure to attend monthly meetings; abandonment; creating health or safety hazards; substance abuse; conduct that reflects materially and adversely on the Franchise Marks or Franchise System; bankruptcy, insolvency, appointment of a receiver or general assignment for creditors.
i. Your obligations on termination/non-renewal	Section 15	Complete de-identification; cease advertising; cease using proprietary information; assign telephone and fax numbers (Exhibit F), email addresses, website addresses, domain names and other electronic identifiers to us; cease using business name containing the Franchise Marks; payment of amounts due and liquidated damages for loss of bargain

Provision	Section in Agreement	Summary
j. Assignment of contract by us	Section 13.5	No restriction on our right to assign if adequate provision has been made for providing further contractual services.
k. "Transfer" by you—defined	Section 13.1	Includes transfer of interest in the franchise or in the corporation or other business entity that owns the franchise or a transfer of substantially all of the assets of the Franchise Business.
l. Our approval of a transfer by you	Sections 13.1 and 13.2	You must have our written consent to transfer your franchise. We will not unreasonably withhold consent if you meet conditions listed in the Franchise Agreement.
m. Conditions for our approval of the transfer	Section 13.2	New franchisee qualifies; transfer does not place unreasonable burdens on transferee; all amounts are paid; release signed by you (Exhibit L); new franchisee completes training program; current Franchise Agreement signed by new franchisee or assumption agreement, at our option; transfer fee paid; current requirements met.
n. Our right of first refusal to acquire your business	Section 13.2	We have the right of first refusal to match an offer to buy your franchise
o. Our option to purchase your business	Section 15.3	We have the option to purchase the assets of the Franchise Business on expiration or termination, except termination by you for cause. If we cannot agree on a price, the price is determined by appraisal. Subject to applicable state law.
p. Your death or disability	Section 13.3	Your estate may operate the franchise if we approve a manager. If no acceptable manager is approved, the estate must transfer the franchise within 180 days.
q. Non-competition covenants during the term of the franchise	Section 12.1	No involvement in competing business anywhere unless otherwise agreed by us.

Provision	Section in Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 12.5	May not own, operate or be consultant to any Cafe business that is a competing business for a period of two (2) years within 5 miles of former site and any existing HARAZ COFFEE HOUSE business. A "Competing Business" includes any business that is the same or similar to a Cafe, including but not limited to a business that sells coffee blends, espresso, teas and pastries and related items for sit down or carry out that may be offered by Haraz Coffee House Cafes.
s. Modification of the agreement	Section 17.8	Amendments must be in writing and signed by both parties except we may unilaterally modify our specifications.
t. Integration/merger clause	Section 17.8	Only the terms of the Franchise Agreement are binding however, we do not disclaim and you do not waive reliance on any representations made in this disclosure document or in its exhibits and amendments.
u. Dispute resolution by arbitration	Section 16	Except for actions for injunctive relief, all disputes are subject to negotiation and binding arbitration.
v. Choice of forum	Sections 16.3 and 16.6	Arbitration must be in Oakland County, Michigan. Actions by you must and actions by us may be brought in the federal courts in Michigan or in the state courts in Michigan if the federal courts do not have jurisdiction. Subject to applicable law.
w. Choice of law	Section 16.5	Except for the Federal Arbitration Act, Michigan law applies. Subject to applicable law.

Multi-Unit Development Agreement (all provisions below are subject to applicable state law).

Provision	Section in Agreement	Summary
a. Length of the franchise term	Section 2.1	Negotiated based on the number of HARAZ COFFEE HOUSE locations to be developed.

Provision	Section in Agreement	Summary
b. Renewal or extension of the term	Section 3.1	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	If we materially breach the Franchise Agreement and do not cure after notice
e. Termination by us without cause	Section 7.1	N/A. Termination does not affect Franchise Agreements already in effect.
f. Termination by us with cause	Section 7.1	If you materially breach the Agreement or commit any one of several listed violations as described below. Termination does not affect Franchise Agreements already in effect.
g. "Cause" defined—curable defaults	Section 7.1	Notice and cure period is 10 days for monetary defaults, 60 days for failure to comply with the minimum development schedule and 30 days for other defaults. These defaults include: bankruptcy, insolvency, appointment of a receiver or general assignment for creditors; loss of necessary permit or license; other defaults under the Multi-Unit Agreement.
h. "Cause" defined—non-curable defaults	Section 7.1	Material misrepresentations or dishonesty; any assignment without consent; conviction of a crime; substance abuse that materially interferes with the operation of the Multi-Unit Developer's business; any conduct that reflects materially and adversely on the operation or reputation of the Franchise Marks or Franchise System; multiple defaults; failure to timely meet the development schedule under the Multi-Unit Development Agreement

Provision	Section in Agreement	Summary
i. Your obligations on termination/ non-renewal	Section 7.1	Pay all amounts owed to us; return to us all materials belonging to us; and cease using the Franchise Marks, confidential information, copyrighted materials, signs, advertising and other property.
j. Transfer by us	Section 8.1	We may transfer our rights under the Multi-Unit Agreement to any person if adequate provision has been made for providing further required contractual services.
k. "Transfer" by you—defined	Section 8.1	Includes transfer of any interest in the Multi-Unit Agreement.
l. Our approval of a transfer by you	Section 8.1	You must have our written consent to transfer your Agreement. We will not unreasonably withhold consent.
m. Conditions for our approval of the transfer	Section 8.1	New franchisee qualifies; at our option, new Multi-Unit Development Agreement signed, or existing Multi-Unit Agreement assigned; transferee completes training; Multi-Unit Developer is current in its obligations, terms of transfer do not place unreasonable burdens on transferee; release signed; and transfer fee paid.
n. Our right of first refusal to acquire your business	Section 8.1	We can match any offer for the purchase of your business.
o. Our option to purchase your business	None	NA
p. Your death or disability	None	Your estate may continue to operate the franchise if estate appoints a full-time manager that completes our training program within 90 days of the death or disability.
q. Non-competition covenants during the term of the franchise	Section 12.1	No involvement in competing business anywhere unless otherwise agreed by us.

Provision	Section in Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 12.1	May not own, operate or be consultant to any Cafe business that is a competing business for a period of two (2) years within 5 miles of former site and any existing HARAZ COFFEE HOUSE business. A "Competing Business" includes any business that is the same or similar to a Cafe, including but not limited to a business that sells coffee blends, espresso, teas and pastries and related items for sit down or carry out that may be offered by Haraz Coffee House Cafes.
s. Modification of the agreement	Section 13.1	No modifications unless in writing, but specifications subject to change by us.
t. Integration/merger clause	Section 13.1	Only the terms of the Development Agreement are binding (subject to applicable state law); however, we do not disclaim, and you do not waive reliance on any representations made in this disclosure document or in its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 12.1	Except for actions for injunctive relief, all disputes are subject to negotiation and binding arbitration.
v. Choice of forum	Section 12.1	Arbitration must be in Michigan. Actions by you must and actions by us requiring injunctive relief may be brought in the federal courts in Michigan or in the state courts in Michigan if the federal courts do not have jurisdiction (subject to applicable state law).Subject to applicable law..
w. Choice of law	Section 12.1	Except for the Federal Arbitration Act, Michigan law applies. Subject to applicable law.

ITEM 18--PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19--FINANCIAL PERFORMANCE REPRESENTATIONS

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

Table IA demonstrates the eleven (11) Haraz franchised Café's that were open and operating for the full fiscal year of August 1, 2024 through July 31, 2025 (12 months)*

Table IA – Gross Sales of Franchised Units:

No Stores	Year	Average	%	Highest	Median	Lowest
11	2025	$942,548	100	$1,715,449	$1,003,234	$458,162

Table IB demonstrates the five (5) affiliated units Haraz Café's that were open and operating for at least six (6) months but less than twelve (12) months during the fiscal year ending July 31, 2025. Units open less than six (6) months are excluded from this table as their partial year results are not sufficiently comparable to produce meaningful results.*

Table IB – Gross Sales of Affiliated Units:

No Stores	Year	Average	Highest	Median	Lowest
5	2025	$667,247	$1,343,171	$589,210	$230,759

- The measuring period in all cases is based on our fiscal year end of July 31.

Notes:

You should consider the following factual basis and material assumptions in reviewing this Item 19:

1. **These Affiliated Cafes have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.**

2. For purposes of this Item 19, the term "gross revenues" means all revenues received by a Cafe as payment for all sales generated through the Cafe, whether such payment is in cash, by exchange or for credit (and, if for credit, regardless of collection), less any revenues taxes collected and transmitted to appropriate taxing authorities.

3. This Item 19 was prepared utilizing data we received in the sales and operations report provided to us by our affiliates and through daily polling of Point of Sale (POS) data, time clock data and profit and loss statements. We have not independently verified any of the data provided to us. Additionally, we cannot verify that the information we receive from our franchisees is prepared uniformly or that our franchisees properly allocate costs to a particular or correct category.

4. The cost of goods (COGS) and labor expense information in this Item 19 pertains only to the cost of goods sold and labor costs by the Measured Cafes for the periods set forth in the chart above. You may experience capitalized or other balance sheet expenditures that are not included in this cost and expense information. Costs and expenses in the operation of a Cafe will vary from franchisee to franchisee and from location to location and will depend on seasonal, local and other factors, like the franchisee's efficiency in the utilization of products and the fluctuation in market prices for food and other products.

5. Labor costs will vary from location to location and will depend on local factors, including (without limitation) local minimum wage laws and local labor market conditions. We make no warranties, representations, predictions, promises or guarantees with respect to the actual expenses you likely will experience. Also, with respect to labor costs, because you will need a certain number of employees to open and operate a Cafe regardless of its gross revenues, Cafes that have lower than average gross revenues probably will experience higher than average labor costs as a percentage of gross revenues.

6. Other than royalties of 4% and ad fund fees of 2% that would have applied, there are no differences in cost between franchise outlets and affiliated owned cafes.

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a franchise.

The information presented above has not been audited. Written substantiation for the financial performance representation of Affiliated Cafes will be made available to the prospective franchisee upon reasonable request

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections or your future income, you should report it to the Franchisor's management by contacting Mr. Hamzah Nasser at (313) 505-0666, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20--OUTLETS AND FRANCHISEE INFORMATION

Individual Unit Franchises

Table No. 1

System Wide Outlet Summary For Years 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchise Units	2023	0	0	0
	2024	0	8	+8
	2025	8	26	+18
Company/Affiliate Units*	2023	6	5	-1
	2024	5	3	-2
	2025	3	3	0
Totals	2023	6	5	-1
	2024	5	11	+6
	2025	11	29	+18

* These are Affiliated units.

Note: Table No. 1 summarizes Table No. 3 (franchise units) and Table No. 4 (Affiliate-owned units) and ties to the end-of-year totals of these table for each fiscal year.

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor) For Years 2023 - 2025

State	Year	Number of Transfers
Illinois	2023	0
	2024	0
	2025	1
Michigan	2023	0
	2024	1
	2025	0
Texas	2023	0
	2024	0
	2025	2
Totals	2023	0
	2024	1
	2025	3

Table No. 3
Status of Franchised Outlets For Years 2023-2025

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
California	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Florida	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Illinois	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Michigan	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	0	0	0	0	0	3
New Jersey	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
New York	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
N. Carolina	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	2	0	0	0	0	3
Pennsylvania	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Tennessee	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Terminations	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Texas	2023	0	0	0	0	0	0	**0**
	2024	0	2	0	0	0	0	2
	2025	2	4	0	0	0	0	6
Virginia	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Wisconsin	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Total	2023	0	0	0	0	0	0	0
	2024	0	8	0	0	0	0	**8**
	2025	8	18	0	0	0	0	26

Table No. 4

Status of Company-Owned Outlets*
For Years 2023-2025

State*	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois							
	2023	0	1	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
Kentucky							
	2023	2	0	0	2	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
Texas							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	1	0	0	1	1
Michigan							
	2023	3	0	0	0	0	3

State*	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois							
	2023	0	1	0	0	0	1
	2024	1	0	0	0	1	0
	2025	0	0	0	0	0	0
Kentucky							
	2023	2	0	0	2	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0
	2024	3	0	0	0	1	2
	2025	2	1	0	1	0	2
Totals							
	2023	6	1	0	2	0	5
	2024	5	0	0	0	3	3
	2025	3	2	0	1	1	3

*These are Affiliated units.

Table No. 5

Projected Openings as of July 31, 2025

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	1	3	0
Colorado	0	1	0
Florida	2	2	0
Illinois	3	6	0
Georgia	1	1	0
Maryland	2		
Michigan	0	1	0
New York	2	2	3
New Jersey	0	3	0
North Carolina	5	4	0
Pennsylvania	2	1	0
Texas	1	2	0
Virginia	0	1	0
Wisconsin	1	1	0

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Totals	20	28	0

***The information in the tables is as of our fiscal year end on July 31 of each year.**

The addresses and telephone numbers of HARAZ COFFEE HOUSE Affiliates and franchised locations as of the date of this disclosure document are listed by Exhibit L attached to this disclosure document.

During the fiscal year ending July 31, 2025, one franchised outlet (Pearland, TX as listed in Exhibit L) was transferred to a new owner (see Table No. 2). There are no other franchisees or Multi-Unit Developers who had an outlet terminated, cancelled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Multi-Unit Agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not during the past three fiscal years, signed confidentiality clauses with franchisees.

During the last fiscal year, we had no franchisees leave the system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no trademark-specific franchisee organizations associated with HARAZ COFFEE HOUSE franchise system that have been created, sponsored or endorsed by us or that have asked to be included in our Franchise Disclosure Document.

ITEM 21--FINANCIAL STATEMENTS

We have attached as Exhibit A the audited financial statements as of July 31, 2025, July 31, 2024 and July 31, 2023.

ITEM 22--CONTRACTS

Attached to this disclosure document are copies of the following agreements relating to the offering of HARAZ COFFEE HOUSE franchise:

B. Franchise Agreement
C. Multi-Unit Agreement

D. Personal Guaranty
E. Confidentiality Agreement
F. Assignment of Telephone Service Agreement
G. Authorization Agreement for Electronic Funds Transfer
H. Consent for Credit and Background Check
I. Acknowledgment Addendum to Franchise Agreement
J. Mutual Release

ITEM 23--RECEIPTS

Two copies of a Receipt that acknowledges your receipt of this Franchise Disclosure Document, including all Exhibits, are attached as Exhibit P. You must date and sign one copy of the Receipt and return it to us.

EXHIBIT A

FINANCIAL STATEMENTS

Haraz Coffee House Franchising, LLC

(A Michigan Limited Liability Company)

Report of Independent Auditors
For the year ended July 31, 2025, 2024, and 2023

Table of Contents

Report of Independent Auditors	Page 1
Balance Sheets	Page 3
Statements of Operations	Page 4
Statement of Changes in Members' Equity	Page 5
Statements of Cash Flows	Page 6
Notes to the Financial Statements	Page 7

DA ADVISORY GROUP
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Members of
Haraz Coffee House Franchising, LLC:

Opinion
We have audited the accompanying financial statements of Haraz Coffee House Franchising, LLC (the Company), a Michigan limited liability, which comprise the balance sheets as of July 31, 2025, 2024, and 2023, and the related statements of operations, changes in members' equity and cashflow for the years ended July 31, 2025, and 2024, and the period January 6, 2023 ("Date of Inception") through July 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of July 31, 2025, 2024, and 2023, and the results of its operations and its cashflows for the years ended July 31, 2025, and 2024, and the period January 6, 2023 through July 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

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

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after June 16, 2026.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

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

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

DA Advisory Group PLLC

Troy, MI
June 16, 2026

Haraz Coffee House Franchising, LLC
BALANCE SHEETS
As of July 31, 2025, 2024, and 2023

	July 31, 2025	July 31, 2024	July 31, 2023
ASSETS			
Current assets:			
Cash and cash equivalents	$ 989,491	$ 617,247	$ 123,750
Accounts receivable	910,750	866,250	-
Prepaid and other current assets	72,917	-	-
Note receivable	180,000	180,000	-
Related party receivable	1,618,085	850,040	120,000
Deferred commissions - current portion	72,552	233,974	-
Total current assets	3,843,795	2,747,511	243,750
Noncurrent assets:			
Right-of-use asset	2,427,161	-	-
Deferred commissions - net of current portion	820,619	44,276	-
Property and equipment, net	19,018	-	-
Total noncurrent assets	3,266,798	44,276	-
Total assets	$ 7,110,593	$ 2,791,787	$ 243,750
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	35,881	-
Credit cards and other	4,189	-	-
Related-party payable	200,000	-	-
Lease liability - current	286,061	-	-
Deferred franchise revenue - current	321,322	622,875	-
Total current liabilities	811,572	658,756	-
Noncurrent liabilities:			
Lease liability - noncurrent	2,170,378	-	-
Deferred franchise revenue - noncurrent	3,634,411	2,534,875	247,210
Total noncurrent liabilities	5,804,789	2,534,875	247,210
Total liabilities	6,616,360	3,193,631	247,210
Members' equity (deficit)	494,233	(401,844)	(3,460)
Total liabilities and members' equity	$ 7,110,593	$ 2,791,787	$ 243,750

see accompanying notes

Haraz Coffee House Franchising, LLC
STATEMENTS OF OPERATIONS
For the years ended July 31, 2025, 2024, and 2023

	July 31, 2025	July 31, 2024	July 31, 2023
OPERATING REVENUES:			
Franchise fees	$ 2,248,856	$ 566,250	$ -
Royalty fees	494,270	-	-
Advertising and other income	115,418	1,500	-
Total operating revenues	$ 2,858,544	$ 567,750	$ -
OPERATING EXPENSES:			
Total operating expenses	1,001,059	952,384	60
OTHER INCOME:			
Transfer fee income	32,500	-	-
Total other income	32,500	-	-
OTHER EXPENSES:			
Interest expense	470	-	-
Bank service charges	1,164	-	-
Total other expenses	1,634	-	-
Net other income (loss)	30,866	-	-
Net income (loss)	$ 1,888,352	$ (384,634)	$ (60)

see accompanying notes

Haraz Coffee House Franchising, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
For the years ended July 31, 2025, 2024, and 2023

	Total Members' Equity
BALANCE, January 6, 2023 (Inception)	$ (3,460)
Total contributions	6,600
Total distributions	(10,000)
Net loss	(60)
BALANCE, July 31, 2023	$ (3,460)
Total contributions	-
Total distributions	(13,750)
Net loss	(384,634)
BALANCE, July 31, 2024	$ (401,844)
Total contributions	374,058
Total distributions	(1,366,333)
Net income	1,888,352
BALANCE, July 31, 2025	$ 494,233

see accompanying notes

Haraz Coffee House Franchising, LLC
STATEMENTS OF CASH FLOWS
For the years ended July 31, 2025, 2024, and 2023

	July 31, 2025	July 31, 2024	July 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 1,888,352	$ (384,634)	$ (60)
Noncash items impacting cashflow:			
Depreciation	4,755	-	-
Lease expense - noncash	229,278	-	-
Change in:			
Accounts receivable	(44,500)	(866,250)	-
Note receivable	-	(180,000)	-
Related party receivable	(768,045)	(730,040)	127,210
Related party payable (lease accrual)	200,000	-	-
Lease liability operating	(200,000)	-	-
Deferred commissions	(614,921)	(278,250)	-
Prepaid and other current assets	(72,917)	-	-
Accrued liabilities and other current	(31,692)	35,881	-
Deferred revenue	797,982	2,910,540	-
Net cash provided by operating activities	1,388,292	507,247	127,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of PP&E	(23,773)	-	-
Net cash used in investing activities	(23,773)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions	374,058	-	6,600
Distributions	(1,366,333)	(13,750)	(10,000)
Net cash used in financing activities	(992,275)	(13,750)	(3,400)
Net change in cash and cash equivalents	372,244	493,497	123,750
Cash and cash equivalents at beginning of period	617,247	123,750	-
Cash and cash equivalents at end of year	$ 989,491	$ 617,247	$ 123,750

see accompanying notes

1. Organization

Haraz Coffee House Franchising, LLC (the "Company") is a Michigan limited liability company. The Company was formed in 2023 for the purpose of franchising it's coffee shop business across the United States of America.

For the periods ended July 31, 2025, 2024, and 2023, total contributed capital was $374,058, $0 and $6,600, respectively. For the periods ended July 31, 2025, 2024, and 2023, total distributions were $1,366,333, $13,750 and $10,000, respectively.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

The Company maintains its cash in bank deposit accounts which could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since its inception and has not had losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable
Management considers accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. For the periods ended July 31, 2024 and 2023, there were no write-offs and no allowance deemed necessary.

Note receivable
As of July 31, 2025, and 2024 the Company had a balance of $180,000 receivable from a franchisee with zero interest and no formal pay back period.

2. Summary of significant accounting policies and nature of operations (continued)

Revenue and expenses
Operating income consists of contractual franchise royalties based on a percentage of monthly sales which are recognized as revenue in the month earned as well as revenue from other contractual agreements. For the period ended July 31, 2023, no revenues were earned or collected.

Revenue recognition
The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606") which outlines a single, comprehensive model for accounting for revenue from contracts with customers.

Under ASC 606, revenue is recognized in accordance with a five-step model, as follows: identifying the contract with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations and recognizing revenue when (or as) the Company satisfies a performance obligation.

The Company derives its revenues primarily from franchisees in accordance with contractual agreements.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract with each franchisee.

Disaggregation of revenues
The Company disaggregates revenue from contracts with customers by the timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Advertising
Advertising costs are expensed as incurred. For the years ended July 31, 2025, 2024, and 2023, the Company incurred $129,090, $2,400 and $0 advertising costs, respectively.

Concentration of credit risk
The Company is subject to credit risk related to amounts due from franchisees. The financial condition of the franchisees is largely dependent upon the underlying business trends of the brands and market conditions within the industries represented. The concentration of risk is mitigated by the number of franchisees and the short-term nature of the receivables from the franchisees.

3. Revenue recognition and contract costs associated with franchise fees

The Company generates revenue primarily from the sale of franchise rights. Initial franchise fees are recognized in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. Franchise fee revenue is generally recognized at a point in time when the Company has substantially fulfilled its performance obligations, which typically occurs upon the opening of the franchised location and when all material services required under the franchise agreement have been provided.

Amounts collected in advance of satisfying the Company's performance obligations are recorded as deferred franchise fee revenue and are recognized as revenue when earned.

The Company capitalizes certain incremental costs of obtaining franchise agreements, primarily sales commissions, in accordance with ASC 340-40, Other Assets and Deferred Costs – Contracts with Customers. These deferred contract costs are amortized over the expected period of benefit, which approximates the term of the underlying franchise agreements, and are recognized as commissions expense over that period.

As of July 31, 2025, the Company had deferred franchise fee revenue of $3,955,733, consisting of $321,322 classified as current and $3,634,411 classified as long-term. As of July 31, 2024, deferred franchise fee revenue totaled $3,157,750, consisting of $622,875 classified as current and $2,534,875 classified as long-term.

As of July 31, 2025, deferred contract costs related to commissions totaled $893,171, of which $72,552 is classified as current and $820,619 is classified as long-term. As of July 31, 2024, deferred contract costs totaled $278,250, consisting of $233,974 classified as current and $44,276 classified as long-term.

For the year ended July 31, 2025, the Company recognized franchise fee revenue of $2,248,856 and commissions expense of $365,086 related to the amortization of deferred contract costs. For the year ended July 31, 2024, the Company recognized franchise fee revenue of $566,250 and commissions expense of $40,251.

For the year ended July 31, 2023, the Company did not enter into any new franchise agreements and, accordingly, did not recognize franchise fee revenue or incur incremental costs to obtain contracts.

4. Prior period adjustment

During the year ended July 31, 2025, the Company identified an adjustment of $29,236 related to transactions attributable to prior periods. Due to the immaterial nature of the adjustment to the previously issued financial statements, the Company has recorded the adjustment in the current year within other income and has not restated prior period financial statements.

Management evaluated the impact of this adjustment on previously issued financial statements and concluded that the effect was not material, individually or in the aggregate, to those financial statements.

5. Leases

The Company accounts for leases in accordance with FASB ASC Topic 842, Leases. The Company determines whether an arrangement is a lease at inception.

The Company's leases consist primarily of office space. The Company uses its incremental borrowing rate to determine the present value of lease payments, as the implicit rate is not readily determinable.

On December 1, 2024, the Company entered into an operating lease for office space with an initial term of ten years. The lease is engaged with a related party of the Company. The lease includes a renewal option for an additional five-year term. The Company will include renewal periods in the lease term when it is reasonably certain that the option will be exercised.

The lease has a weighted average remaining lease term of 9.4 years and a weighted average discount rate of 6% as of July 31, 2025.

As of July 31, 2025, the Company's operating lease balances were as follows:

- Operating lease right-of-use asset: $2,427,161
- Operating lease liability: $2,456,439 ($286,061 is classified as current)

6. Related party transactions

As of July 31, 2025, 2024, and 2023, the Company had related party receivables of $1,618,085, $850,040 and $120,000, respectively. The amounts are due from related entities and have no stated payback period and accrue no interest.

As of July 31, 2025, 2024, and 2023, the Company had related party payables of $200,000, $0 and $0, respectively. The amounts are due from related entities and have no stated payback period and accrue no interest.

7. Subsequent events

Subsequent events have been evaluated through June 16, 2026, which is the date the financial statements were available to be issued. No significant events or transactions were identified that would require adjustment to the balance sheet or disclosure.

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BETWEEN

HARAZ COFFEE HOUSE FRANCHISING, LLC

AND

_____
("Franchisee")

EFFECTIVE DATE: _____, 20___

LOCATION: _____
_____
_____

TABLE OF CONTENTS

ARTICLE 1 – INTRODUCTION 1
1.1 Franchise System. 1
1.2 Franchise Marks. 1
1.3 Acknowledgements of Franchisee. 1

ARTICLE 2 - GRANT OF FRANCHISE 2
2.1 Grant of Franchise. 2
2.2 Limitations. 2
2.3 Limited Exclusivity. 3
2.4 Reservation of Rights. 3

ARTICLE 3 - TERM AND OPTION 4
3.1 Term. 4
3.2 Option of Franchisee. 4

ARTICLE 4 - FEES, REPORTS, ACCESS AND AUDIT 5
4.1 Initial Franchise Fee. 5
4.2 Royalty. 6
4.3 Grand Opening Advertising; Local Advertising; Advertising Fund Contributions. 6
4.4 Training Fees. 7
4.5 Renewal Fee. 7
4.6 Transfer Fee. 7
4.7 Noncompliance Fee; Late Charge; NSF Fees; Interest. 8
4.8 Manner of Payment. 8
4.9 No Setoff; Application of Payments. 8
4.10 Reports and Financial Statements. 8
4.11 Point of Sale and Computer Equipment and Software; Access to and Use of Information. 9
4.12 Records. 10
4.13 Inspection by FRANCHISOR. 10
4.14 Access to Records and Audit by FRANCHISOR. 11

ARTICLE 5 - SERVICES PROVIDED TO FRANCHISEE 12
5.1 Site Selection and Lease Negotiation. 12
5.2 Construction and Improvements. 13
5.3 Equipment, Fixtures, Signs, Inventory and Suppliers. 13
5.4 Operations Manual; Update Specifications. 14
5.5 Training. 14
5.6 Setup and Opening. 14
5.7 Products and Services; Suppliers. 14
5.8 Operational Assistance. 14
5.9 Pricing. 15
5.10 Advertising. 15
5.11 Indemnification for Trademark Actions. 15

5.12 FRANCHISOR's Services May be Provided by Independent Agents and Representatives. 15

ARTICLE 6 - USE AND PROTECTION OF FRANCHISE MARKS.... 15
6.1 Non-ownership of Franchise Marks....15
6.2 Use of Franchise Marks. 15
6.3 Use of Other Trademarks....16
6.4 Defense of Franchise Marks. 16
6.5 Prosecution of Infringers....17
6.6 Modification or Substitution of Franchise Marks. 17
6.7 Validity and Ownership of Franchise Marks; Prohibition Against Disputing FRANCHISOR's Rights. 17

ARTICLE 7 - FRANCHISE LOCATION, LEASE AND OTHER PRE-OPENING OBLIGATIONS.... 18
7.1 Location Selection and Approval....18
7.2 FRANCHISOR's Right to Own or Lease. 19
7.3 Lease Requirements. 19
7.4 Licenses and Permits....20
7.5 Completion of Training....20
7.6 Development of Franchise Business and Franchise Location. 20
7.7 Telephone Numbers; Internet Access; E-mail Addresses....21

ARTICLE 8 - OPERATIONS 21
8.1 Opening Date; Continuing Operations and Best Efforts....21
8.2 Standards of Operation; Operations Manual....22
8.3 Reserved. 22
8.4 Acquisition of Products and Services..... 23
8.5 Specifications and Designated Suppliers for Products and Services. 23
8.6 Products and Services Offered by the Franchise Business; Pricing; Promotional Programs. 25
8.7 Maintenance; Refurbishing; Alterations. 25
8.8 Designated Owners; Managers. 26
8.9 Employees....26
8.10 Insurance. 27
8.11 Compliance with Laws and Other Obligations. 28
8.12 Separate Identification of Franchise Business. 28
8.13 Indemnification. 28
8.14 Participation in Franchisee Advisory and other Committees. 29
8.15 Notices to FRANCHISOR. 29

ARTICLE 9 – ADVERTISING.... 29
9.1 Grand Opening Advertising. 29
9.2 Local Advertising 30
9.3 Administration of Advertising Fund. 30
9.4 Advertising Cooperatives....31
9.5 Additional Advertising; Approval of Advertising Materials; Coupons....32
9.6 Use of Websites, Internet, Social Media or Toll-Free Telephone Numbers....32

9.7 Local Advertising ……..233
9.8 Alternative Intelligence (AI)

ARTICLE 10 – TRAINING 34
10.1 Initial Training. 34
10.2 Franchisee's Training Program. 35
10.3 Additional Training, Sales Programs and Meetings. 35

ARTICLE 11 - CONFIDENTIAL INFORMATION 35
11.1 Confidential Information Defined. 35
11.2 Ownership and Use of Confidential Information. 36
11.3 Development of New Proprietary or Confidential Information. 37
11.4 Expiration, Termination or Transfer of this Agreement. 37

ARTICLE 12 – RESTRICTIONS ON COMPETITION 37
12.1 Covenant Not to Compete During Term. 37
12.2 Other Restrictions During Term. 38
12.3 Definition of Competing Business. 38
12.4 Acknowledgements and Agreements Relating to Restrictions on Competition. ...38
12.5 Covenant Not to Compete After Termination or Expiration of Franchise Term...38

ARTICLE 13 - TRANSFERABILITY 39
13.1 General Rule. 39
13.2 Conditions of FRANCHISOR'S Consent to Transfer; Right of First Refusal. 30
13.3 Transfer on Death or Incapacity. 41
13.4 Transfers to Controlled Entities. 41
13.5 Assignment by FRANCHISOR. 42

ARTICLE 14 – DEFAULT AND TERMINATION 42
14.1 Default by FRANCHISOR; Termination by Franchisee. 42
14.2 Default by Franchisee; Termination by FRANCHISOR. 42
14.3 Events of Default by Franchisee; No Right to Cure. 44
14.4 Events of Default by Franchisee; Right to Cure…… 44
14.5 Right to Withhold Products and Support Services on Certain Defaults by Franchisee. 45

ARTICLE 15 - EFFECT OF TERMINATION OR EXPIRATION 45
15.1 Obligations of Franchisee. 45
15.2 Termination of Lease; Option to Assume Lease. 47
15.3 Option to Purchase Assets; 47
15.4 Surviving Obligations. 47
15.5 Damages for Loss of Bargain. 48
15.6 Remedies. 48

ARTICLE 16 – DISPUTE RESOLUTION; LAW AND JURISDICTION; INJUNCTIVE RELIEF; COSTS OF ENFORCEMENT; JURY WAIVER; LIMITATIONS OF CLAIMS 48
16.1 Negotiation. 48
16.2 Binding Arbitration. 48
16.3 Arbitration Procedures. 49

16.4 Decision of Arbitrator……50
16.5 Applicable Law. 50
16.6 Injunctive Relief....50
16.7 Costs of Enforcement. 50
16.8 Jury Waiver; Time Period for Bringing Claims; Limitation of Damages. 51
16.9 Survival. 51
ARTICLE 17 – ADDITIONAL PROVISIONS 51
17.1 Independent Contractor. 51
17.2 Waivers. 52
17.3 Consents, Approvals and Satisfaction....52
17.4 Third Parties. 53
17.5 Cumulative Remedies. 53
17.6 Notices. 53
17.7 Unavoidable Contingencies. 53
17.8 Entire Agreement; Modifications. 53
17.9 Severability. 54
17.10 Uniformity....54
17.11 Obligations Joint and Several. 54
17.12 Signing by FRANCHISOR. 54
17.13 Ownership of Franchisee. 54
17.14 Headings. 54
17.15 No Class Action or Consolidation. 55
17.16 No Reliance. 55
ARTICLE 18 - ANTI-TERRORISM LAW COMPLIANCE……55

HARAZ COFFEE HOUSE FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is made effective as of this _____ day of _____, 20____, between HARAZ COFFEE HOUSE FRANCHISING, LLC, a Michigan limited liability company ("FRANCHISOR," "HARAZ COFFEE HOUSE ," "We" or "Us") and _____ _____ "Franchisee" or "You").

ARTICLE 1 – INTRODUCTION

1.1 Franchise System.

FRANCHISOR franchises a system for operation of a quick service coffee Cafe offering both in-Cafe seating and carry-out of Yemen grown coffee blends, espresso, teas and pastries and related items, operating under the HARAZ COFFEE HOUSE name and service marks. The distinguishing characteristics of the system include trade names, trademarks, proprietary food products and food preparation techniques, trade dress elements of the business, including color schemes, art and overall look and feel of the Cafe, the uniforms worn by staff and certain materials used in the operation of the business, supplier and distribution arrangements, recipes, formulas and specifications for food products, training, operational procedures, promotional techniques and materials, signs, paper products, equipment, methods of inventory and operation, and manuals covering business practices and policies. The system may be updated and revised by FRANCHISOR in the future. The system that FRANCHISOR specifies and authorizes Franchisee to use now and in the future will be referred to in this Agreement as the "Franchise System." A business operated under the Franchise System, whether operated by FRANCHISOR, an affiliate of FRANCHISOR or a person authorized by FRANCHISOR, will be referred to in this Agreement as the "Franchise Business" or the "Cafe."

1.2 Franchise Marks.

FRANCHISOR uses and owns or has rights to certain trademarks, service marks, logos, trade dress and other elements that are used to identify the Franchise System and a Cafe. FRANCHISOR may, in the future, develop, use and register additional or different trademarks, service marks, logos, trade dress and other elements that it may make available for use by Franchisee. The trademarks, service marks, logos, trade dress and other elements that FRANCHISOR authorizes Franchisee to use now and in the future will be referred to in this Agreement as the "Franchise Marks."

1.3 Acknowledgements of Franchisee.

Franchisee acknowledges that it received FRANCHISOR's Franchise Disclosure Document at least 14 calendar days before signing this Agreement or paying any consideration to FRANCHISOR.

ARTICLE 2 - GRANT OF FRANCHISE

2.1 Grant of Franchise.

FRANCHISOR grants to Franchisee the nonexclusive right to use the Franchise Marks and the Franchise System in connection with the operation of a single Cafe in accordance with this Agreement and FRANCHISOR's Operations Manual (as defined in Section 8.3). The Franchise Business must be operated at the location designated in Item 1 of Appendix A or at the location designated in accordance with Section 7.1 of this Agreement (the designated location is referred to as the "Franchise Location").

2.2 Limitations.

The rights granted to Franchisee in this Agreement relate only to the sale of products over-the-counter at the Franchise Location, and no exclusive area or other territorial rights are granted to Franchisee, except as specifically provided in Section 2.3 below. Franchisee will have the right to market immediately consumable products consistent with the catering format specified by FRANCHISOR (if applicable), but only in accordance with any of FRANCHISOR's specifications.

2.3 Limited Exclusivity.

Except as otherwise provided in this Agreement, as long as this Agreement is in effect and Franchisee is not in default under this Agreement, FRANCHISOR will not operate or authorize any other person to operate a business using the Franchise Marks or the Franchise System or any other Cafe business that offers the same products as a Cafe in the "Protected Area" as defined in this Section, without your prior written consent.

(a) If the Franchise Location is a freestanding location or located in an open strip shopping center, in-line center or similar location, we will determine a geographic Protected Area that will be based upon a combination of approximately 40,000 households and daytime/workday population surrounding your Franchise Location (the "Protected Area"). This area will be depicted by the map of your Protected Territory as attached to this Agreement. You acknowledge and agree that FRANCHISOR may operate or authorize any other person to operate a Cafe in another retail store or in a public facility, such as a train station, shopping mall/center, bus station, airport, park, hotel, amusement park, arena or stadium within the Protected Area, or in any geographic areat (a "Non-Traditional Location") even if such Non-Traditional Location is in your Protected Area If the Franchise Location is in a densely populated area (such as a major downtown area), we may at our discretion choose to offer you a Protected Area that is based upon a designated number of city blocks. In that case, the area will be mutually agreed upon and wreement.and will be designated by geographical or street boundaries as set forth in Item 2 of Appendix A.

(b) If the Franchise Location is in a Non-Traditional Location, then the Protected Area will be limited to such site in or at where the Franchise Location is located.

(c) You and any other franchisee may make deliveries into any Protected Area, whether by your own employees or third-party delivery companies (i.e. Grub Hub, Door Dash, etc.), as long as the customer is not further than five (5) miles from the store. Subject to this restriction, there are no other restrictions on you or any franchisee from accepting orders from consumers in the Protected Area of any franchisee. However, you will not be permitted to offer delivery service to any customer located outside of your Protected Area if deliveries cannot be made within a reasonable period of time or if you are unable to maintain the quality of the product delivered in accordance with the System. What constitutes a "reasonable period of time" means the time limits we determine, from time to time, as designated in the Manuals or in other announcements. You will compete with other HARAZ COFFEE HOUSE Cafes which are now, or which may in the future be, located near or adjacent to your Protected Area. We will not pay you any compensation for soliciting or accepting orders in your Protected Area.

FRANCHISOR may operate and authorize others to operate a Cafe business that offers the same products as a Cafe in the Protected Area if FRANCHISOR acquires a chain of existing Cafes or franchise rights to a chain of existing Cafes; provided that, FRANCHISOR will not add or authorize any other person to add any additional units of those Cafes in the Protected Area after the acquisition by FRANCHISOR.

Franchisee's limited rights as stated in this Section relate to location only and do not grant Franchisee any exclusivity of marketing or customers. All Cafes may sell their products and services to any customer.

2.4 Reservation of Rights.

All rights not expressly granted in this Agreement to Franchisee relating to the Franchise Marks and Franchise System are reserved to FRANCHISOR, including but not limited to: (a) the right to operate and authorize others to operate businesses using the Franchise Marks and/or Franchise System at any location other than a location in the Protected Area; (b) the right to use or authorize others to use the Franchise Marks and/or Franchise System, or any other trademarks or systems, in connection with the manufacture and sale of products at wholesale or retail, through the use of toll free telephone numbers, catalogs, direct mail, the Internet or through any distribution channels (including operations within the Protected Area) other than the operation of a retail Cafe business operated under the Franchise Marks and Franchise System within the Protected Area; and (c) the right to operate or authorize others to operate any business that does not use the Franchise Marks or the Franchise System at any location, including locations within the Protected Area, and (d) the right of Franchisor or an Affiliate to sell or products under the Marks to be sold to the public through retail outlets such as grocery stores and national warehouse chains at any location, including locations within the Protected Area. If FRANCHISOR intends to use the Franchise Marks and/or Franchise System through other distributions channels within the Protected Area, Franchisee will have the right to participate in those channels of distribution in the Protected Area in a reasonable manner as determined by FRANCHISOR.

ARTICLE 3 - TERM AND OPTION

3.1 Term.

The term of this Agreement will commence upon the earlier of: (i) the date Franchisee opens the Franchise Location for business to the public, or (ii) the designated opening date as provided in Item 3 of Appendix A of this Agreement ("Commencement Date"), and shall continue for ten (10) years from the Commencement Date unless sooner terminated as provided in this Agreement. (the "Term").

3.2 Option of Franchisee.

Franchisee will have the option to remain a Franchisee for two (2) additional periods of five (5) years each if, at the beginning of each option period, all of the following conditions are fulfilled:

(a) Franchisee is not in default of this Agreement or any other agreement between the parties and no affiliate of Franchisee is in default under any agreement between the affiliate and FRANCHISOR.

(b) Franchisee, during the past twelve (12) months, has not received from FRANCHISOR two (2) or more notices of default of the terms of this Agreement or any specification, standard or operating procedure of FRANCHISOR (whether or not such notices related to the same or different violations and whether or not those violations have been remedied by Franchisee).

(c) Franchisee provides written notice of its intent to continue as a franchisee not more than twelve (12) months and not less than six (6) months before the beginning of the option period.

(d) Franchisee is able to maintain possession of the Franchise Location and agrees to refurbish the Franchise Location in compliance with the then applicable standards of FRANCHISOR for a Cafe, such standards being reasonably and consistently applied, or Franchisee has been able to secure and develop, in compliance with the then applicable standards of FRANCHISOR used in the granting of a franchise, suitable alternative premises for the Franchise Business. Any alternative premises must be acceptable to and approved in advance by FRANCHISOR.

(e) Franchisee, throughout the term of this Agreement, has satisfied all material reporting requirements and all monetary obligations to FRANCHISOR and any affiliates of FRANCHISOR, suppliers and creditors (excepting reasonable disputes that Franchisee is attempting in good faith to resolve) within the amount of time specified for satisfaction or cure of default with respect to such obligation.

(f) Franchisee has satisfied any additional training requirements for new or existing franchisees of FRANCHISOR.

(g) Franchisee has signed a general release, in a form specified by FRANCHISOR, of any and all claims against FRANCHISOR, its subsidiaries and affiliates, and their respective officers, directors, agents, members and employees.

(h) Franchisee has signed and returned to FRANCHISOR, within thirty (30) days of receipt from FRANCHISOR, the then-current standard franchise agreement in use by FRANCHISOR at the time of Franchisee's notice to FRANCHISOR, together with such other documents as are then customarily used by FRANCHISOR to grant new franchises, all of which will replace this Agreement. The new standard franchise agreement signed by Franchisee may have substantial differences from this Agreement, including, without limitation, different or increased fees.

(i) Franchisee has paid a renewal fee equal to $25,000 at the time of renewal. This fee must be paid at the time the new standard franchise agreement is delivered to FRANCHISOR.

(j) FRANCHISOR has approved the renewal of the franchise. If all of the other conditions in this Section are met, FRANCHISOR will not withhold approval of renewal except for good cause.

Failure or refusal by Franchisee to sign the franchise agreement and other documents and pay the renewal fee within thirty (30) days after delivery of the franchise agreement and other documents to Franchisee, when FRANCHISOR approves renewal of the franchise, will be deemed an election by Franchisee not to renew the franchise. If Franchisee does not elect to renew its franchise relationship, does not qualify for renewal or does not comply with the requirements for renewal specified above, the franchise relationship between FRANCHISOR and Franchisee will automatically terminate on completion of the term set forth in this Agreement.

ARTICLE 4 - FEES, REPORTS, ACCESS AND AUDIT

4.1 Initial Franchise Fee.

Franchisee purchasing an Individual Unit must pay an initial franchise fee in the amount of $50,000. If Franchisee is a Veteran with an honorable discharge, the initial franchise fee shall be reduced by $5,000. The initial franchise fee is considered earned at the time of signing of this Agreement and is not refundable. In the event You (i) cannot locate and secure (by lease or purchase agreement) a site acceptable to Us for your Cafe within 180 days from execution of this Agreement, or you do not open your Franchised Location within one (1) year from signing the Franchise Agreement, You or We can terminate this Agreement without refund. We require that you pay 50% of your initial inventory and equipment expense to us or our Affiliate HCH at the time you sign this Agreement as a deposit for placement of the order for your Café. Neither the deposit or any other monies paid for initial inventory or equipment are refundable. The balance of monies owing will be due in full upon delivery to you.

4.2 Royalty.

Franchisee must pay FRANCHISOR a royalty based upon four percent (4%) of weekly Gross Sales during the term of the franchise. Gross Sales must be reported and royalties must be paid, in the manner specified in Section 4.8 below, by Franchisee on the second business day of each week based on Gross Sales for the preceding business week (currently specified as beginning on Monday and ending on Sunday). Royalty fees are not refundable.

For purposes of this Agreement, "Gross Sales" means the entire amount of all of Franchisee's revenues from the ownership or operation of the Franchise Business or any business at or about the Franchise Location including the proceeds of any business interruption insurance, whether the revenues are evidenced by cash, credit, checks, gift certificates, scrip, food stamps, coupons and premiums (unless exempted by FRANCHISOR), services, property or other means of exchange, excepting only the amount of any sales taxes that are collected and paid to the taxing authority. Cash refunded and credit given to customers and receivables uncollectible from customers will be deducted in computing Gross Sales if the cash, credit or receivables represent amounts previously included in Gross Sales where royalty fees and advertising contributions were paid. Gross Sales are deemed received by the Franchisee at the time the goods, products, merchandise, or services from which they derive are delivered or rendered or at the time the relevant sale takes place, whichever occurs first. Gross Sales consisting of property or services (for example, "bartering" or "trade outs") are valued at the prices applicable to the products or services exchanged for the Gross Sales at the time the Gross Sales are received.

4.3 Grand Opening Advertising; Local Advertising; Regional Advertising Fund Contributions.

4.3.1 Grand Opening.

Franchisee must spend a minimum of $7,500 to be used for grand opening advertising for the Franchise Business in accordance with Section 9.1 of this Agreement. The specified amount must be paid to vendors before the grand opening period begins or as required by vendors.

4.3.2 Local Advertising.

You are required to spend one (1%)percent of your monthly Gross Sales for local advertising. We must approve all advertising before You use it. Any advertising that You propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 6-month period must be submitted to us for our approval before You may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless We provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials You submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require You to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number.

4.3.3 Advertising Fund.

You are required to pay each month 1% of Franchisee's Gross Sales to an advertising fund that will be administered by us or an agency We designate. See Section 9.2.

4.3.4 Advertising Cooperative. If We determine to create an advertising cooperative, all franchisees and affiliated Cafes will be required to participate but required expenditures for local advertising will be credited to you against any payments to be made to the fund. See Section 9.3.

4.4 Training Fees.

If Franchisor requires on-site opening training and launch support at the Franchised Location, Franchisee shall pay $450 per day for two (2) trainers, based on an eight (8) hour day, for the number of trainers and duration required by Franchisor, which may include two (2) trainers for a minimum of fourteen (14) calendar days, together with all reasonable travel, lodging, meals, and related out-of-pocket expenses incurred by Franchisor or its designated trainers. Franchisor may also require Franchisee, its Manager, and other designated personnel to attend additional or remedial training programs and to pay Franchisor's then-current fees and expenses for such training. Franchisor may, in its discretion, provide supplemental owner training at Haraz HQ without a separate tuition charge, but Franchisee shall remain responsible for all travel, lodging, meals, wages, and other personal expenses associated with such training.

4.5 Renewal Fee.

Franchisee must pay a renewal fee if Franchisee elects to renew its franchise at the end of the initial term of the franchise. The renewal fee is 25% of the initial fee payable at the time of the renewal. See Section 3.2(i).

4.6 Transfer Fee.

A transfer fee is payable on a transfer of the Franchise Business. The transfer fee is $15,000. You shall pay $7500 as the transferor and your buyer shall pay $7500 as the transferee.

4.7 Noncompliance Fee; Late Charge; NSF Fees; Interest.

In the event of any breach of this Agreement or the Operations Manual, Franchisor may assess a noncompliance fee of $500 upon written notification to Franchisee. Franchisee must pay to FRANCHISOR, on demand, a late charge of $50 for any payments not made to FRANCHISOR within five days of the due date of the payment. In addition, Franchisee must pay on demand a fee equal to any charges FRANCHISOR may incur as a result of checks or debits returned to FRANCHISOR for non-sufficient funds or other similar reasons ("NSF fees"), but not less than $30.00 for each item returned. Also, Franchisee must pay to FRANCHISOR, on demand, interest on all overdue payments from the date the payment was due until paid equal to the lesser of (i) 1.5% per month or (ii) the maximum rate of interest permitted by law. The assessment of late charges, NSF fees and interest will not be the sole remedies of FRANCHISOR in such

circumstances. All fees and charges pursuant to this Section 4.7 shall be paid in the manner set forth by Section 4.8 if not directly paid by Franchisee.

4.8 Manner of Payment.

Franchisee must pay royalty, advertising fund contributions and any other periodic payments to FRANCHISOR by electronic or similar funds transfer in the appropriate amounts from Franchisee's primary operating bank account to such accounts, and at such places or in such manner as FRANCHISOR may specify from time to time. Franchisee's primary operating bank account means the account in which all revenue of the Franchise Business is deposited and held to pay amounts owed to FRANCHISOR and other creditors of the Franchise Business. Franchisee must sign and deliver to its bank and to FRANCHISOR those documents necessary to authorize and effectuate the transfers as specified by FRANCHISOR. Franchisee must not terminate this authorization as long as this Agreement is in effect. Franchisee must not close its primary operating bank account without prior written notice to FRANCHISOR and the establishment of a substitute primary operating bank account for the transfers. Franchisee represents and warrants to FRANCHISOR that it will have sufficient funds in its primary operating bank account from time to time to cover payment of all amounts due to FRANCHISOR on a timely basis.

4.9 No Setoff; Application of Payments.

Franchisee's obligations for the full and timely payment of the fees described in this Agreement are absolute and unconditional. Franchisee must not delay or withhold the payment of all or part of those fees based on the alleged nonperformance by FRANCHISOR or for any other reason or put the fees in escrow or setoff against any claims Franchisee may allege against FRANCHISOR. FRANCHISOR may apply any payments received first to any accrued late charges or interest and then to any delinquent fees or other amounts outstanding before crediting the payment in the manner specified by Franchisee or to the current amount due.

4.10 Reports and Financial Statements.

Franchisee must use the standard reporting system and forms specified by FRANCHISOR. Franchisee must submit to FRANCHISOR a complete statement of Gross Sales and other information specified by FRANCHISOR for the reporting periods and on the forms specified by FRANCHISOR. Franchisee must provide FRANCHISOR with copies of all sales or similar tax returns, annual income tax returns, monthly profit and loss statements, monthly balance sheets, monthly inventory statements and annual financial statements. Copies of monthly statements or reports must be provided within 30 days of the end of each month and copies of annual statements or reports must be provided within 120 days of the end of Franchisee's fiscal year. FRANCHISOR may specify other requirements relating to reporting in the Operations Manual.

FRANCHISOR may receive information directly from suppliers and Franchisee authorizes Franchisee's suppliers to provide information directly to FRANCHISOR. Franchisee agrees to sign separate authorizations or additional documents requested by suppliers or deemed necessary by FRANCHISOR to obtain information directly from suppliers.

The financial records of Franchisee may be disclosed by FRANCHISOR in future Franchise Disclosure Documents without specifically identifying the individual Cafe for which a particular franchisee's financial records relate, and to FRANCHISOR's actual and potential lenders.

4.11 Point of Sale and Computer Equipment and Software; Access to and Use of Information.

Required Systems. Franchisee must purchase, lease, license, subscribe to, implement, maintain, and use the point of sale ("POS"), inventory management, online ordering, third-party delivery integration, mobile application, AI phone and call-handling, and related computer, communications, and technology systems that FRANCHISOR specifies for the Franchise Business from the vendors FRANCHISOR designates or approves. Franchisee must use all such required systems in the manner specified by FRANCHISOR. Required systems may include designated hardware, software, applications, interfaces, terminals, peripherals, subscriptions, support services, reporting tools, and related technology components necessary for the operation of the Franchise Business. Franchisee must pay all required support, maintenance, subscription, licensing, update, upgrade, replacement, and related costs necessary to maintain such systems in the manner specified by FRANCHISOR.

FRANCHISOR may develop, acquire, designate, endorse, replace, update, modify, or discontinue required technology systems and the specifications for them from time to time. As part of the required technology stack, FRANCHISOR may require Franchisee to obtain specified hardware or software, service agreements, third-party integrations, mobile applications, online ordering systems, delivery platform integrations, AI telephone systems, reporting platforms, communication systems, licenses, interfaces, or other technology products or services developed by FRANCHISOR or third parties. Modification of system specifications may require Franchisee to incur additional costs to obtain, replace, update, upgrade, license, subscribe to, or maintain new or modified technology systems during the term of this Agreement. Within thirty (30) days after Franchisee receives notice from FRANCHISOR, or within such longer period as FRANCHISOR may specify, Franchisee agrees to obtain and have operational the technology systems and components specified by FRANCHISOR. There are no contractual limitations on the cost or frequency of Franchisee's obligation to update, upgrade, replace, or maintain required technology systems during the term of this Agreement.

Access to and Use of Information. FRANCHISOR will have the right to independently access the sales information and other data produced by the POS and other required technology systems, and there are no contractual limitations on FRANCHISOR's right to access and use that information and data, subject to applicable law. Franchisee must provide FRANCHISOR access to the information on the POS and other required systems in the manner specified by FRANCHISOR and must supply FRANCHISOR with any and all passwords, credentials, security codes, or other access information necessary to obtain that access. FRANCHISOR may retrieve, analyze, download, copy, store, use, and disclose the software and all data on Franchisee's POS and other required technology systems at any reasonable times, provided that such access does not unreasonably interfere with the operation of the Franchise Business. FRANCHISOR may provide such data to its affiliates, vendors, service providers, consultants, and other third parties designated

by FRANCHISOR in connection with administration, support, analytics, compliance, system operations, brand standards, technology services, or other business purposes determined by FRANCHISOR, subject to applicable law.

PCI, EMV, and Security Compliance. The POS and all other required payment, online ordering, and related technology systems must be configured, maintained, and operated in accordance with the Payment Card Industry Data Security Standards ("PCI DSS"), EMV requirements, and any other payment processing, data security, cybersecurity, or technology compliance requirements specified by FRANCHISOR from time to time. Upon installation of any such system, FRANCHISOR may require Franchisee to use an independent Approved Scanning Vendor ("ASV") or another vendor designated or approved by FRANCHISOR to verify PCI compliance or other required compliance. FRANCHISOR also has the right to require annual or more frequent certifications and to require Franchisee to provide FRANCHISOR with written verification of compliance. Franchisee must promptly report to FRANCHISOR any known or suspected vulnerability, breach, compromise, or other material security incident involving the POS or any other required technology system and must provide proof of compliance or remediation upon FRANCHISOR's request.

Online Ordering and Delivery Systems. Franchisee must implement and maintain online ordering capability and all third-party delivery integrations specified by FRANCHISOR, together with any required AI phone, order-management, or communications systems, in the manner specified by FRANCHISOR. All such systems must comply with FRANCHISOR's standards and with all updates, maintenance, and security requirements prescribed by FRANCHISOR and applicable industry standards.

Internet and Communications. Franchisee must obtain and maintain at all times high-speed internet access and such other communications capability as FRANCHISOR specifies for communication with customers and FRANCHISOR by email and other electronic means, for connection to required systems, and to permit FRANCHISOR to remotely access the POS and related technology systems. Franchisee must also maintain an email address and, if FRANCHISOR specifies, participate in a centralized email or communications system maintained by FRANCHISOR or its designated provider. It will be a material default of this Agreement if Franchisee fails to maintain the required equipment, connections, subscriptions, lines, systems, and communication methods in operation and accessible to FRANCHISOR throughout the term of this Agreement.

4.12 Records.

Franchisee must keep complete and correct books of account, business records and records of Gross Sales, in accordance with the procedures specified by FRANCHISOR and in accordance with generally accepted accounting principles. Franchisee must keep all of its business records for a minimum of seven (7) years.

4.13 Inspection by FRANCHISOR.

To determine whether Franchisee is complying with this Agreement, and/or to determine whether Franchisee is complying with all applicable specifications and quality standards in connection with Franchisee's use of the Franchise Marks and Franchise System, FRANCHISOR or its designated agents have the right, at any reasonable time and without prior notice, to: (a) inspect the Franchise Business; (b) confer with Franchisee and its employees; and (c) inspect equipment, signage, fixtures, furniture, inventory, products and operating methods of Franchisee. FRANCHISOR may require that Franchisee furnish its customers with an evaluation form specified by FRANCHISOR pre-addressed to FRANCHISOR. Also, FRANCHISOR may require that Franchisee maintain a comment box at the Franchise Location, which may only be opened by FRANCHISOR. Franchisee must fully cooperate with representatives of FRANCHISOR making any inspection or observing the work of Franchisee or its employees or retrieving information from the comment box.

4.14 Access to Records and Audit by FRANCHISOR.

FRANCHISOR or its designated representatives have the right at all reasonable times to examine and copy the books, records and tax returns of Franchisee. FRANCHISOR will also have the right, on five days written notice, to have an audit made of the books of Franchisee. If an audit reveals that any payments to FRANCHISOR have been understated in any report to FRANCHISOR, Franchisee must immediately pay to FRANCHISOR the amount understated on demand, in addition to any interest and late charges required under Section 4.7 of this Agreement from the date originally due to the date paid.

Any audit will be conducted at the expense of FRANCHISOR. However, if an audit is made necessary by Franchisee's failure to furnish reports, financial statements, or tax returns, or discloses an understatement of 3% or more of the Gross Sales of the Franchise Business in any report, then FRANCHISOR has the right to charge Franchisee for the costs of the audit, including, without limitation, any travel expenses, meals, lodging and compensation of FRANCHISOR's employees or agents and reasonable accounting and attorney's fees.

Nothing contained in this Section constitutes FRANCHISOR's agreement to accept any payments after they are due or a commitment by FRANCHISOR to extend credit to or otherwise finance Franchisee's operation of the Franchise Business. The payment of FRANCHISOR's expenses and/or the assessment of late charges or interest are not the sole remedies of FRANCHISOR in those circumstances and this Agreement may be subject to termination under Article 14.

4.15 Website and Technology Fee; App Fees.

Franchisee must pay all fees and charges associated with the technology systems and related services required by FRANCHISOR for the operation of the Franchise Business, including, without limitation, website hosting, online ordering, point-of-sale services, inventory management and reporting systems, required third-party delivery integrations, custom applications, AI phone

and order-management systems, and related support, maintenance, subscription, licensing, update, upgrade, and service fees, in each case as specified by FRANCHISOR from time to time. As of the date of the Franchise Disclosure Document, the current recurring fees for required technology systems are described in the Franchise Disclosure Document and may be payable to FRANCHISOR or its designated vendors, as applicable. FRANCHISOR may designate successor systems, replacement vendors, additional required integrations, modified technology requirements, or revised website and app services from time to time, and Franchisee agrees to pay all such fees and charges as they become due. Failure to timely pay any such required technology, website, or app fees will constitute a default under this Agreement.

4.16 Site Plans, Design, and Project Review Fee.

Franchisee shall pay the Site Plans, Design, and Project Review Fee described in the Franchise Disclosure Document, which is currently $10,000**,** payable to FRANCHISOR as specified by FRANCHISOR. This fee includes design services, CAD and related plan materials, and project oversight assistance for the development of the Franchised Location. Any site-specific architectural, engineering, permitting, or other third-party costs not expressly included in this fee shall be Franchisee's sole responsibility. Failure to timely pay this fee shall constitute a default under this Agreement.

ARTICLE 5 - SERVICES PROVIDED TO FRANCHISEE

5.1SiteSelection/LeaseNegotiation

Franchisee is solely responsible for obtaining a site for the Franchised Location, subject to FRANCHISOR's prior written approval. In connection with the identification, negotiation, and leasing of the Franchised Location, Franchisee must use a real estate broker or brokerage firm approved by FRANCHISOR, unless FRANCHISOR expressly waives this requirement in writing. FRANCHISOR's approved brokers and brokerages are familiar with FRANCHISOR's site selection criteria, lease requirements, development standards, and brand protection considerations. In no event will Franchisee be required to pay any brokerage fee, commission, or similar charge to a broker or brokerage firm approved by FRANCHISOR, and any compensation payable in connection with the use of such approved broker or brokerage shall be arranged by FRANCHISOR or otherwise handled outside of Franchisee's obligations under this Agreement. Notwithstanding the foregoing, Franchisee remains solely responsible for retaining its own legal counsel to review and advise Franchisee regarding the lease and related occupancy documents before execution.

FRANCHISOR will review proposed sites on a case-by-case basis in accordance with its then-current standards and requirements. In evaluating a proposed site, FRANCHISOR may consider such factors as size, configuration, appearance, ingress and egress, visibility, parking, demographics, vehicle and pedestrian traffic counts and patterns, co-tenancy, competition, commercial suitability, rental obligations, lease terms, and such other economic, physical, and market conditions as FRANCHISOR deems relevant. Franchisee may not execute a lease, letter of

intent, amendment, renewal, expansion, relocation document, or other binding occupancy agreement for the Franchised Location unless and until Franchisee has delivered the proposed documentation to FRANCHISOR, afforded FRANCHISOR a reasonable opportunity to review the same, and received FRANCHISOR's prior written approval of both the site and the material lease terms. FRANCHISOR's approval of a site, lease, or transaction does not constitute a representation, warranty, or guaranty that the location will be successful or suitable for Franchisee's business objectives, but means only that the proposed site satisfies FRANCHISOR's then-current standards and requirements for approval.

If Franchisee elects to use its own broker or brokerage firm, or requests that FRANCHISOR review a site, letter of intent, lease proposal, term sheet, or other transaction that was identified, sourced, negotiated, or otherwise in process before the Effective Date, FRANCHISOR may, in its sole discretion, permit Franchisee to proceed, subject to Franchisee's payment of the site assessment fee and related travel and out-of-pocket expenses specified in this Agreement and the Franchise Disclosure Document. Such fee is intended to defray the additional site review, market analysis, lease and deal review, development feasibility analysis, and related advisory services required by FRANCHISOR in connection with such transaction.

5.2Construction/Improvements.

FRANCHISOR will assist Franchisee in the construction and improvement of the Franchise Location by specifying the standard format, design criteria, and brand standards for the Franchised Location and by providing design services, CAD and related plan materials, and project oversight assistance as described in this Agreement and the Franchise Disclosure Document. Franchisee must use an architect or architectural firm approved by FRANCHISOR to prepare and adapt the plans for the specific size, configuration, and conditions of the approved site. FRANCHISOR may condition approval on the architect's or firm's familiarity with the HARAZ COFFEE HOUSE concept, prior acceptable work product, and demonstrated ability to prepare plans consistent with FRANCHISOR's standards and specifications. Franchisee may not use any plans or commence construction, build-out, or improvements at the Franchise Location unless and until such plans have been submitted to and approved by FRANCHISOR in writing. FRANCHISOR will provide standards and specifications for leasehold improvements, interior design, layout, floor plan, signage, products, inventory, uniforms, equipment, point-of-sale systems, color scheme, décor, and other design and operational elements required for the Franchise Location. Franchisee shall be solely responsible for all site-specific architectural, engineering, permitting, construction, and other third-party costs not expressly included in the fees payable to FRANCHISOR

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5.3 Equipment, Fixtures, Signs, Inventory and Suppliers.

FRANCHISOR will specify and provide sources of supply for the equipment, fixtures, signs and inventory, including the Approved Suppliers List for the equipment, fixtures, signs and inventory necessary for you to develop and begin operation of the Franchise Business. Franchisee

must purchase and install all exterior and interior signs, banners and marketing materials required by Franchisor of all franchisees.

5.4 Operations Manual; Update Specifications.

FRANCHISOR will loan to Franchisee one copy of its Operations Manual for use in the operation of the Franchise Business. FRANCHISOR will provide any updates to Franchisee of the Operations Manual and of FRANCHISOR's specifications for all aspects of the Franchise Business as they become available.

5.5 Training.

FRANCHISOR will provide an initial program to train Franchisee to operate the Franchise Business. FRANCHISOR may also provide ongoing training programs from time to time. See Section 10.

5.6Setup/Opening.

FRANCHISOR may require Franchisee to participate in a mandatory on-site setup, training, and opening support program at the Franchised Location before and during the opening of the Franchise Business. If required by FRANCHISOR, FRANCHISOR will provide two (2) trainers at the Franchised Location for a minimum of fourteen (14) calendar days, based on eight (8) hours per day, to assist with store setup, workflow implementation, staff training, customer service, product execution, opening procedures, order fulfillment, live operational support, and managerial handover. The Franchised Location is expected to begin its soft opening approximately seven (7) days after the trainers' arrival, subject to FRANCHISOR's determination that the Franchised Location, personnel, systems, and operating conditions are ready for live service. Franchisee shall pay the training fees and related travel, lodging, meal, and out-of-pocket expenses specified in this Agreement and in the Franchise Disclosure Document for such on-site support. FRANCHISOR may, in its discretion, provide additional setup, opening, or operational support beyond the initial required period, and Franchisee shall pay FRANCHISOR's then-current fees and expenses for any such additional services.

5.7 Products and Services; Suppliers.

FRANCHISOR will designate the products and services to be offered by the Franchise Business and will provide Franchisee with any updates in FRANCHISOR's specifications for the products or services to be offered by the Franchise Business. FRANCHISOR will provide sources of supply for all authorized products and services.

5.8 Operational Assistance.

A representative of FRANCHISOR will visit the Franchise Business after opening and will periodically visit the Franchise Business after that at such intervals deemed appropriate by FRANCHISOR throughout the remaining term of this Agreement. During these visits, the

representative will evaluate Franchisee's operations and provide any operational advice and assistance deemed necessary by the representative. FRANCHISOR will also provide reasonable operational advice and assistance to Franchisee by telephone or email, including advice on specific services or products, if requested by Franchisee.

5.9 Pricing.

FRANCHISOR will provide guidance on the pricing of the products and services of the Franchise Business. To maintain uniformity and pricing viability of our franchise system, we reserve the right to require that your franchise advertise and charge minimum prices and not exceed established maximum prices for your menu items as We may determine in our sole discretion.

5.10 Advertising.

When implemented, FRANCHISOR will administer the advertising fund and review for approval, any local advertising proposed by Franchisee. See Article 9.

5.11 Indemnification for Trademark Actions.

FRANCHISOR will indemnify Franchisee for certain liabilities arising from use of the Franchise Marks as provided in Section 6.4.

5.12 FRANCHISOR's Services May be Provided by Independent Agents and Representatives.

The services to be provided by FRANCHISOR under this Agreement may be provided by employees of FRANCHISOR or by independent representatives and agents engaged by FRANCHISOR, including but not limited to the Multi-Unit Developer (or its employees or agents) for the area in which the Franchise Business is located, if any.

ARTICLE 6 - USE AND PROTECTION OF FRANCHISE MARKS

6.1 Non-ownership of Franchise Marks.

Nothing in this Agreement gives Franchisee any right, title or interest in or to any of the Franchise Marks or any goodwill in and to the Franchise Marks, except a mere privilege and license during the term of this Agreement, to display and use the Franchise Marks according to the terms and conditions of this Agreement.

6.2 Use of Franchise Marks.

Franchisee must use the Franchise Marks only in connection with the operation of the Franchise Business pursuant to the Franchise System and only in the manner specified in this Agreement, the Operations Manual or otherwise by FRANCHISOR. The Franchise Business must be operated under the Franchise Marks and under no other name or mark. Franchisee must not use the Franchise Marks in connection with any products or services not specifically authorized by

FRANCHISOR in writing or in connection with any products or services that are not produced in accordance with the quality, uniformity and other standards established by FRANCHISOR in and through the Franchise System. FRANCHISOR will have the right at any time to examine the products and services offered by Franchisee, at the Franchise Location, to determine compliance with the applicable FRANCHISOR standards. If at any time FRANCHISOR becomes aware that the products or services provided by Franchisee fail to conform to those standards, FRANCHISOR will notify Franchisee. On such notification by FRANCHISOR, Franchisee must promptly cease to use the Franchise Marks on products that are non-conforming and must not sell any further non-conforming products or services until the standards are met to the satisfaction of FRANCHISOR.

Franchisee must not reproduce or cause to be reproduced any Franchise Marks in any manner, including reproduction on forms or invoices, in connection with advertising, marketing or promotion, or on the Internet or in an Internet domain name, without the prior written approval of FRANCHISOR. Franchisee must not use the Franchise Marks in its business, corporate, partnership or limited liability company name. Upon Franchisor's written request, Franchisee shall register to do business under the assumed business name of "HARAZ COFFEE HOUSE ®" with an additional number or designation as determined by FRANCHISOR to distinguish the assumed name from other Haraz Coffee House Cafes (for example: "HARAZ COFFEE HOUSE of Troy").

On expiration or termination of this Agreement, FRANCHISOR may, if Franchisee does not do so, sign in Franchisee's name and on Franchisee's behalf, any documents necessary in FRANCHISOR's judgment to end and cause discontinuance of Franchisee's use of the Franchise Marks and FRANCHISOR is irrevocably appointed and designated as Franchisee's attorney-in-fact for that purpose.

6.3 Use of Other Trademarks.

Franchisee must not display the trademark, service mark, trade name, insignia or logotype of any other person, firm or corporation in connection with the operation of the Franchise Business without the prior written consent of FRANCHISOR, which may be withheld in FRANCHISOR's sole subjective discretion.

6.4 Defense of Franchise Marks.

If Franchisee receives notice, or is informed, of any claim, suit or demand by a third party against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Franchise Marks, Franchisee must promptly notify FRANCHISOR of the claim, suit or demand. FRANCHISOR will then take such action as FRANCHISOR deems necessary and appropriate to protect and defend Franchisee against the claim, suit or demand. Franchisee must not settle or compromise any such claim by a third party without the prior written consent of FRANCHISOR. FRANCHISOR will have the sole right to defend, compromise or settle any such claim, in its discretion, using attorneys of its choosing, and Franchisee agrees to cooperate fully with FRANCHISOR in connection with the defense of any such claim. Franchisee may participate at its own expense in such defense or settlement, but FRANCHISOR's decisions with regard to the Franchise Marks will be final.

FRANCHISOR will indemnify Franchisee against liability to third parties resulting from claims by third parties that Franchisee's use of the Franchise Marks infringes trademark rights of the third party, but only if (a) Franchisee has used the Franchise Marks in accordance with the requirements of this Agreement, the Operations Manual and FRANCHISOR's specifications and (b) Franchisee has given notice to FRANCHISOR of the claim within 10 days of receipt by Franchisee of the claim and Franchisee has tendered the defense of the claim to FRANCHISOR.

6.5 Prosecution of Infringers.

If Franchisee receives notice or is informed or learns that any third party, who Franchisee believes is unauthorized to use the Franchise Marks, is using the Franchise Marks or any name or mark confusingly similar to the Franchise Marks, Franchisee must promptly notify FRANCHISOR of the facts relating to such alleged infringing use. FRANCHISOR will then, in its sole discretion, determine whether or not it wishes to take any action against such third person on account of such alleged infringement of the Franchise Marks. Franchisee will have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement. If FRANCHISOR chooses to prosecute any violation of the Franchise Marks, Franchisee must sign all documents and do all acts necessary or incidental to that action as counsel for FRANCHISOR may reasonably request. Any damages awarded or recovered in any prosecution of an infringement claim related to the Franchise Marks will be the exclusive property of FRANCHISOR.

6.6 Modification or Substitution of Franchise Marks.

FRANCHISOR may change the authorization to use the Franchise Marks contained in this Agreement, including adding, discontinuing or modifying Franchise Marks, or substituting different Franchise Marks, by issuing, in the form of an Addendum, a description of the changes and the products or services to which they relate. Franchisee is required to use and abide by these changes or substitutions. FRANCHISOR may make the changes because of the rejection of any pending registrations or the revocation of any existing registrations of the Franchise Marks, or due to the rights of senior users, or for other business reasons, except FRANCHISOR must make all such changes in the authorized Franchise Marks on a uniform basis for all similarly situated Cafes in a particular market.

6.7 Validity and Ownership of Franchise Marks; Prohibition Against Disputing FRANCHISOR's Rights.

Franchisee acknowledges the validity of the Franchise Marks and that the Franchise Marks and any and all goodwill in and to the Franchise Marks are the exclusive property of FRANCHISOR. Franchisee also agrees that any further rights or goodwill that may develop in any of the Franchise Marks in the future will inure solely to the benefit of FRANCHISOR, including, without limitation, any goodwill caused by or attributable to Franchisee's use of the Franchise Marks. Franchisee now asserts no claim and will in the future assert no claim to any goodwill, reputation or ownership of the Franchise Marks by virtue of Franchisee's licensed use of the Franchise Marks or for any other reason. Franchisee must not, during or after the term of

this Agreement, in any way dispute or impugn the validity of the Franchise Marks, or the rights of FRANCHISOR in the Franchise Marks, or the rights of FRANCHISOR or other Franchisees of FRANCHISOR to use the Franchise Marks.

ARTICLE 7 - FRANCHISE LOCATION, LEASE AND OTHER PRE-OPENING OBLIGATIONS

7.1 Location Selection and Approval.

The location for the Franchise Business must be approved in advance in writing by FRANCHISOR, and Franchisee must at all times operate the Franchise Business only at a location approved in writing by FRANCHISOR (the location approved in writing by FRANCHISOR being referred to in this Agreement as the "Franchise Location"). If a location for the Franchise Business has been determined and approved before the signing of this Agreement, that location will be designated in Item 1 of Appendix A. If the exact location of the Franchise Business has not been determined before signing this Agreement, Franchisee must use its best efforts to identify and secure a suitable location for the Franchise Business within the area designated in Item 1 of Appendix A and, unless FRANCHISOR otherwise approves in writing, must use a real estate broker or brokerage firm approved by FRANCHISOR in connection with the identification, negotiation, and leasing of the Franchise Location. Franchisee must obtain a lease for an approved site within one hundred eighty (180) days after signing this Agreement, unless FRANCHISOR approves a later date in writing. If this does not timely occur then Franchisor shall have the option to terminate this Agreement

Franchisee must submit to FRANCHISOR, in form and substance satisfactory to FRANCHISOR, a description of the proposed site, evidence of Franchisee's prospects for obtaining the site, demographic and market information, traffic information, economic terms, proposed use provisions, and such other information and materials as FRANCHISOR may require before FRANCHISOR will consider approval of the location. FRANCHISOR may evaluate proposed sites in accordance with its then-current site selection criteria, lease requirements, development standards, and brand protection considerations. Although FRANCHISOR may assist Franchisee in the site selection process, including through approved brokers or brokerages, Franchisee is solely responsible for obtaining the site and independently evaluating its commercial value for operation of the Franchise Business. FRANCHISOR's recommendations, assistance, or approval do not constitute a representation, warranty, or guaranty of the commercial value, suitability, or success of the Franchise Location.

If Franchisee is seeking to secure a site in a highly competitive metropolitan market, is using a broker or brokerage firm approved by FRANCHISOR, and the site search has remained continuously active without suspension, delay, or withdrawal at Franchisee's direction, FRANCHISOR may, in its sole discretion, grant a written extension of the time periods set forth in this Section.

If the Franchise Location initially approved by FRANCHISOR becomes unusable for the Franchise Business, Franchisee must obtain FRANCHISOR's prior written approval of a substitute site. If the initial Franchise Location becomes unusable through no fault of Franchisee and an approved substitute location is not available, this Agreement will terminate upon conclusion of operations at the initial Franchise Location, unless otherwise agreed by the parties in writing.

7.2 FRANCHISOR's Right to Own or Lease.

FRANCHISOR will have the right, at its option, to purchase or lease the Franchise Location, or have an affiliate purchase or lease the Franchise Location, for lease or sublease to Franchisee. The lease or sublease to Franchisee will be on FRANCHISOR's standard form of lease or sublease. This provision applies even if Franchisee owns the Franchise Location. If FRANCHISOR subleases the Franchise Location to Franchisee, Franchisee and the owners of Franchisee must personally guaranty FRANCHISOR's obligations under the prime lease.

7.3**Lease**

If Franchisee leases the Franchise Location from a third party, the terms, form, and execution of Franchisee's lease must be approved in writing by FRANCHISOR, and the lease may not be terminated, modified, amended, renewed, expanded, assigned, or otherwise altered by Franchisee without FRANCHISOR's prior written consent. Franchisee must also retain its own legal counsel to review and advise Franchisee regarding the lease and related occupancy documents before execution.

Franchisee's lease with a third party must contain such provisions as FRANCHISOR may require, including provisions: (a) limiting use of the Franchise Location to operation of the Franchise Business or such other use as FRANCHISOR approves in writing; (b) recognizing and permitting FRANCHISOR's rights to assignment of the lease in specified circumstances; (c) recognizing and permitting FRANCHISOR's right to enter the Franchise Location to inspect and audit the Franchise Business and to make such modifications as may be necessary to protect the Franchise Marks and the Franchise System; (d) if the Franchise Location is in a strip mall, enclosed mall, shopping center, or similar development, prohibiting the landlord from leasing any other space in the development to a competing business selling the same or substantially similar products as the Franchise Business, to the extent obtainable by Franchisee and permitted by law; (e) requiring the landlord to provide written notice and a reasonable opportunity for FRANCHISOR or its designee to cure any default by Franchisee under the lease before the landlord exercises remedies under the lease; (f) requiring the landlord and Franchisee to provide FRANCHISOR at least thirty (30) days' prior written notice of: (i) cancellation or termination of the lease before its stated expiration date; (ii) any assignment or attempted assignment of the lease by the landlord or Franchisee; (iii) any sublease or attempted sublease by Franchisee; and (iv) any amendment or modification of the lease; and (g) requiring the landlord and Franchisee to provide FRANCHISOR written notice within fifteen (15) days after: (i) Franchisee exercises any option to extend the lease; (ii) the lease is renewed; and (iii) the landlord institutes any action against Franchisee, including an eviction action.

Except as expressly permitted by this Agreement, Franchisee may not assign the lease, or let or sublet the Franchise Location or any part of it, without FRANCHISOR's prior written consent. Franchisee must also obtain execution by the landlord of Schedule 1 (Lease Rider / Conditional Assignment of Lease) and deliver the fully executed Lease Rider to FRANCHISOR simultaneously with execution of the lease.

7.4 Licenses and Permits.

Franchisee must obtain all zoning and other approvals and all permits or licenses required by federal, state or local law for construction and operation of the Franchise Business, including certificates of occupancy.

7.5 Completion of Training.

Franchisee must complete the training program specified by FRANCHISOR, to the satisfaction of FRANCHISOR, before beginning operation of the Franchise Business.

7.6 Development of Franchise Business and Franchise Location.

Franchisee must fully develop the Franchise Business in accordance with FRANCHISOR's specifications. Franchisee must design, construct and/or improve the Franchise Location in compliance with FRANCHISOR's specifications, including but not limited to specifications for build-out, decor, signage, equipment, space, etc. This includes the following responsibilities, which must be diligently performed by the Franchisee:

(a) Hire an interior designer and food service designer approved by FRANCHISOR to undertake and provide build-out specifications.

(b) Employ a licensed architect and/or engineer, as required by state and local codes, approved by FRANCHISOR, to prepare sealed construction documents to submit for building permits and health department approval and a final set of construction documents using FRANCHISOR's plans and specifications.

(c) Furnish FRANCHISOR with the final set of construction documents, including signage, and a summary of build out expenses on a form specified by FRANCHISOR.

(d) Obtain approval of the plans and specifications from the landlord and local authorities and FRANCHISOR before beginning construction.

(e) Obtain or require the contractor to obtain payment and performance bonds.

(f) Obtain all zoning changes, all required utility, health, sanitation and sign permits and any other required permits and approvals.

(g) Purchase or lease and install equipment, fixtures, furniture, inventory, accessories, supplies and signs needed for the opening of the Franchise Business in accordance with FRANCHISOR's specifications.

(h) Complete the construction or remodeling of the Franchise Location in full and strict compliance with the plans and specifications approved by FRANCHISOR and the landlord and with all applicable ordinances, building codes and permits requirements.

(i) Complete development of and have the Franchise Business ready to open and commence the conduct of its business by the date described in Section 8.1 of this Agreement.

Franchisee must diligently perform the responsibilities listed above at times reasonably required by FRANCHISOR in order to complete the development of the Franchise Business in a proper and timely manner. Franchisee must report to FRANCHISOR as to the progress of the development of the Franchise Business. FRANCHISOR may, but is not required to, assist the Franchisee in completing the above listed responsibilities. Where FRANCHISOR's action and response is required with respect to any of the Franchisee's obligations listed above, FRANCHISOR will act or respond in a reasonable and timely manner.

7.7 Telephone Numbers; Internet Access; E-mail Addresses.

Franchisee must acquire and maintain a minimum of two telephones and one telephone line dedicated solely to the Franchise Business. FRANCHISOR may, at its option, obtain and register in its name, the telephone lines and numbers to be used at the Franchise Business. Franchisee must pay all costs and charges for the installation, maintenance and use of the telephone lines and numbers, even if those lines and numbers are obtained and registered in the name of FRANCHISOR. Franchisee must acquire and maintain at all times a static IP address and a high speed (T-1, Cable, DSL, Satellite or other high-speed access) Internet access for communication with customers and FRANCHISOR by email and other electronic means, connection to FRANCHISOR's intranet systems (if any) and to allow FRANCHISOR to access Franchisee's POS computer system remotely 24 hours a day and seven days a week. Franchisee must also acquire and maintain an e-mail address so that FRANCHISOR and Franchisee may communicate by e-mail. If specified by FRANCHISOR, Franchisee must participate in the centralized email system maintained by FRANCHISOR. In that case, Franchisee must pay FRANCHISOR a reasonable annual fee to cover FRANCHISOR's time and expenses involved in maintaining and servicing the centralized email system. The annual fee will be payable in advance on January 20th of each year.

ARTICLE 8 - OPERATIONS

8.1 Opening Date; Continuing Operations and Best Efforts.

Franchisee must begin operation of the Franchise Business by the date specified in Item 3 of Appendix A, but no later than one (1) year from execution of this Agreement. If operations do not begin by the specified date, FRANCHISOR may terminate this Agreement and retain all fees

paid. Franchisee must continually operate the Franchise Business after opening in accordance with the provisions of this Agreement throughout the term of this Agreement. Franchisee must use its best efforts to promote and maximize the sales of the Franchise Business throughout the term of this Agreement. Franchisee must maintain at all times, sufficient equipment, supplies and personnel to operate the Franchise Business at optimal capacity and efficiency as specified by FRANCHISOR.

8.2 Standards of Operation; Operations Manual.

Franchisee acknowledges that every component of the Franchise System is important to FRANCHISOR and to the operation of the Franchise Business. Franchisee must, at all times, operate and maintain the Franchise Business in a competent manner and in full compliance with all aspects of the Franchise System specified by FRANCHISOR. In all business dealings with the public, Franchisee must be governed by the highest standards of honesty, integrity, fair dealing and ethical conduct.

Franchisee must comply with all lawful and reasonable policies and procedures specified by FRANCHISOR in connection with the operation of the Franchise Business. These specifications may include standards, techniques and procedures for: (a) the safety, maintenance, cleanliness, sanitation, function, hours of operation and appearance of the Franchise Business and its equipment, fixtures, furniture, decor and signs; (b) qualifications, dress, uniforms, grooming, general appearance, demeanor and training of employees; (c) the products and services required or authorized to be offered and sold by the Franchise Business; (d) type, shelf life, quality, taste, portion control, and uniformity and manner of preparation and sale of all of the products sold by the Franchise Business; (e) methods and procedures relating to receiving, preparing and delivering customer orders; (f) sales, advertising and promotional techniques and programs; (g) construction, maintenance and appearance of the Franchise Business and the Franchise Location; (h) payment, credit, accounting and financial reporting policies and procedures; (i) use of FRANCHISOR's intranet (if established) for entering sales and other information, making schedules, projecting sales, ordering supplies, entering labor and other expenses, receiving reports and other operational requirements as specified by FRANCHISOR; (j) purchase and maintenance of equipment, fixtures and inventory; (k) insurance coverage; (l) use of standard forms; (m) use and protection of the Franchise Marks and other proprietary rights of FRANCHISOR in accordance with Franchise Mark Usage Guidelines, and any trade secret or information protection programs or other intellectual property policies established from time to time by FRANCHISOR; (n) use and illumination of exterior and interior signs, displays and similar items; (o) atmosphere of the Franchise Location, including, without limitation, such things as music and lighting; (p) warranties to customers and the handling of customer complaints and customer communications; (q) identification of the Franchise Business as an independently owned and operated business; (r) attendance by Franchisee and managers at required training programs and meetings; (s) maintenance of a minimum required number of trained staff at all times, based on the business needs of the Franchise Business; (t) using and honoring gift certificates, coupons and other such local and national promotional programs authorized or specified by FRANCHISOR; and (u) other details of the operation of the Franchise Business and the relationship between Franchisor and Franchisee.

The policies and procedures specified by FRANCHISOR may be contained in training, operating and marketing manuals of FRANCHISOR or in memos, bulletins, newsletters, emails, or other written or electronic materials prepared by FRANCHISOR (for the purposes of this Agreement, "Operations Manual" will mean all manuals or other written materials relating to the Franchise System or containing FRANCHISOR's specifications that are provided to Franchisee). Franchisee will be issued a copy of any currently existing Operations Manual after the signing of this Agreement or when and if prepared by FRANCHISOR and made available to franchisees. Franchisee will be issued any applicable modifications or additions to the Operations Manual as they become available. The Operations Manual remains the property of FRANCHISOR, must not be duplicated, must never be disclosed to any person or entity and must be returned to FRANCHISOR immediately on request or on expiration or termination of this Agreement.

Franchisee must at all times ensure that its copy of the Operations Manual is kept current and up to date. If there is a dispute as to the contents of the Operations Manual, the terms and dates of the master copy of the Operations Manual maintained by FRANCHISOR at its place of business will be controlling.

Due to the nature of operation of the Franchise Business and the fact that the specifications for the Franchise Business must and do change, FRANCHISOR reserves the right to change the Franchise System after the signing of this Agreement and to change the terms of the Operations Manual after the signing of this Agreement to reflect those changes. Franchisee must comply with all such changes immediately on written notice from FRANCHISOR of the change. The Operations Manual cannot change the terms of this Agreement, but will be in addition to this Agreement and will have the same effect as if set forth in this Agreement. If the Operations Manual is inconsistent with this Agreement, this Agreement will control. FRANCHISOR agrees that it will specify its policies and procedures in a reasonable manner.

8.3 (Reserved).

8.4 Acquisition of Products and Services.

Franchisee must obtain all equipment, fixtures, signs, inventory, food products, packaging materials, paper and plastic products, menus, uniforms and all other products and services specified by FRANCHISOR for development and operation of the Franchise Business.

8.5 Specifications and Designated Suppliers for Products and Services. In order to preserve the uniqueness, consistency, uniformity, quality, appearance, and identity of the Franchise System and the products and services offered by HARAZ COFFEE HOUSE Cafes, and to maintain purchasing efficiency and system standards, Franchisee must comply with the product, service, design, and supply requirements set forth in this Section and elsewhere in this Agreement.

Franchisee must purchase, lease, license, subscribe to, and use all equipment, furniture, fixtures, signage, inventory, coffee and espresso beans, teas, food products, proprietary ingredients, bakery items, packaging materials, paper and plastic products, uniforms, menus, technology systems, and

all other goods and services used in the development and operation of the Franchise Business strictly in accordance with FRANCHISOR's standards and specifications and only from FRANCHISOR, its affiliates, or the manufacturers, suppliers, distributors, vendors, contractors, or service providers designated or approved by FRANCHISOR (each, a "Designated Supplier"). Designated Suppliers may include affiliates of FRANCHISOR, including, without limitation, Haraz HQ, LLC, HCH Distribution, LLC, and HCH Bakery, LLC, as well as designated technology, delivery, communications, or other service providers. FRANCHISOR may add, remove, substitute, or replace Designated Suppliers, designated products, or designated services from time to time, and Franchisee must comply with those changes within the time period specified by FRANCHISOR.

Without limiting the foregoing, FRANCHISOR may require Franchisee to obtain specified architectural, design, construction, millwork, cabinetry, interior finish, signage, installation, technology, communications, inventory management, point-of-sale, online ordering, delivery integration, mobile application, AI phone, or other related products or services from Designated Suppliers. Franchisee must also use an architect or architectural firm approved by FRANCHISOR, as provided elsewhere in this Agreement, and must use any contractors, installers, or service providers that FRANCHISOR requires or approves for designated categories of work or services. FRANCHISOR may, from time to time, enter into agreements with one or more Designated Suppliers for and on behalf of all HARAZ COFFEE HOUSE Cafes, or all Cafes in a particular market or region (each, a "Designated Supplier Contract"). To the extent applicable, the terms and conditions of any Designated Supplier Contract will control Franchisee's relationship with the applicable Designated Supplier for matters covered by that contract, and Franchisee must comply with all purchasing, payment, credit, use, service, integration, and other requirements imposed under such arrangements.

The designation or approval by FRANCHISOR of any Designated Supplier does not constitute, and shall not be construed as, a representation, warranty, or guaranty by FRANCHISOR as to the quality, fitness, merchantability, suitability, performance, availability, pricing, or timeliness of the goods or services provided by the Designated Supplier, and FRANCHISOR shall not be liable to Franchisee for any claims, damages, losses, delays, or expenses arising out of or relating to the acts, omissions, products, or services of any Designated Supplier.

FRANCHISOR and its affiliates shall have the right to receive rebates, allowances, commissions, administrative fees, incentives, discounts, or other consideration from Designated Suppliers based on sales of goods or services to Franchisee or other Cafes. FRANCHISOR and its affiliates may retain and use such amounts for any purpose in their sole discretion. Franchisee must cooperate with FRANCHISOR and its affiliates in connection with the collection, reporting, and administration of any such amounts.

Any goods or services sold by or through FRANCHISOR, its affiliates, or any Designated Supplier shall be furnished subject to the terms and conditions specified by FRANCHISOR, its affiliate, the applicable Designated Supplier, or the applicable manufacturer, including terms set forth in manuals, bulletins, memoranda, emails, invoices, purchase terms, service agreements, subscription terms, or other written communications. Such terms and conditions may be modified from time to time upon written notice from FRANCHISOR, its affiliate, or the applicable supplier or provider, and Franchisee agrees to comply with all such modified requirements.

8.6 Products and Services Offered by the Franchise Business; Pricing; Promotional Programs.

Franchisee must sell all products and provide all services that FRANCHISOR specifies for sale for the Franchise Business. Franchisee must not sell any food, alcohol or products, or provide any services or engage in any business at the Franchise Business or Franchise Location other than those specified by FRANCHISOR without written authorization from FRANCHISOR. FRANCHISOR may add or delete required or authorized products or services to be provided by the Franchise Business. If any products or services are added, Franchisee must be qualified to provide the products and services before FRANCHISOR will authorize Franchisee to offer those products and services. If a product or service is deleted, Franchisee must cease offering that product or service immediately on written notice from FRANCHISOR. FRANCHISOR will make all changes in the required products and services for good faith marketing reasons and on a uniform basis for all similarly situated franchisees in a particular market, except when test marketing products or services. We may grant approval of alternative suppliers upon written request. Our fee will be $250 for each request plus costs of lab testing or fees charged by the vendor. Based on the information and/or samples you supply to us from the proposed alternative supplier, we will test the items supplied and review the proposed supplier's business reputation, Cafe very performance, credit rating and other information. We reserve the right to update our criteria periodically. We may permit you to purchase from alternative suppliers who meet our criteria after they are approved by us. We expect to complete our review and advise you of our decision within 30 days after you submit all required information to us.

FRANCHISOR will provide guidance on the pricing of the products and services sold by Franchisee. Franchisee must follow any minimum and maximum pricing guidelines specified by FRANCHISOR, subject to applicable law.

Franchisee agrees to participate in any gifts cards, electronic gift or money cards (E-cards), frequency cards or other programs specified by FRANCHISOR and to honor all such cards issued by FRANCHISOR or by other franchisees in accordance with FRANCHISOR's policies. Franchisee acknowledges and agrees that Franchisee's participation in those programs is integral to the Franchise System and to the success of those programs. FRANCHISOR or a person designated by FRANCHISOR will administer any gift and E-card or other such programs specified by FRANCHISOR. Franchisee agrees that FRANCHISOR may charge an administrative fee for administrating those programs. Franchisee also agrees to honor and/or participate in discount coupons or similar promotional materials, drives, prizes, giveaways, contests and other programs, local, regional or national, related to sales promotions, specified by FRANCHISOR to the extent that participation does not violate federal or state law.

8.7 Maintenance; Refurbishing; Alterations.

Franchisee must maintain the Franchise Location, equipment, fixtures and signs for the Franchise Business in a clean, attractive and safe condition and in good maintenance and repair and in compliance with the standards specified by FRANCHISOR. If at any time, in

FRANCHISOR's reasonable judgment, the general state of repair, appearance or cleanliness of the Franchise Location or its equipment, fixtures or signs do not meet FRANCHISOR's standards, FRANCHISOR may notify Franchisee in writing, specifying the action to be taken by Franchisee to correct the deficiency. Franchisee must initiate the specified action within 30 days after receipt of the notice and diligently proceed to complete the specified action. If Franchisee fails to do so, then FRANCHISOR will have the right, in addition to its other rights under this Agreement, but will not be obligated to, enter the Franchise Location and cause the specified action to be taken on behalf of Franchisee and Franchisee must pay the entire cost to FRANCHISOR on demand.

In addition to regular maintenance obligations, after written notice from FRANCHISOR, not more than once during the franchise term, Franchisee must refurbish the Franchise Location to maintain or improve the appearance and efficient operation of the Franchise Business to increase its sales potential and to comply with FRANCHISOR's then current standards and identity. Franchisee will not be required to spend for refurbishing more than $75,000 during the term of this Agreement. This limit on refurbishing will not apply at the time of renewal of the Franchise Agreement. The requirement to refurbish the Franchise Location will be imposed uniformly on all Franchisees presently acquiring a franchise, but the expenses incurred in fulfilling the requirement will vary depending on such factors as the condition of the Franchise Location and local costs of construction. Any required refurbishing must be completed within 45 days from notice by FRANCHISOR.

Franchisee must make no material alterations to the leasehold improvements or appearance of the Franchise Location and must not make any material alterations to the equipment, fixtures or signs of the Franchise Business without prior written approval of FRANCHISOR.

8.8 Designated Owners; Managers.

The individual or at least one of the individuals designated in Item 4 on Appendix A (a "Designated Owner"), must: (a) devote his or her full time and effort to the day-to-day active management and operation of the Franchise Business; (b) personally exercise his or her best efforts to market the Franchise Business and maximize customer satisfaction; (c) preserve and exercise ultimate authority and responsibility with respect to the management and operation of the Franchise Business; and (d) represent and act on behalf of Franchisee in all dealings with FRANCHISOR. Each Designated Owner must have an ownership interest in Franchisee. If all of the Designated Owners resign, die or become incapacitated, it will be considered a transfer under the provisions of Article 13 of this Agreement. If Franchisee desires to have a manager, other than a Designated Owner, devote full time and effort to the day-to-day active management and operation of the Franchise Business in place of a Designated Owner, the manager must successfully complete the training program designated by FRANCHISOR and must be approved, in writing, by FRANCHISOR. FRANCHISOR must also approve, in writing, any change in such management personnel. Franchisee must require all of its managers to sign an agreement relating to confidentiality in the form specified by FRANCHISOR as a condition of employment of the manager.

8.9 Employees.

Franchisee must implement a training program for employees in compliance with FRANCHISOR's standards. Franchisee must maintain at all times a staff of trained employees sufficient to operate the Franchise Business in compliance with FRANCHISOR's standards. Franchisee must require its employees and agents to sign an agreement relating to confidentiality in the form specified by FRANCHISOR as a condition of employment of the employee.

FRANCHISOR may impose a reasonable per diem charge for any training provided to Franchisee, its managers or employees, beyond the initial training program described in Section 10.1. Any such fees will be uniform as to all persons attending training at that time and will be based on FRANCHISOR's out-of-pocket expenses plus the per diem rate of the training personnel involved. These fees are not refundable. All employees shall be required to wear shirts, pants, hats or other uniform items as required by Franchisor, which items shall be designated by the operations manual which may be revised from time to time.

Franchisee acknowledges and agrees that, except as otherwise provided in this Agreement, Franchisor does not have authority to exercise control over the means or manner in which Franchisee operates the Cafe. All Cafe operations will be determined by Franchisee in its own judgment, subject only to legal requirements, the terms of this Agreement, and the standard, procedures and policies FRANCHISOR prescribes for the preservation of the goodwill associated with the Marks. Franchisee shall maintain a competent and conscientious staff who have been trained in product preparation and general business operations in accordance with the procedures set forth in the Operations Manual, and who meet required governmental health and employment standards. Franchisee shall take such steps as are necessary to ensure that its employees do not violate FRANCHISOR'S policies relating to the use of any electronic medium, including, but not limited to, prohibiting employees from posting any information relating to FRANCHISOR, the Franchise System, or the Marks without FRANCHISOR'S prior written approval. Franchisee is exclusively responsible for decisions related to all employees of your franchise, including but not limited to establishing the terms, conditions, and benefits of employment for all employees, including without limitation, hiring, firing, scheduling, employee discipline, employee performance evaluations, awards, promotions, demotions, work assignments, wages, benefits, vacation time, and sick time policies, the compensation rates for all employees, and for ensuring that all employees are properly trained in the operation of your franchise consistently with the Operations Manual. You acknowledge that we do not have direct or indirect control, including through the implementation of our System, of your employment decisions.

8.10 Insurance.

Franchisee must obtain from a Designated Vendor and provide FRANCHISOR with evidence of insurance in the amounts and with the coverages specified by FRANCHISOR. Evidence of this insurance must be initially provided at least fourteen days before beginning operation of the Franchise Business. Certificates of renewal must be provided no later than fourteen days before the expiration date of each policy. If Franchisee does not provide FRANCHISOR with evidence of any required insurance policies at any due date, FRANCHISOR may (but is not obligated to) purchase that insurance at Franchisee's expense. Franchisee must immediately pay for any insurance obtained by FRANCHISOR.

Each required insurance policy must meet the following requirements: (a) the policy must name FRANCHISOR (and any affiliates of FRANCHISOR that FRANCHISOR may reasonably specify), as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to FRANCHISOR; (c) the insurance must be placed with an approved vendor and an insurance carrier with an AM Best's Rating of not less than A; (d) the policy must provide that failure by Franchisee to comply with any term, condition or provision of the insurance contract, or other conduct by Franchisee, will not void or otherwise affect the coverage afforded FRANCHISOR or its affiliates (e.g. FRANCHISOR, although named as an insured, will nevertheless be entitled to recover under such policies on any loss occasioned to FRANCHISOR or its agents or employees by reason of the negligence of Franchisee or Franchisee's agents or employees); (e) the policy must contain a waiver of subrogation in favor of FRANCHISOR for casualty losses.

8.11 Compliance with Laws and Other Obligations.

Franchisee must obtain and keep in force every registration, charter, license or permit required for the Franchise Business. Franchisee must comply with all federal, state, county, municipal or other statutes, laws, ordinances, regulations, rules or orders applicable to the Franchise Business. Franchisee must pay, when due, all taxes of every kind applicable to the Franchise Business or the income of the Franchise Business, including all local, state or federal taxes. Franchisee must immediately notify FRANCHISOR if any governmental department or agency begins an investigation of the Franchise Business, schedules a review, inspection or audit of the Franchise Business or takes any action against the Franchise Business.

8.12 Separate Identification of Franchise Business.

Franchisee must identify the Franchise Business as a separate business by filing an assumed name certificate as appropriate in the state and/or county of location of the Franchise Business. Also, Franchisee must display signs, notices or plaques specified by FRANCHISOR to identify the separate ownership of the Franchise Business.

8.13 Indemnification.

Franchisee is responsible for all losses or damages from contractual liabilities to third persons from the possession, ownership and operation of the Franchise Business and all claims or demands for damages to property or for injury, illness or death of persons, directly or indirectly, arising out of, or in connection with, possession, ownership or operation of the Franchise Business or the actions or omissions of Franchisee. Franchisee must defend, indemnify and hold harmless FRANCHISOR and its affiliates, subsidiaries and parent companies and their agents, employees, attorneys and other franchisees, their agents, employees and attorneys, against any and all claims, suits, demands, losses, damages or liabilities and all related expenses, including reasonable attorney's fees and court costs, which arise out of, in connection with, or as a result of possession, ownership or operation of the Franchise Business or the acts or omissions of Franchisee. This indemnity obligation will continue in full effect even after the expiration, transfer or termination of this Agreement. FRANCHISOR will notify Franchisee of any claims against FRANCHISOR subject to this Section. FRANCHISOR may defend the action in the manner it deems appropriate

and Franchisee must pay FRANCHISOR for all costs, including reasonable attorneys' fees, incurred by FRANCHISOR in defending the action, in addition to any sum which FRANCHISOR may pay by reason of any settlement or judgment against FRANCHISOR in the action. FRANCHISOR's right to indemnity under this Agreement will arise and be valid notwithstanding that joint or concurrent liability may be imposed on FRANCHISOR by statute, ordinance, regulation or other law.

8.14 Participation in Franchisee Advisory and other Committees.

FRANCHISOR may establish committees of franchisees to advise FRANCHISOR on various matters involving the Franchise System. Franchisee will be eligible to participate on such committees, in accordance with the rules established by FRANCHISOR and each committee, but only if Franchisee is a Franchisee in good standing. In order to be a Franchisee in good standing, Franchisee must be: (a) current in all obligations to FRANCHISOR and (b) operating in accordance with all requirements of the Franchise System, including requirements relating to quality, cleanliness and service.

8.15 Notices to FRANCHISOR.

Franchisee must notify FRANCHISOR in writing of the details of any of the following events, within one business day of the occurrence of the event:

(a) The start of any civil or criminal action, suit, countersuit or other proceeding against Franchisee or any Designated Owner.

(b) Franchisee, or any Designated Owner, receives a notice of noncompliance with any law, rule or regulation.

(c) The issuance of any order, writ, injunction, award or decree of any court, any agency or other governmental organization against Franchisee or any Designated Owner.

(d) Any complaints, inspections, reports, warnings, certificates or ratings of Franchisee or the Franchise Business, communicated, issued, performed, or scheduled by any governmental agency.

Franchisee must provide FRANCHISOR with any additional information FRANCHISOR requests, within five days of request, about the status, progress or outcome of any of the events listed in this Section.

ARTICLE 9 – ADVERTISING

9.1 Grand Opening Advertising.

Franchisee will expend, as required in Section 4.3, an amount to be used for grand opening advertising for the Franchise Business ("Franchisee's Grand Opening Advertising Payment").

This amount will be used for advertising for the Franchise Business for the thirty (30) day period after the opening of the Franchise Business or as otherwise agreed by FRANCHISOR and Franchisee. FRANCHISOR and Franchisee will work together to develop a grand opening advertising plan, which must be approved by FRANCHISOR. Franchisee will be responsible for implementing the plan. At Franchisee's option: (a) expenses incurred in connection with the grand opening advertising plan may be submitted to FRANCHISOR for direct payment from Franchisee's Grand Opening Advertising Payment; or (b) Franchisee may request that FRANCHISOR reimburse Franchisee, up to the amount of Franchisee's Grand Opening Advertising Payment, for amounts actually paid by Franchisee in connection with the grand opening advertising plan. If Franchisee does not spend an amount equal to Franchisee's Grand Opening Advertising Payment within the prescribed time frame, the balance of Franchisee's Grand Opening Advertising Payment will either be spent by FRANCHISOR on Franchisee's behalf to execute a grand opening promotion for Franchisee's Cafe or be placed in the advertising fund.

9.2 Local Advertising.

You must spend at least 1% of your Cafe's Gross Sales each month for local advertising through newspapers, magazines and other periodicals; radio/television; outdoor advertising (*e.g.,* billboards or signs); transit advertising and direct mail; social media and other forms of media to which we consent.

We must approve all advertising before you use it. You must provide us with an annual marketing plan by December 1 of every year for the following year and we must approve this plan. You must also send us a monthly update to your marketing plan before the end of every month including an expenditure report to show that you have complied with the Local Advertising requirements. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 6-month period must be submitted to us for our approval before you may use it as specified below.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number.

9.3 Administration of Advertising Fund.

Franchisee must make contributions, as required under Section 4.3, to an advertising fund that will be administered by FRANCHISOR or an agency designated by FRANCHISOR. The advertising fund will be used to maximize general public recognition and patronage of the Franchise Marks and Franchise System. Franchisor will use the advertising fund to formulate, develop, and produce advertising and promotional programs and to conduct advertising and promotional programs on a national, regional or local level as Franchisor determine, in our discretion, to be most effective in achieving the goals of the advertising fund. Franchisor is not required to spend Franchisee advertising fund contributions to place advertising in Franchisee's local area or in any specific media. The advertising fund will be used to pay all expenses of the advertising fund. As described below, any advertising placed by Franchisee must be approved in advance by Franchisor.

Franchisor may engage the services of an advertising source or sources to formulate, develop, produce and conduct advertising and these costs will be paid by the advertising fund. The advertising fund may be used to reimburse Franchisor for production costs incurred and the proportionate compensation of our employees who devote time and render service in the formation, development and production of advertising or the administration of the advertising fund. Franchisor will not use the advertising fund for advertising that is primarily for the solicitation for the sale of franchises. Franchisor will submit to Franchisee, on request, an annual report of the receipts and disbursements of the advertising fund, which may be unaudited and prepared by our management. Such advertising by the fund may be local, regional (and eventually national) in scope and may include newspaper, magazine, direct mail, radio and television as funds permit.

Any HARAZ COFFEE HOUSE operated by Franchisor or our affiliates will contribute to the advertising fund on the same basis as our franchisees.

If Franchisor does not use advertising fund contributions during the fiscal year in which they accrue, Franchisor will hold those funds for use in the following year.

FRANCHISOR will submit to Franchisee, on request, an annual report of the receipts and disbursements of the advertising fund, which may be unaudited and prepared by management of FRANCHISOR.

In no event will FRANCHISOR or any agency engaged by FRANCHISOR be liable for consequential or incidental damages resulting from administration of the advertising fund or resulting from any advertising produced or placed by or on behalf of FRANCHISOR or Franchisee or the failure to produce or place such advertising, including any claims for loss of business, and Franchisee waives any such claims.

9.4 Advertising Cooperatives.

FRANCHISOR may designate an advertising area that includes a group of Cafes. If the Franchise Business is within a designated advertising area, FRANCHISOR may require Franchisee to join, maintain a membership in and abide by the governing instrument of an advertising cooperative for that area. The structure of the cooperative and the original governing instrument of the cooperative and any changes to that instrument must be approved by FRANCHISOR. The cooperative cannot modify the terms of this Agreement, but may require Franchisee to make contributions to the cooperative in addition to any advertising fund contributions the Franchisee is required to make. Each Cafe in the cooperative will have one vote on matters before the cooperative. Decisions will be made as provided in the governing instrument of the cooperative, or if not otherwise specified, based on a majority of the votes entitled to be cast by the members of the cooperative. Any franchisee holding an officer, management, executive or committee position with the cooperative must be a franchisee in good standing as defined in Section 8.14. Each cooperative will work with FRANCHISOR or an agency designated by FRANCHISOR in coordinating and placing regional and local advertising for the members of the cooperative. The costs and expenses of each cooperative must be paid by that cooperative. If a

cooperative is formed the additional maximum advertising fee shall be 3% of Gross Sales and shall be credited against advertising fund payments due.

9.5 Additional Advertising; Approval of Advertising Materials; Coupons.

All advertising by Franchisee in any medium, including signage and banners, must be factual and dignified, must conform to the standards and specifications of FRANCHISOR, and to the highest standards of ethical advertising practice, and must be approved by FRANCHISOR in writing before it is used. No handwritten signs or otherwise non-conforming sign designs are allowed. No computer generated signs are allowed unless they have been provided by FRANCHISOR or approved in writing by FRANCHISOR. Franchisee must submit to FRANCHISOR for approval all marketing and promotion materials, including signage, prepared by Franchisee for the Franchise Business and not prepared by or previously approved by FRANCHISOR. These materials must be submitted at least 14 days before use. Franchisee agrees to refrain from any business or advertising that may be injurious to the business of FRANCHISOR and the goodwill associated with the Franchise Marks and Franchise System and other Cafes.

Franchisee must participate in all promotions, specials and advertising programs created by Franchisor. In the event Franchisee determines to offer special discounts or coupons to induce customers to patronize its Franchise Business, such discounts or coupons must state the following legend: "THIS COUPON IS VALID ONLY AT (YOUR ADDRESS). OTHER HARAZ COFFEE HOUSE LOCATIONS MAY BE INDEPENDENTLY OWNED AND OPERATED AND ARE UNDER NO OBLIGATION TO ACCEPT THIS COUPON." If Franchisee's coupons are accepted by other franchisees or Company owned locations, upon Franchisor's request, Franchisee must reimburse the coupon-accepting location the difference between its regular menu price and the price obtained pursuant to the coupon(s) it accepted.

9.6 Use of Websites, Internet, Social Media or Toll-Free Telephone Numbers.

Franchisee must not use the Internet, social media (i.e. Facebook, twitter, etc.), toll-free telephone numbers or similar methods with potential local, regional, national or worldwide scope in connection with the Franchise Business, except with the written consent of FRANCHISOR and then only in accordance with the policies and procedures specified by FRANCHISOR. FRANCHISOR may, in its discretion, maintain an Internet site or toll-free telephone numbers for the Franchise System and allow Franchisee to participate in business generated by those methods under guidelines specified by FRANCHISOR.

Franchisee shall, at its expense, participate in our website on the internet, our intranet system or other online communication as we may require from time to time as implemented through the Operations Manuals. You may not maintain a World Wide Web site or otherwise maintain a presence on the internet other than as we provide through our website. You may not separately register any domain name containing any of the Franchise Marks nor participate in any web site that markets goods and services similar to HARAZ COFFEE HOUSE . We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through

one or more uniform resource locators ("URLs") and if we do, we may design and provide for the benefit of your franchise a "click through" sub-page at each such website for the promotion of your business. If we establish one or more such website or other modes of electronic commerce and if we provide a "click through" sub-page at each such website for the promotion of your franchise, you agree to routinely provide us with updated copy, photographs and news stories about your franchise suitable for posting on your "click through" sub-page, the content, frequency and procedure of which will be specified in our Operations Manuals. Any websites or other modes of electronic commerce that we establish or maintain may, in addition to advertising and promoting the products and services of the System, also offer and promote franchises for sale. We retain all rights relating to our web site and may alter or terminate our web site at any time.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and system-wide communications (among other activities) can be effected. Your conduct on our web site and intranet system or other online communications and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. Your right to participate in our web site and intranet system or otherwise use the Trademarks or System on the intranet, or other online communication, will terminate when this Agreement expires or terminates.

9.7 **Local Advertising.**

You must spend a minimum of one (1%) per cent of Gross Sales each month on local advertising. This advertising will be through all forms of social media, newspapers, magazines and other periodicals; direct mail and other forms of media to which we consent. All advertising you create may only be sent or published within your Protected Area unless we have otherwise granted our written approval prior to publication.

We must approve all advertising before you use it. You must provide us with an annual marketing plan by December 1 of every year for the following year and we must approve this plan. You must also send us a monthly update to your marketing plan before the end of every month including an expenditure report to show that you have complied with the Local Advertising requirements. Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 6-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. You must not engage in any business or advertising that may be injurious to the goodwill associated with the Franchise Marks and Franchise System. You must not advertise any products or services for your business or use the Franchise Marks except those products or services authorized by us. If you join and pay for advertising through an advertising cooperative as described in Section 9.4 above, your marketing payments in such cooperative shall be credited against your local advertising obligations.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number.

9.8 Use of Alternative Intelligence (AI)

Franchisee agrees that to protect the integrity of the intellectual property rights of Franchisor and the franchise system, it shall not use Artificial Intelligence ("AI") in any manner whatsoever in the marketing and operation of its franchise unless prior written authorization has bas been received from Franchisor. This includes but is not limited to uploading, referring to, description of, reference to, or use of our Marks and intellectual property rights in any manner whatsoever as well as use of AI in all materials, advertisements, customer solicitations, programs or product offerings, or services offered by our franchise system.

ARTICLE 10 – TRAINING

10.1 Initial Training.

FRANCHISOR or its designated representative will provide and make available an initial training program for the operation of the Franchise Business. Franchisee must not begin operating the Franchise Business unless and until at least two (2) persons designated by FRANCHISOR, which may include a Designated Owner and the on-site manager, have attended and successfully completed the initial training program to FRANCHISOR's satisfaction. The initial training program may include classroom instruction, operational training, demonstration, supervised practice, live-service support, managerial coaching, and other training components specified by FRANCHISOR.

Without limiting the foregoing, FRANCHISOR may require Franchisee to complete a mandatory fourteen (14) calendar day on-site training and opening support program at the Franchised Location, conducted by two (2) trainers designated by FRANCHISOR, based on eight (8) hours per day. During such program, FRANCHISOR's trainers may provide instruction and operational support, including assistance with store setup, workflow implementation, staff training, customer service, product execution, opening procedures, order fulfillment, live-service support, and managerial handover. The Franchised Location is expected to commence soft opening operations approximately seven (7) days after the trainers' arrival, subject to FRANCHISOR's determination that pre-opening standards have been satisfied.

Franchisee shall pay the training fees and related expenses specified in this Agreement and in the Franchise Disclosure Document for required on-site opening training and launch support. Franchisee shall also be responsible for paying its own and its employees' salaries and all travel, lodging, food, meal, and related expenses incurred in connection with training. FRANCHISOR may, in its discretion, permit additional persons to attend any portion of the initial training program, but Franchisee shall pay FRANCHISOR's then-current fees and expenses for such additional attendees if FRANCHISOR so requires. All persons attending training must sign any

confidentiality, nondisclosure, or related agreements required by FRANCHISOR before beginning the training program.

10.2 Franchisee's Training Program.

After commencing operation of the Franchise Business, Franchisee must establish, implement, and maintain a continuing training program for all management and staff personnel in accordance with FRANCHISOR's standards and specifications. Franchisee must ensure that each employee of the Franchise Business completes all portions of the training required by FRANCHISOR for that employee's position and duties. Franchisee must not permit any person to perform duties for which required training has not been completed to FRANCHISOR's satisfaction. FRANCHISOR may revise, supplement, or replace training requirements, methods, materials, certifications, or performance standards from time to time, and Franchisee must promptly comply with such changes.

10.3 Additional Training, Sales Programs and Meetings.

A Designated Owner, and if required or authorized by FRANCHISOR, the on-site manager and other designated personnel, must attend any additional training programs, sales programs, meetings, webinars, conferences, or other programs reasonably specified by FRANCHISOR, at Franchisee's sole expense. FRANCHISOR will provide reasonable notice of any such required programs. FRANCHISOR may also provide additional, remedial, follow-up, or supplemental training to Franchisee, its managers, or employees if requested by Franchisee or if required by FRANCHISOR.

Franchisee shall pay FRANCHISOR 's then-current fees and expenses for any additional, remedial, or supplemental training, including any per diem training charges, travel, lodging, meals, and related out-of-pocket expenses incurred by FRANCHISOR or its designated trainers, as specified in this Agreement and in the Franchise Disclosure Document. FRANCHISOR may require Franchisee and its personnel to complete additional training before offering new products or services, implementing new systems, or continuing operations after operational deficiencies, changes in standards, or other circumstances specified by FRANCHISOR. FRANCHISOR may, in its discretion, provide supplemental owner training at Haraz HQ without a separate tuition charge, but Franchisee shall remain responsible for all travel, lodging, meals, wages, and other personal expenses associated with such training.

ARTICLE 11 - CONFIDENTIAL INFORMATION

11.1 Confidential Information Defined.

FRANCHISOR owns and possesses, and on signing of this Agreement Franchisee has the right to possess, certain proprietary and/or confidential information relating to developing and operating a Cafe (the "Confidential Information"). The Confidential Information includes, but is not limited to:

(a) Operations Manuals, training methods, operating methods, recipes, preparation and other techniques, processes, policies, procedures, systems and data;

(b) Knowledge and experience relating to Cafes;

(c) Advertising, marketing techniques and advertising programs used in developing and operating Cafes;

(d) All information regarding the identities and business transactions of customers and suppliers;

(e) Computer software and similar technology that has been or may be developed by or for FRANCHISOR or its agents, which is proprietary to FRANCHISOR, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(f) Knowledge of the operating results and financial performance of Cafes;

(g) Other aspects of the Franchise System now or later revealed to Franchisee under this Agreement and all changes and enhancements in the Franchise System, even if developed by Franchisee.

(h) Other property that FRANCHISOR describes as being Confidential Information or trade secrets of the Franchise System.

11.2 Ownership and Use of Confidential Information.

Franchisee acknowledges that FRANCHISOR owns the Confidential Information and agrees that Franchisee will not acquire any interest in the Confidential Information, other than the right to use it as FRANCHISOR specifies solely for the purpose of establishing and operating the Franchise Business during the term of this Agreement. Franchisee acknowledges and agrees that the Confidential Information is proprietary to FRANCHISOR and is disclosed to Franchisee in confidence only on the condition that Franchisee and its shareholders, officers, directors, partners, members, owners, investors, employees and agents agree that they will:

(a) Not use the Confidential Information in any business or capacity other than in the Franchise Business as authorized by this Agreement, both during the term of this Agreement and after expiration or termination of this Agreement for as long as the Confidential Information is not generally known in the industry;

(b) Keep each item deemed to be part of Confidential Information absolutely confidential, both during the term of this Agreement and after expiration or termination of this Agreement for as long as the item is not generally known in the industry;

(c) Not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form and not remove any Confidential Information from the Franchise Location;

(d) Not to directly or indirectly attempt to test, analyze or reverse engineer any proprietary materials, including, without limitation, recipes and ingredients;

(e) Adopt and implement procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchisee's employees; and

(f) Require Franchisee's employees and agents to sign an agreement relating to confidentiality in the form specified by FRANCHISOR before revealing any aspect of the Confidential Information to the employee or agent. FRANCHISOR has the right to be a third party beneficiary of those agreements with independent enforcement rights.

11.3 Development of New Proprietary or Confidential Information.

All ideas, concepts, techniques, improvements or materials that relate to or enhance the Franchise Business or the Franchise System, whether or not protectable intellectual property and whether created by or for FRANCHISOR or by or for Franchisee, must be promptly disclosed to FRANCHISOR and will be FRANCHISOR's sole and exclusive property, part of the Franchise System, and works made-for-hire for FRANCHISOR. Franchisee hereby assigns ownership of the intellectual property, and all related rights to it, to FRANCHISOR to the extent that any intellectual property does not qualify as a "work made-for-hire" for FRANCHISOR. Franchisee agrees to take whatever action (including signing an assignment or other documents) that FRANCHISOR requests to evidence FRANCHISOR's ownership in the intellectual property.

11.4 Expiration, Termination or Transfer of this Agreement.

Franchisee agrees that when this Agreement expires, is terminated, or on the transfer of the Franchise Business, Franchisee will immediately cease using any and all of the Confidential Information in any business or otherwise, and return to FRANCHISOR all copies of all Confidential Information that Franchisee has in its possession. Franchisee will be liable to FRANCHISOR for any use of the Confidential Information not authorized by this Agreement.

ARTICLE 12 – RESTRICTIONS ON COMPETITION

12.1 Covenant Not to Compete During Term.

Franchisee, its shareholders, officers, directors, partners, members, owners, investors, consultants and spouses must not, during the term of this Agreement, have any interest in, as an owner (except ownership of no more than 1% of a publicly traded entity), director, officer,

manager, employee, consultant, representative or agent, or in any other capacity, or otherwise engage in, any "Competing Business" (defined in Section 12.3), (except other Cafes operated under franchise agreements entered into with FRANCHISOR), or in any business or entity that franchises, licenses, or otherwise grants to others the right to operate a Competing Business, unless otherwise agreed in writing by FRANCHISOR.

12.2 Other Restrictions During Term.

Franchisee, its shareholders, officers, directors, partners, owners, investors, consultants and spouses must not, during the term of this Agreement: (a) divert or attempt to divert any business or customer of the Franchise Business or any other Cafe to any Competing Business by direct or indirect inducements or otherwise; (b) employ or seek to employ any person who was, at the time, employed by FRANCHISOR or its affiliates or by another Cafe, or directly or indirectly induce any person to leave their employment with FRANCHISOR or its affiliates or with another Cafe; or (c) sponsor, appoint or encourage or influence or promote friends, relatives or associates to operate a Competing Business.

12.3 Definition of Competing Business.

For purposes of this Agreement, a "Competing Business" includes any business that is the same or similar to a Cafe, including but not limited to a business that sells coffee blends, espresso, teas and pastries and related items for sit down or carry out that may be offered by Haraz Coffee House Cafes now or in the future.

12.4 Acknowledgements and Agreements Relating to Restrictions on Competition.

Franchisee acknowledges and agrees that the restrictions contained in this Article are fair and reasonable. The parties have attempted to limit Franchisee's right to compete only to the extent necessary to protect the reasonable competitive business interests of FRANCHISOR and its franchisees. If the above restrictions or any part of these restrictions are invalid, this Article will be considered as imposing the maximum restrictions allowed under the applicable state law in place of the invalid restriction or part of the restriction. In addition, FRANCHISOR reserves the right to reduce the scope of these provisions without Franchisee's consent, at any time, effective immediately on notice to Franchisee.

12.5 Covenant Not to Compete After Termination or Expiration of Franchise Term.

For two (2) years following the termination or expiration of this Agreement, whether by lapse of time or by other cause, sale and/or assignment of the franchise granted under this Agreement or the Franchise Business or by purchase by Franchisor of all or substantially all of the assets of Franchisee pursuant to this Agreement, Franchisee shall not, directly or indirectly, either as a shareholder, officer, director, partner, member, owner, investor, consultant or spouse, engage in any other Cafe that is a Competing Business or is similar to, the business of the nature and type described under this Agreement within five (5) miles of Franchisee's former licensed location and any HARAZ COFFEE HOUSE franchised, corporate or affiliated operated business.

ARTICLE 13 - TRANSFERABILITY

13.1 General Rule.

This Agreement is personal to Franchisee or to the owners of Franchisee if Franchisee is a corporation, partnership, limited liability company or other entity. Accordingly, neither Franchisee nor any person owning any direct or indirect ownership or equity interest in Franchisee, may, without FRANCHISOR's prior written consent, directly or indirectly or contingently, whether voluntarily or by operation of law, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in: (a) this Agreement; (b) the Franchise Business or any of the assets of the Franchise Business; (c) the Franchise Location; or (d) any equity or voting interest in Franchisee. Any such act or event described above in this Section or any other act defined as a transfer elsewhere in this Agreement will be referred to as a "Transfer." Any permitted Transfer must only be made in accordance with the provisions of this Article 13. Franchisee does not have the right to sublicense any of the rights granted by this Agreement. Any attempted Transfer not in accordance with this Agreement will have no effect and will constitute a breach of this Agreement.

13.2 Conditions of FRANCHISOR'S Consent to Transfer; Right of First Refusal.

Before any Transfer, Franchisee or any person owning an interest in Franchisee, or another appropriate person, must give written notice of the proposed Transfer to Franchisor, setting forth in detail the nature of the items to be transferred, the name, address and background of the proposed transferee, the consideration for the Transfer and any other information that FRANCHISOR may reasonably require. This notice must also include a copy of any agreements relating to the proposed Transfer. After reviewing the information, FRANCHISOR will determine, in accordance with the provisions of this Agreement and any procedures specified in the Operations Manual, whether to grant its consent to the Transfer. If these conditions are met, FRANCHISOR will not unreasonably withhold its consent to a proposed Transfer of the type permitted by this Agreement.

Before FRANCHISOR consents to a proposed Transfer, the following conditions must be fulfilled:

(a) The proposed transferee must follow the same application procedures as a new franchisee and must meet the same standards of character, business experience, financial strength, credit standing, health, reputation, business ability, experience, etc. as FRANCHISOR has set for any new franchisee.

(b) The terms of the proposed transfer must not place unreasonable burdens on the proposed transferee.

(c) Franchisee must be in full compliance with all provisions of this Agreement and must pay FRANCHISOR all monies owing and must sign at the time of Transfer an agreement terminating or transferring this Agreement (at FRANCHISOR's option) and

releasing FRANCHISOR and its affiliates and their owners, directors, members, employees and agents from any claims.

(d) The proposed transferee must satisfactorily complete FRANCHISOR's initial training program. FRANCHISOR may impose a reasonable charge for this training program.

(e) The proposed transferee must, at FRANCHISOR's option: (i) sign with FRANCHISOR a Franchise Agreement on the standard form in use by FRANCHISOR at the time of Transfer, which agreement would have a term equal to the term remaining under this Agreement, or (ii) sign, with Franchisee, an assignment and assumption satisfactory to FRANCHISOR, whereby the proposed transferee would be entitled to all of Franchisee's rights under this Agreement and assume all of Franchisee's obligations under this Agreement.

(f) The proposed transferee must pay FRANCHISOR a transfer fee in an amount equal to 25% of the initial franchise fee being charged by FRANCHISOR at the time of the transfer, which would be due at the time of execution of a consent by FRANCHISOR to the proposed Transfer. This fee is not refundable.

(g) The proposed transferee must agree that, within 90 days of the transfer, it will take any action specified by FRANCHISOR to make the Franchise Business comply with current appearance, equipment and signage requirements.

(h) Franchisee and the proposed transferee must comply with any other standard procedures specified by FRANCHISOR.

Franchisee acknowledges that the conditions listed above are necessary for protection of the Franchise Marks and Franchise System and do not impose unreasonable restrictions on a Transfer.

In addition to the above, if Franchisee desires to sell the franchise to a bona fide buyer and assign this Agreement, it shall serve upon Franchisor a written notice setting forth all of the terms and conditions of the proposed sale and assignment and all available information concerning the proposed buyer. Franchisor shall have a right of first refusal ("**Right of First Refusal**") to purchase the franchise for itself or its nominee upon the same terms and conditions specified in Franchisee's notice, except that, in Franchisor's discretion, it may substitute cash for any deferred payment included in the buyer's offer and the purchase price shall be reduced by any unpaid debts, liabilities, or obligations of the Franchisee owing to FRANCHISOR. To exercise its right of first refusal, Franchisor must give Franchisee written notice of its election by no later than thirty (30) days following its receipt of Franchisee's notice. If Franchisor either fails to give timely notice, or gives notice that it declines to exercise its right, Franchisee may thereafter sell the business to the proposed buyer, but not at a lower price nor on terms which materially vary from those offered to Franchisee and provided, further, that all of the conditions to such sale set forth in this Section 13.2 are satisfied, including Franchisor's approval of the proposed buyer's qualifications. If Franchisor's consent to the proposed sale is granted, but the franchise is not sold to the buyer

within six (6) months from the date it is first offered to Franchisor, then Franchisee must re-offer to sell it to Franchisor prior to a sale to any third party.

13.3 Transfer on Death or Incapacity.

If Franchisee or the last surviving owner of Franchisee (if Franchisee is a corporation, partnership, limited liability company or other entity) dies or becomes incapacitated, Franchisee's or its owner's rights under this Agreement will pass to the estate, heirs, devisees or legal representatives of Franchisee or its owner (collectively referred to in this Agreement as the "estate"). The estate may continue operation of the Franchise Business if: (a) the Franchise Business is not closed for more than 7 business days and is thereafter operated in accordance with applicable law; (b) the estate provides a qualified individual acceptable to FRANCHISOR to manage and operate the Franchise Business on a full time basis; (c) the manager attends and successfully completes FRANCHISOR's training program at the estate's expense; and (d) the manager assumes full time operation of the Franchise Business within 90 days of the date Franchisee or its owner dies or becomes incapacitated. If the estate fails to designate an acceptable manager or the designated manager fails to attend and satisfactorily complete the training program and to assume the full-time operation of the Franchise Business within 90 days of the death or incapacity, then the estate must sell the estate's interest in the Franchise Business or in this Agreement within 180 days of the date of death or incapacity. Any sale will require FRANCHISOR's consent under Section 13.2

After the date of death or incapacity, until a trained manager assumes full time operational control of the Franchise Business or until the estate's interest in the Franchise Business or in this Agreement is sold, FRANCHISOR may, at its option, assume control of and operate the Franchise Business. During any period that FRANCHISOR operates the Franchise Business, FRANCHISOR may deduct its expenses for payroll, travel, lodging, meals and all other expenses and fees from the Franchise Business's revenues. Any remaining revenues of the Franchise Business, after paying all other operational expenses of the Franchise Business will be paid to the estate. Any deficiency in amounts due to FRANCHISOR under this Section or any deficiencies from operation of the Franchise Business must be paid by the estate within 10 days of a notice of deficiency from FRANCHISOR. FRANCHISOR is not obligated to operate the Franchise Business. If FRANCHISOR does operate the Franchise Business, FRANCHISOR will not be responsible for any operational losses of the Franchise Business, nor will FRANCHISOR be obligated to continue operation of the Franchise Business.

13.4 Transfers to Controlled Entities.

If Franchisee is in full compliance with this Agreement, the Agreement may be assigned to a corporation, partnership or other entity in which Franchisee owns and will continue to own a majority of the issued and outstanding stock, partnership interest, or other ownership interests and in which Franchisee will act as its principal executive officer or manager ("Controlled Entity"), provided that:

(a) All owners of the Controlled Entity execute this Agreement and agree to be personally bound, jointly and severally, by all of the provisions of this Agreement;

(d) The Controlled Entity agrees to be bound by all the provisions of this Agreement and to assume and discharge all of Franchisee's obligations under this Agreement; and

(e) The Controlled Entity will have no right to engage in a Transfer except in accordance with the provisions of Article 13 of this Agreement.

13.5 Assignment by FRANCHISOR.

This Agreement is fully assignable by FRANCHISOR and will inure to the benefit of any assignee or other legal successor to the interests of FRANCHISOR. FRANCHISOR may sell, assign, discount or otherwise transfer any rights under this Agreement or any other assets of FRANCHISOR or its owners, without notice to or approval of Franchisee or any other Franchisee, at any time. However, Franchisor will remain liable for the performance of its obligations under this Agreement or will make provision for the performance of those obligations by the assignee, to the extent required by applicable law.

ARTICLE 14 – DEFAULT AND TERMINATION

14.1 Default by FRANCHISOR; Termination by Franchisee.

FRANCHISOR will be considered in default of this Agreement if FRANCHISOR breaches any material obligations of FRANCHISOR under this Agreement. Franchisee may terminate this Agreement only if: (a) Franchisee is in full compliance with all terms of this Agreement; (b) Franchisee provides written notice to FRANCHISOR specifying a material default of this Agreement by FRANCHISOR and the proposed date of termination; and (c) FRANCHISOR has committed the default and has not cured the default within 30 days of written notice from Franchisee of the default. Written notice from Franchisee of the default must specify in writing with particularity the nature of the default and the steps Franchisee requests that FRANCHISOR take to cure the default. FRANCHISOR will have not less than 30 days to cure the default. Failure of Franchisee to comply with the provisions of this Section will result in any attempt to terminate being deemed null and void and without legal effect.

14.2 Default by Franchisee; Termination by FRANCHISOR.

Franchisee will be considered in default of this Agreement on the occurrence of any of the events listed in Sections 14.3 and 14.4 or elsewhere in this Agreement. FRANCHISOR has the right to terminate this Agreement before its expiration only for good cause and only in accordance with the requirements of Sections 14.3 or 14.4 below. Good cause for termination by FRANCHISOR includes any default of this Agreement by Franchisee.

14.3 Events of Default by Franchisee; No Right to Cure.

Any of the following events will constitute a default by Franchisee and good cause for termination of this Agreement by FRANCHISOR. On the happening of any of these events,

FRANCHISOR may, at its option, terminate this Agreement effective on delivery of written notice to Franchisee without affording Franchisee an opportunity to cure (except as may be required by applicable law).

(a) Franchisee fails to: (i) enter into a lease or sublease for a Franchise Location, or (ii) open the Franchise Location within the time frame required by this Agreement.

(b) FRANCHISOR determines that Franchisee cannot, will not or has not completed FRANCHISOR's pre-opening training programs to the satisfaction of FRANCHISOR, or fails to demonstrate the qualities and abilities that FRANCHISOR deems necessary for the successful operation of the Franchise Business.

(c) Franchisee is unable to obtain, without extraordinary administrative proceedings or litigation, any permit or license necessary to develop and open the Franchise Business.

(d) Franchisee has made any material misrepresentation, or engaged in dishonesty or fraud to or against FRANCHISOR or its agents or affiliates, or suppliers or customers of the Franchise Business.

(e) A substantial number of material complaints from customers have been received relating to products or services provided by Franchisee or the acts or omissions of Franchisee.

(f) Any assignment or transfer of this Agreement or the Franchise Business without complying with Article 13 of this Agreement.

(g) The conviction of, or plea of guilty or no contest by Franchisee or a Designated Owner to: (i) a crime, offense or misconduct for which the minimum penalty includes imprisonment for more than one year; or (ii) any crime, offense or misconduct for which the minimum penalty includes imprisonment for one-year or less that involves fraud or dishonesty or is in any other way relevant to the operation of the Franchise Business.

(h) Franchisee has received three or more prior notices of default and/or to terminate, whether or not for the same or similar default, during any consecutive 12-month period.

(i) Franchisee has failed to attend two or more required monthly meetings within any consecutive 12-month period.

(j) Any abandonment by Franchisee of the Franchise Business. Abandonment will be conclusively presumed if Franchisee fails to open the Franchise Business for business for a period of three (3) consecutive business days without the prior written consent of FRANCHISOR or fails to open the Franchise Business for business for a total of five (5) business days within a 90 day period.

(k) Franchisee operates the Franchise Business in a manner that presents a health or safety hazard to its customers, employees, or the public, and the same cannot by its nature be cured within a reasonable time period.

(l) Intoxication, illegal drug use or other substance abuse by Franchisee or a Designated Owner that interferes with the operation of the Franchise Business.

(m) Any conduct by Franchisee that reflects materially and adversely on the operation or reputation of the Franchise Marks or Franchise System.

(n) Adjudication of bankruptcy of Franchisee, the insolvency of the Franchise Business, appointment of a receiver or trustee to take charge of the Franchise Business by a court of competent jurisdiction or the general assignment by Franchisee for the benefit of creditors.

14.4 Events of Default by Franchisee; Right to Cure.

Any of the following events will constitute a default by Franchisee and good cause for termination of this Agreement by FRANCHISOR. On the happening of any of these events, FRANCHISOR may, at its option, terminate this Agreement effective on written notice to Franchisee and Franchisee's failure to cure the defaults during a cure period set forth below:

(a) Failure of Franchisee to promptly pay its obligations to FRANCHISOR, an affiliate of FRANCHISOR or third party suppliers as they become due, or the occurrence of any other default under a lease or finance agreement for the real or personal property involved in the Franchise Business.

(b) Failure of Franchisee to operate in accordance with the uniform standards of FRANCHISOR, failure of Franchisee to meet current minimum performance standards according to the provisions of the Operations Manual or failure to permit store evaluations and inspections by FRANCHISOR's representatives.

(c) Failure of Franchisee to purchase products and services for use in the Franchise Business from Designated Suppliers.

(d) If Franchisee is an entity other than a natural person, any dispute, disagreement or controversy among the stockholders, members, partners, directors, officers or managers of Franchisee, which materially and adversely affects the ownership, operation, management or business of the Franchise Business.

(e) Any other material breach of this Agreement by Franchisee or a material breach by Franchisee or any corporation, partnership, limited liability company or other entity controlling, controlled by or under common control with Franchisee or any of the owners of Franchisee, of any of the terms of any other agreements entered into with FRANCHISOR or its affiliates.

(f) The cancellation of any guaranty of the obligations of this Agreement by any owner of Franchisee.

Written notice of termination from FRANCHISOR under this Section 14.4 must specify any defaults under this Agreement or other reasons for termination and the date the termination will be effective. The effective date of termination must be: (i) at least 15 days from the date of notice for defaults involving the payment of money to FRANCHISOR or its affiliates; and (ii) at least 30 days from the date of notice in all other instances. Termination will be automatically effective without further action by FRANCHISOR on the date specified in the notice as the effective date of termination unless Franchisee completely cures, before the date specified in the notice as the effective date of termination, all the defaults or other reasons for termination specified by FRANCHISOR in the notice.

14.5 Right to Withhold Products and Support Services on Certain Defaults by Franchisee.

If Franchisee commits any of the defaults listed below, FRANCHISOR will have the right to refuse to sell products to Franchisee and to cause Designated Suppliers to refuse to sell products to Franchisee and to withhold support services from Franchisee. The defaults giving rise to this remedy include: (a) a payment due to FRANCHISOR from Franchisee is more than 30 days past due; (b) Franchisee owes Franchisor's suppliers $10,000 or more in past due payments; or (c) any other default under this Agreement that has not been cured within 30 days of written notice. The remedies set forth in this Section will not be the sole remedies of FRANCHISOR for such defaults and FRANCHISOR may exercise any other remedies, including but not limited to, termination of this Agreement.

ARTICLE 15 - EFFECT OF TERMINATION OR EXPIRATION

15.1 Obligations of Franchisee.

On expiration or termination of this Agreement for any reason (including termination on a transfer), Franchisee's rights to use the Franchise Marks and the Franchise System and all other rights associated with being an authorized franchisee of FRANCHISOR will cease and Franchisee must do the following:

(a) Franchisee must immediately and permanently discontinue the use of the Franchise Marks, the Franchise System and any marks and names and logos confusingly similar to the Franchise Marks, and any other materials that may, in any way, indicate that Franchisee is or was a franchisee of FRANCHISOR, or in any way associated with FRANCHISOR.

(b) Franchisee must immediately discontinue all advertising placed or ordered. Franchisee must remove and deliver to FRANCHISOR all sign faces, advertising and promotional material, stationery, letterhead, forms and any other items bearing the Franchise Marks. Franchisee must bear the cost of sign and other identification removal

and the cost of shipping signs and other materials to FRANCHISOR. If Franchisee remains in possession of the Franchise Location, Franchisee must alter the premises to distinguish the premises from the appearance of a Cafe.

(c) Franchisee must cease using the Operations Manual and all proprietary business information provided by FRANCHISOR and must return to FRANCHISOR all copies of the Operations Manual and other materials received from FRANCHISOR containing information about the Franchise Business.

(d) Franchisee must immediately and permanently cease to use all telephone and fax numbers, email addresses, websites, domain names and other comparable electronic identifiers that have been used in the Franchise Business and if requested by FRANCHISOR, must assign all such telephone and fax numbers, email addresses, website addresses, domain names and other comparable electronic identifiers to FRANCHISOR. Franchisee acknowledges that as between FRANCHISOR and Franchisee, FRANCHISOR has the sole rights to all telephone and fax numbers, email addresses, website addresses, domain names and other comparable electronic identifiers used in the Franchise Business and all written and online directory listings associated with the Cafe. Franchisee authorizes FRANCHISOR, and appoints FRANCHISOR and any officer of FRANCHISOR as its attorney-in-fact, to direct the applicable service providers and all listing agencies to transfer those items to FRANCHISOR or its agent or assignee if Franchisee fails or refuses to do so. The applicable service providers and all listing agencies may accept the direction in this Agreement as conclusive evidence of the exclusive rights of FRANCHISOR in such telephone and fax numbers, email addresses, website addresses, domain names, other comparable electronic identifiers and directory listings and its authority to direct their transfer.

(e) Franchisee must cease using any business name containing any of the Franchise Marks and must file an abandonment or discontinuance of the name with the appropriate local, county or state agency.

(f) Franchisee must immediately pay all sums and debts owing to FRANCHISOR and its subsidiaries and affiliates, whether such sums and debts owing to FRANCHISOR and its subsidiaries and affiliates are evidenced by promissory note, invoice, bill or other writing, and notwithstanding the fact that such sums and debts may not at that time be fully due and payable, such debts being accelerated automatically without further notice to Franchisee.

(g) Franchisee must sell to FRANCHISOR all or part of Franchisee's inventory or products on hand as of the date of termination or expiration that are uniquely identified with FRANCHISOR, if any, as FRANCHISOR may request in writing before or within 30 days after the date of termination or expiration. The sales price will be the current published prices then being charged by the manufacturer or supplier to authorized franchisees of FRANCHISOR, not including any costs of storage or transportation paid by Franchisee to bring the goods initially to the Franchise Business, minus all costs incurred or to be incurred by FRANCHISOR to restore the goods or the packaging of the goods to

a saleable condition and minus a reasonable allowance for physical deterioration, obsolescence or damage to the extent not restored.

15.2 Termination of Lease; Option to Assume Lease.

On expiration or termination of this Agreement, FRANCHISOR may terminate any lease or sublease entered into with Franchisee for the Franchise Location.

If this Agreement terminates or expires for any reason, other than a termination by Franchisee for cause, FRANCHISOR will have the right to assume Franchisee's lease for the Franchise Location. If FRANCHISOR exercises this right, FRANCHISOR must assume and hold Franchisee harmless from all liability under the lease arising after the assumption by FRANCHISOR. If the Franchise Location is owned by Franchisee and this Agreement terminates or expires for any reason other than a termination by Franchisee for cause, FRANCHISOR will have the option to lease the Franchise Location on substantially the same terms and conditions contained in Franchisee's lease for the Franchise Location, or, if no lease exists, then on terms and conditions that are commercially reasonable. The options granted in this Section must be exercised by FRANCHISOR within 30 days of the date of expiration or termination of this Agreement.

15.3 Option to Purchase Assets.

If this Agreement expires or terminates for any reason, except termination by Franchisee for cause, FRANCHISOR will have the option, but not the obligation to purchase the assets of the Franchise Business. The purchase price will be the fair value of the assets as agreed by the parties or in the absence of an agreement, as determined by an independent qualified appraiser selected by FRANCHISOR and Franchisee. If FRANCHISOR and Franchisee cannot agree on an independent appraiser, each will select an independent appraiser qualified or certified to make the appraisal. The independent appraisers chosen will then select a third independent appraiser. The third independent appraiser will determine the fair value of the assets and his or her determination will be binding on the parties. The purchase price will be reduced by any unpaid debts, obligations, and current and long-term liabilities of the Franchise Business that FRANCHISOR agrees to assume and any amounts owing to FRANCHISOR by Franchisee. FRANCHISOR must exercise the option granted in this Section within 45 days following the determination of a price for the assets. Closing of the sale must take place within 45 days after FRANCHISOR exercises its option to purchase the assets or a later date, if agreed to by the parties, as necessary to comply with applicable bulk sales or other similar laws.

15.4 Surviving Obligations.

Termination or expiration of this Agreement will not affect Franchisee's obligations or liability to FRANCHISOR for amounts owed to FRANCHISOR under this Agreement or for FRANCHISOR's damages attributable to the loss of bargain resulting from termination of this Agreement before its expiration (as set forth in Section 15.5). Also, termination of this Agreement will not affect Franchisee's obligations under Article 6 relating to the Franchise Marks, Section 8.13 relating to indemnification, Article 11 relating to confidentiality, Section 15.3 relating to FRANCHISOR's option to purchase the assets of the Franchise Business, Article 16

relating to dispute resolution and other obligations in this Agreement or any other agreements between Franchisor and third parties, which, by their terms or intent, survive termination or expiration of this Agreement.

15.5 Damages for Loss of Bargain.

In addition to any other remedies available to FRANCHISOR, if this Agreement is terminated before its expiration (other than termination by Franchisee for cause), FRANCHISOR will be entitled to recover from Franchisee damages attributable to the loss of bargain resulting from that termination. The parties stipulate and agree that the damages for FRANCHISOR's loss of bargain will be the present value of the royalty fees that would have been payable to FRANCHISOR for the lesser of: (i) the balance of the term of this Agreement if this Agreement had not been terminated; or (ii) 104 weeks. The parties agree that the total amount of royalty fees that would have been payable will be calculated utilizing annual Gross Sales equal to the average annual Gross Sales of the Franchise Business for the two-year period [or such lesser period if Franchisee was not in operation for a full two year period] immediately preceding the date of termination. For the purposes of this Section, Gross Sales will be calculated based on Gross Sales reported by Franchisee or as actually determined by an audit of Franchisee's business. If Franchisee has failed or refused to report Gross Sales for any part of its operation before termination, FRANCHISOR may reasonably estimate those Gross Sales.

The parties acknowledge and agree that the actual damages that would be sustained by FRANCHISOR if this Agreement is terminated before its expiration are incapable of calculation at the time of execution of this Agreement. The parties further acknowledge and agree that the damages set forth in this Section are a reasonable estimation of those damages.

15.6 Remedies.

Termination or expiration of this Agreement and/or enforcement of the provisions of this Article will not affect or prejudice any other rights or remedies of FRANCHISOR for breach of this Agreement by Franchisee whether those rights and remedies are contained in this Agreement or otherwise provided by law or equity.

ARTICLE 16 – DISPUTE RESOLUTION; LAW AND JURISDICTION; INJUNCTIVE RELIEF; COSTS OF ENFORCEMENT; JURY WAIVER; LIMITATIONS OF CLAIMS

16.1 Negotiation.

Except for actions described in Section 16.7, the parties will try to resolve all disputes by having the Franchisee or a Designated Owner negotiate with an executive officer of FRANCHISOR to resolve the dispute, including at least one face-to-face meeting. The parties agree to conduct these negotiations in good faith and to use their best efforts to resolve any such disputes. If the parties have not resolved the dispute within 30 days after beginning these negotiations, then either party may demand arbitration of the dispute in accordance with Sections 16.2 and 16.3.

16.2 Binding Arbitration.

Except for actions described in Section 16.6, all controversies, disputes or claims between: (a) FRANCHISOR and/or its officers, directors, members, managers, employees, agents or representatives, and (b) Franchisee, and/or its officers, directors, members, managers, employees, agents or representatives, arising out of or related to this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreement, or FRANCHISOR's relationship with Franchisee, or any other dispute between Franchisor and Franchisee, must be submitted for binding arbitration in accordance with the provisions of this Article 16 on the demand of either party. A party may demand arbitration for a dispute only after complying with the duty to negotiate contained in Section 16.1. Except as otherwise provided in this Article 16, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the "Rules") of the American Arbitration Association ("AAA"). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the "Act") and not any state arbitration law will govern all matters relating to arbitration. The parties stipulate that venue for the arbitration must be in Oakland County, Michigan.

The provisions of this Article 16 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

16.3 Arbitration Procedures.

Any matter will be adjudicated before one (1) arbitrator unless FRANCHISOR elects for the dispute to be decided before a panel of three (3) arbitrators. The arbitration will be administrated and conducted in the office of the AAA in or closest to Southfield, Michigan. The parties desire that at least one of the arbitrators be an attorney experienced in the practice of franchise laws. The arbitrator will follow the Rules except as otherwise provided in this Section. The arbitrator will comply with the Federal Rules of Evidence and will grant limited discovery consisting of requests for production of documents eliciting only relevant evidence; will provide for the exchange of witness lists and exhibit copies; and will conduct a pretrial and rule on dispositive motions. Each party will have the right to request the arbitrator to make findings of specific factual issues.

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. FRANCHISOR and Franchisee further agree that, in connection with any such arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above will be forever barred.

FRANCHISOR and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between the parties, will not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity.

16.4 Decision of Arbitrator.

The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to award special, exemplary or punitive damages. The decision of the arbitrator will be final and binding on the parties, subject only to appeal rights under the Act, and a judgment by a court of competent jurisdiction may be entered in accordance with the decision.

16.5 Applicable Law.

This Agreement takes effect on its acceptance and execution by FRANCHISOR in Michigan, and, except for the applicability of the Federal Arbitration Act, will be interpreted and construed under the laws of Michigan. In the event of any conflict of law, the laws of Michigan will prevail, without regard to the application of Michigan conflict-of-law rules. If, any provision of this Agreement would not be enforceable under the laws of Michigan, and if Franchisee's business is located outside of Michigan and such provision would be enforceable under the laws of the state in which Franchisee's business is located, then such provision will be interpreted and construed under the laws of that state.

16.6 Injunctive Relief.

Notwithstanding Sections 16.1 and 16.2, FRANCHISOR will have the right, without the posting of any bond or security and without the need to prove irreparable injury, to obtain specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. FRANCHISOR will have the right, without limitation, to obtain injunctive relief to prevent Franchisee from engaging in the following acts, which Franchisee acknowledges would cause irreparable harm to FRANCHISOR: (a) using any of the rights franchised by this Agreement, including use of the Franchise Marks, in any manner not authorized in this Agreement or prohibited by law; (b) engaging in operations in violation of the in-term restrictions on competition set forth in Article 12; (c) disclosing to any person or using the trade secrets or confidential information of FRANCHISOR in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing the goodwill associated with FRANCHISOR. FRANCHISOR's rights to obtain injunctive relief are in addition to all other remedies available to FRANCHISOR under applicable law. Furthermore, Franchisor shall be entitled to all profits directly or indirectly realized by Franchise (and any other party to this Agreement, which includes the Confidentiality and Non-Solicitation Agreement) by reason of breach of this Agreement.

16.7 Costs of Enforcement.

If any arbitration or legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, then FRANCHISOR, if FRANCHISOR is the prevailing party, is entitled to recover reasonable pre-institution and post-institution attorney's fees, court costs, and all expenses even if not taxable as court costs (including all fees and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding in addition to all other relief to which FRANCHISOR is entitled. Attorney's fees includes paralegal fees, administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorney to the prevailing party. If FRANCHISOR engages legal counsel because of Franchisee's failure to pay when due any monies under this Agreement or submit when due any reports, information or supporting records, or for any failure to otherwise comply with this Agreement, Franchisee must reimburse FRANCHISOR on demand for all of the above listed expenses FRANCHISOR incurs.

16.8 Jury Waiver; Time Period for Bringing Claims; Limitation of Damages.

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

WITH EXCEPTION OF ANY CLAIM FOR EQUITABLE RELIEF BY FRANCHISOR, ALL CLAIMS ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY WITHIN ONE (1) YEAR FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM OR AS OTHERWISE REQUIRED BY LAW.

FRANCHISEE WAIVES IN ANY JUDICIAL ACTION, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST FRANCHISOR AND AGREES THAT IN THE EVENT OF A DISPUTE, FRANCHISEE WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY FRANCHISEE.

16.9 Survival.

The provisions of this Article 16 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 17 – ADDITIONAL PROVISIONS

17.1 Independent Contractor.

Franchisee is and will be considered an independent contractor with control and direction of its business and operations limited only by the conditions set forth in this Agreement or otherwise specified by FRANCHISOR. No agency, employment, partnership or joint venture is created by this Agreement and neither party has the right to act on behalf of the other. The parties acknowledge that this Agreement does not create a fiduciary relationship between the parties.

17.2 Waivers.

The failure or delay of any party at any time to require performance by another party of any provision of this Agreement, even if known, will not affect the right of that party to require performance of that provision or to exercise any right under this Agreement. The failure or delay of FRANCHISOR to require performance by another franchisee of any provision of its franchise agreement, even if known, will not affect the right of FRANCHISOR to require performance of that provision in this Agreement or to exercise any right under this Agreement. Any waiver by any party of any breach of any provision of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right under this Agreement. No notice to or demand on any party in any case, of itself, entitles that party to any other notice or demand in similar or other circumstances.

No Waiver or Disclaimer of Reliance in Certain States.

The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

17.3 Consents, Approvals and Satisfaction.

Whenever FRANCHISOR's consent or approval is required under this Agreement, consent or approval will not be unreasonably withheld or delayed unless specifically stated in this Agreement to the contrary. All consents or approvals required of FRANCHISOR are not binding on FRANCHISOR unless the consent or approval is in writing and signed by the CEP or a managing member of FRANCHISOR. FRANCHISOR's consent or approval, whenever required, may be withheld if Franchisee is in default under this Agreement. Where the satisfaction of FRANCHISOR is required under this Agreement, unless the Agreement expressly states otherwise, the satisfaction is determined in FRANCHISOR's sole discretion. FRANCHISOR will not be liable to Franchisee in any manner for providing or failing to provide or for any delay in providing any waiver, approval, assistance, consent or suggestion to Franchisee. Franchisee waives any claims against FRANCHISOR for such liability.

17.4 Third Parties.

Except as provided in this Agreement to the contrary for any affiliates or franchisees of FRANCHISOR, nothing in this Agreement, whether expressed or implied, is intended to confer any rights under this Agreement on any person other than the parties and their respective personal representatives, other legal representatives, heirs, successors and permitted assigns.

17.5 Cumulative Remedies.

All remedies, either under this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

17.6 Notices.

Notices under this Agreement must be in writing signed by the party serving the same and must be sent by: (a) registered or certified mail, return receipt requested, postage pre-paid, in which case the notice will be complete two days after mailing; (b) overnight courier service, in which case the notice will be complete one day after delivery to the overnight courier; or (c) electronic mail with proof of completion, in which case the notice will be complete one day after proof of completion. The notice must be sent to the address or email address set forth below or at such address or email address as designated by notice pursuant to this Section.

If to FRANCHISOR: HARAZ COFFEE HOUSE FRANCHISING, LLC
Mr. Hamzah Nasser
14661Rotunda Drive
Dearborn, Michigan 48120

If to Franchisee: See Item 5 of Appendix A.

17.7 Unavoidable Contingencies.

Neither party will be responsible for any contingency or performance that is unavoidable or beyond its control, such as strike, flood, pandemic, war, rebellion, governmental limitation or Act of God (including infectious diseases). However, any financial obligations of Franchisee during such period shall continue and are independent of any Force Majeure matters.

17.8 Entire Agreement; Modifications.

This Agreement and all appendices and other documents attached to this Agreement which are incorporated in this Agreement, will constitute the entire agreement between the parties. This Agreement supersedes and replaces any and all previous or contemporaneous written and oral agreements or understandings, promises, representations or dealings between the parties, provided that, nothing in this Agreement or in any related agreement is intended to disclaim any

representation made by the FRANCHISOR in the Franchise Disclosure Document. This Agreement may not be amended or modified except in a writing signed by both parties, except that FRANCHISOR may unilaterally modify the Franchise System and its specifications as provided in this Agreement. This Agreement may be executed in several counterparts, each of which will be deemed an original, but all of which will constitute one and the same. For purposes of this Agreement, a facsimile or electronic signature shall be deemed the same as an original. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or "pdf" to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or as a "pdf" as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

17.9 Severability.

Each Section, part or provision of this Agreement will be considered severable. If any Section, part or provision is found unenforceable by a court of competent jurisdiction, that determination will not impair the operation or affect the validity of the remainder of this Agreement.

17.10 Uniformity.

Franchisee acknowledges that some franchisees may operate under different forms of franchise agreements and that consequently, FRANCHISOR's obligations and rights with respect to its various franchisees may differ materially in different circumstances.

17.11 Obligations Joint and Several.

If there is more than one individual or entity signing this Agreement as Franchisee, all such persons are jointly and individually liable for Franchisee's obligations under this Agreement.

17.12 Signing by FRANCHISOR.

The submission of this Agreement is not an offer by FRANCHISOR and FRANCHISOR is not bound in any way until this Agreement is signed by an executive officer or an authorized representative of FRANCHISOR.

17.13 Ownership of Franchisee.

The owners and percentage of ownership of Franchisee are listed on Appendix B.

17.14 Headings.

Article and Section headings are for convenience of reference only and do not limit or affect the provisions of this Agreement.

17.15 No Class Action or Consolidation.

Each party hereto agrees that any mediation, arbitration or litigation will only be conducted on an individual, not a class-wide basis, and that an arbitration or litigation proceeding between the FRANCHISOR and Franchisee may not be consolidated with any other litigation or arbitration proceeding between the parties and any other person, corporation, limited liability company, partnership or other entity. The parties waive, to the fullest extent allowed by law, any right to pursue or participate as a lead plaintiff, petitioner or class representative in any claim on a class or consolidated basis.

17.16 No Reliance.

Except as expressly provided to the contrary in this Agreement, FRANCHISOR makes no representations, warranties or guaranties upon which Franchisee may rely. FRANCHISOR does not assume any liability or obligation to Franchisee by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor unless such conduct would otherwise constitute a breach of an express obligation of FRANCHISOR under this Agreement.

ARTICLE 18 - ANTI-TERRORISM LAW COMPLIANCE

FRANCHISEE AND ITS EQUITY OWERS AGREE TO COMPLY WITH, AND TO ASSIST FRANCHISOR, TO THE FULLEST EXTENT POSSIBLE IN FRANCHISOR'S EFFORTS TO COMPLY WITH ANTI-TERRORISM LAWS OF THE UNITED STATES. IN CONNECTION WITH THAT COMPLIANCE, FRANCHISEE, AND ITS OWNERS CERTIFY, WARRANT AND REPRESENT THAT NONE OF FRANCHISEE'S, OR IT'S EQUITY OWNER'S PROPERTY, OR INTERESTS, ARE SUBJECT TO BEING BLOCKED UNDER ANY ANTI-TERRORISM LAWS, AND THAT FRANCHISEE AND ITS OWNERS OTHERWISE ARE NOT IN VIOLATION OF ANY ANTI-TERRORISM LAWS. "ANTI-TERRORISM LAWS" MEANS EXECUTIVE ORDER 1324 ISSUED BY THE PRESIDENT OF THE UNITED STATES, THE USA PATRIOT ACT, AND ALL OTHER PRESENT AND FUTURE FEDERAL, STATE AND LOCAL LAWS, ORDINANCES, REGULATIONS, POLICIES, LISTS AND OTHER REQUIREMENTS OF ANY GOVERNMENTAL AUTHORITY ADDRESSING OR IN ANY WAY RELATING TO TERRORIST ACTS AND ACTS OF WAR. FRANCHISEE SHALL IMMEDIATELY NOTIFY FRANCHISOR OF ANY MISREPRESENTATION OR BREACH OF THIS REQUIREMENT. FRANCHISOR MAY TERMINATE THIS AGREEMENT WITHOUT ANY OPPORTUNITY FOR FRANCHISEE TO CURE UNDER THIS AGREEMENT UPON ANY MISREPRESENTATION OR BREACH BY FRANCHISEE OF THIS SECTION 18.

SIGNATURES TO APPEAR ON FOLLOWING PAGE.

FRANCHISOR and Franchisee have signed this Agreement on the dates set forth beside their signatures to be effective as of the date set forth at the beginning of this Agreement.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By: _____

Its: _____

Dated: _____

CORPORATE OR PARTNERSHIP FRANCHISEE

By: _____

Its: _____

Dated: _____

_____
(Individual Franchisee(s))

_____

_____

Dated: _____

APPENDIX A - SPECIFICS

ITEM 1: The location of the Franchise Business as referred to in Sections 2.1 and 7.1 ("Franchise Location") or the area in which the Franchise Business will be located is:

_____

_____

_____

ITEM 2: The Protected Area under Section 2.3 is:

_____

_____

_____

ITEM 3: The designated opening date of the Franchise Business, under Section 8.1 is _____, 20___.

I**TEM 4:** The Designated Owners under Section 8.8 is/are:

_____

_____

ITEM 5: Franchisee's address and email address for purposes of notice under Section 17.6 are:

_____

_____

_____

Email:_____

Dated: _____

HARAZ COFFEE HOUSE FRANCHISING, LLC

By: _____

Its: _____

FRANCHISEE ENTITY

By: _____

Its: _____

_____

(Individual Franchisee(s))

_____

APPENDIX B—OBLIGATIONS AND REPRESENTATIONS OF INDIVIDUALS INVOLVED IN THE FRANCHISE BUSINESS

Each of the individuals signing below are directly or indirectly beneficially interested in the Franchise Business and join in and agree to be jointly and severally and personally bound by all the terms and provisions of this Agreement, other than those requiring the payment of money by Franchisee, to the same extent and in the same manner as Franchisee is bound. This paragraph will not impair any separate instrument of guaranty or subordination that any of the individuals signing below have executed or may execute in the future.

Each of the individuals signing below represent that the following is correct and true:

Legal Name of Franchisee: _____

Type of Entity and State of Organization (sole proprietorship, corporation, partnership, limited liability company, etc.): _____

_____

d/b/a (if applicable): _____

Address of Franchisee: _____

_____

Business Telephone: _____

Name, Address, Phone No., Title and % of Ownership of each Owner of an interest in Franchisee or the Franchise Business:

Name _____
Address _____
Telephone _____
Title _____ % Ownership_____

Name _____
Address _____
Telephone _____
Title _____ % Ownership_____

(Attach additional sheets if necessary)

_____ Dated:_____

_____ Dated:_____

SCHEDULE 1 TO THE FRANCHISE AGREEMENT

LEASE RIDER

CONDITIONAL ASSIGNMENT OF LEASE

THIS AGREEMENT is made and entered into between **Haraz Coffee House Franchising, LLC**, a Michigan limited liability company ("Haraz Coffee House "), located at 14661Rotunda Drive, Ste. 304, Dearborn, Michigan 48120, and _____, located _____ ("Franchisee").

WHEREAS, Haraz Coffee House and Franchisee have executed a Franchise Agreement on _____ ____, 20____ ("Franchise Agreement") for the establishment of a Haraz Coffee House to be operated pursuant to Haraz Coffee House Trademarks and System as those terms are defined in the Franchise Agreement.

WHEREAS, the Franchise Agreement requires the execution of this Conditional Assignment of Lease Rider if the real estate for the establishment of the Haraz Coffee House is leased by the Franchisee;

WHEREAS, Franchisee proposes to enter into a real estate lease for the premises of the Haraz Coffee House to be operated pursuant to the Franchise Agreement with _____, a _____ ("Landlord"), which lease is dated the _____ day of _____, 20____, a copy of which is attached hereto (as Exhibit "A") and which is incorporated herein by reference (hereinafter referred to as the "Real Estate Lease").

NOW THEREFORE, it is hereby agreed as follows:

1. Conditional Assignment. Franchisee hereby assigns to Haraz Coffee House all of Franchisee's right, title, and interest in and to the Real Estate Lease, including any and all rights or options of Franchisee to extend, renew, or purchase the leased property through a right of first refusal or otherwise upon the occurrence of any of the following:

A. Termination of Franchise Agreement. Upon termination or expiration without renewal of the Franchise Agreement, Haraz Coffee House shall have the option to accept the assignment of the Real Estate Lease pursuant to this Conditional Assignment of Lease by giving the notice prescribed by this Conditional Assignment of Lease, in which case it is agreed the Real Estate Lease shall remain in effect as to Haraz Coffee House .

B. Termination of Real Estate Lease. Upon termination of the Real Estate Lease as to Franchisee or termination of Franchisee's possession rights under the Real Estate Lease, whether by Franchisee's default under Real Estate Lease or otherwise, Haraz Coffee House shall have the option to accept the assignment of the Real Estate Lease pursuant to this Conditional Assignment of Lease by giving the notice prescribed by this Conditional Assignment of Lease, in which case it is agreed the Real Estate Lease shall remain in effect as to Haraz Coffee House .

C. Franchisee Right to Assign. At Franchisee's discretion, Franchisee may assign Real Estate Lease to Haraz Coffee House , and Haraz Coffee House may accept such assignment, at any time.

2. Effect of Assignment. Upon Haraz Coffee House exercise of its option to take the above-described assignment:

A. Franchisee shall remain liable under the provisions of the Real Estate Lease, including without limitation, that Franchisee shall remain liable for any amounts owing, or any other default occurring, prior to the effective date of assignment.

B. Haraz Coffee House shall succeed to all of Franchisee's rights, options, and obligations under the Real Estate Lease commencing with the effective date of the assignment so long as Franchisor satisfies Franchisee's obligations under the Lease which includes, and is not limited to payment for any amounts owning by Franchisee, and curing any non-monetary default. Thereafter Franchisor shall have the right to transfer or assign the Real Estate Lease to another Haraz Coffee House franchisee without the need to seek consent from the Landlord. Haraz Coffee House transfer to another Haraz Coffee House franchisee relieves Haraz Coffee House from any further liability under the Real Estate Lease so long as said new franchisee has the same or greater net worth than Tenant as of the date of this Lease.

3. Notice of Franchisee's Default.

A. Landlord's Notice. Landlord shall provide Haraz Coffee House notice of any default under the Real Estate Lease. Haraz Coffee House shall have the option (but not obligation) to cure any default should Franchisee fail to cure the default within the period in which Franchisee has to cure the default. At the expiration of Franchisee's period within which Franchisee has to cure any default, Haraz Coffee House shall then have 10 days in which to make its decision to cure. Haraz Coffee House may cure Franchisee's default without exercising its option to accept assignment of the Real Estate Lease and, in such event, Landlord agrees to accept Haraz Coffee House cure as if made timely by Franchisee. Haraz Coffee House shall have 30 days after written notice from Landlord to exercise this option to accept assignment of the Real Estate Lease. Haraz Coffee House may exercise its option to accept assignment of the Real Estate Lease by written notice to the Landlord, and the assignment shall be effective on the date of written notice to the Landlord from Haraz Coffee House accepting assignment of the Real Estate Lease and all obligations of Franchisee under the Lease. It is hereby agreed that Landlord may rely solely upon the written notice received from Haraz Coffee House as Haraz Coffee House acceptance of this assignment of the Real Estate Lease, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless and indemnify Landlord from any and all liability to Lessee for any action Landlord may take in such reliance.

B. HARAZ COFFEE HOUSE Notice. Haraz Coffee House shall give Landlord copies of any or all notices of termination given to Franchisee pursuant to the Franchise Agreement, and if Haraz Coffee House desires to exercise its option to accept the assignment of the Lease in the event of Franchisee's failure to cure the default of the Franchise Agreement, Haraz Coffee House shall provide Landlord with a written notice on or before the date of termination of the Franchise Agreement. It is hereby agreed that Landlord may rely solely upon the written notice received from Haraz Coffee House as to the termination or expiration without renewal of the Franchise Agreement, and Franchisee hereby releases the Landlord from any liability for relying upon such notice and shall hold the Landlord harmless from any and all liability to Lessee for any action Landlord may take in such reliance.

4. Notice. Notice required by this Agreement shall be sent by overnight, certified or registered mail to Haraz Coffee House at the following address:

Haraz Coffee House Franchising,
LLC
Attn: Hamzah Nasser

14661Rotunda Drive, Ste. 304,
Dearborn, Michigan 48120

with a copy to (which shall not be deemed notice):

David L. Steinberg, PC
4036 Telegraph Road, Ste. 204
Bloomfield Township, Michigan 48302

Notice required by this Agreement shall be sent to Franchisee at the following address:

_____
_____
_____

Notice required by this Agreement shall be sent to Landlord at the following address:

_____
_____
_____

Notice shall be deemed effective on the date received, and regardless of whether the notice is signed for by the recipient, notice shall be deemed received 2 business days after mailing. Parties may change the notice address by providing written notice to the other parties of a change in such notice address.

5. Entry. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its personnel or agents shall have the right to enter the premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its personnel or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without execution of a successor franchise agreement) or is terminated; Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the location as a Haraz Coffee House Cafe. Landlord agrees to permit Franchisor, its personnel or agents, to enter the premises and remove signs, decor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall bear the expense of repairing any damage to the premises as a result thereof.

6. Execution of the Documents. Franchisee hereby agrees to execute any and all documents requested by Haraz Coffee House in order to fully exercise any of the rights under the Real Estate Lease or this Conditional Assignment of Lease. If Franchisee shall not have executed any such document within the 3 days after having been so requested by Haraz Coffee House , Franchisee hereby appoints any member or officer of Haraz Coffee House as its attorney-in-fact with the full right and power to execute any and all such documents. This power, coupled with an interest, is given as security for the rights and privileges given to Franchisee under this Agreement and the Franchise Agreement.

7. Renewal, Extension or Amendment. Any renewal or extension of the Real Estate Lease, or any amendment to this Agreement or the Real Estate Lease of any type, can only be made by a writing executed by all three parties to this Agreement.

8. Indemnification. Franchisee shall indemnify and hold Haraz Coffee House harmless from any and all liability that Haraz Coffee House may incur after the effective date of the assignment of the Real Estate Lease arising under the terms of that Real Estate Lease from Franchisee's acts or omissions occurring prior to the effective date of the assignment, excluding only any liability prior to the assignment that Haraz Coffee House agrees in writing to assume and from which Haraz Coffee House agrees to hold Franchisee harmless.

9. Miscellaneous.

A. Use of Real Estate. Landlord hereby agrees to and acknowledges Franchisee's right to use and display Haraz Coffee House Trademarks as that term is used in the Franchise Agreement, subject only to any limitations imposed by Haraz Coffee House and any local, state or federal law. Landlord agrees that it will not limit Franchisee's right to use Haraz Coffee House Trademarks.

B. Applicable Law. This Agreement shall be construed according to the laws of the state in which the premises are located. If any provision, or portion of a provision, of this Agreement is or shall become in conflict with any applicable law, then the applicable law shall govern and such provision or portion of a provision shall be automatically deleted and shall not be effective to the extent that it is not in accordance with applicable law. However, the remaining terms and conditions of this Agreement shall remain in full force and effect and no provision shall be deemed dependent upon any other provision unless otherwise expressed in this Agreement.

C. Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the parties, except for: (i) the provisions of the Real Estate Lease which are incorporated herein, and (ii) as between Haraz Coffee House and Franchisee, the provisions of the Franchise Agreement and related agreements. The parties agree that all representations which have been made by other parties that in any way are to be given effect herein are set forth in this Agreement and the above-referenced documents.

D. Option to Purchase. In the event Franchisee purchases the real estate, Franchisee agrees to execute the Real Estate Option to Purchase in the form then prescribed by Haraz Coffee House

E. Consent. Landlord’s consent and agreement to the foregoing Lease Rider-Conditional Assignment of Lease between Haraz Coffee House and Franchisee is evidenced by its signature on the following page.

SIGNATURES TO APPEAR ON FOLLOWING PAGE

.

This Conditional Assignment of Lease is executed this ____ day of _____, 20___.

LANDLORD:	**FRANCHISEE:**
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

HARAZ COFFEE HOUSE FRANCHISING, LLC

_____
By: Hamzah Nasser
Its: President

STATE ADDENDUMS TO THE FRANCHISE AGREEMENT OF HARAZ COFFEE HOUSE FRANCHISING, LLC

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The financial performance representation does not reflect the 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 in operating your franchise. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur at Michigan with the costs being borne equally by the parties. 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.

7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Michigan. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation 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).

9. 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.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. The provision in Section 7 of the Franchise Agreement prohibiting franchisees from employing or soliciting for employment any current or former employee of Franchisor or its affiliates is stricken and not enforceable under California law.

12. The Franchise Agreement and Multi-Unit Operator Agreement contain a provision requiring you to waive your right to punitive ore exemplary damages against the franchisor or any of its representatives, limiting your recover to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

14.. OUR WEBSITE, www.harazcoffeehouse.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECION AND INOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

(Signatures on Next Page)

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Operator Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Operator Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. The Franchise Agreement and Multi-Unit Operator Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

5. Item 17(g) of the Disclosure Document, Article 14 of the Franchise Agreement and Section 7 of the Multi-Unit Operator Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

6. In recognition of the requirements of the Illinois Franchise Disclosure Act, the Franchise Agreement for HARAZ COFFEE HOUSE FRANCHISING, LLC is amended as follows:

A. The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

B. The Illinois law will govern any franchise agreement if: (a) it applies to a franchise located in Illinois; or (b) a franchisee who resides in Illinois.

C. The franchise agreement will become effective on its acceptance and signing by us. The franchise agreement will be interpreted and construed under the Illinois Franchise Disclosure Act ("Act") or the

United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Sections 1051 et seq.). Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than Illinois. Accordingly, Items 17(v) and (w) are amended to state "Illinois choice of law and forum."

D. Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.

E. Section 17.8 is amended as follows: "Notwithstanding the foregoing, nothing in the franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments".

7. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's designated territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 17 of the Franchise Agreement and Section 19 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for HARAZ COFFEE HOUSE FRANCHISING, LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

7. The appropriate sections of the Reservation Agreement, Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of refund, renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

8. The Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

9. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial franchise fees and payments

owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to effectively amends and revises the Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement as follows:

1. Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document, Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

> "Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are hereby amended accordingly.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

1. The following information is added to the cover page of the Franchise Disclosure Document:

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

> Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
>
> B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
>
> C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or

misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Operator Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Article 3 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 12 of the Franchise Agreement and of the Multi-Unit Operator Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement and which require jurisdiction of courts in Michigan are deleted.

6. Item 17(w) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 12 of the Franchise Agreement and Section 17 of the Multi-Unit Operator Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages is contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 17 of the Franchise Agreement and Section 17 of the Multi-Unit Operator Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 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 of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HARAZ COFFEE HOUSE FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a
renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The reference in Section 13.2 of the Franchise Agreement referencing that Franchisee acknowledges that the conditions listed are necessary for the protection of the Franchise Marks and Franchise System and do not impose unreasonable restrictions on transfer, does not apply.

Section 16.8 requiring a one (1) year time limit for the parties to bring claims does not apply. Any time period shall be governed by Washington statutory or case law with respect to the claims brought.

The last paragraph in Section 16.8 of the Franchise Agreement does not apply.

The last two (2) sentences in Section 17.3 of the Franchise Agreement restricting liability on the Franchisor and waiver of liability do not apply.

As a requirement in the State of Washington the Securities Division has required the Franchisor to defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the Franchisor has fulfilled its initial pre-opening obligations to the Franchisee and the Franchisee is open for business.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

EXHIBIT C TO THE
HARAZ COFFEE HOUSE FRANCHISING, LLC
DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into this _____ day of _____ , 20__ , (the "Effective Date") by and between HARAZ COFFEE HOUSE FRANCHISING, LLC ("Franchisor", "we," "us" or "our") and _____, ("Developer", or "you"), with reference to the following facts:

A. We have developed methods of operating a Café style restaurant offering coffee blends, espresso, teas and pastries and related items for sit down or carry out that may be offered by Haraz Coffee House Cafes now or in the future. We refer to each Cafe as a "Franchised Location" or "Cafe". We award franchises for qualified persons to own and operate franchises using the HARAZ COFFEE HOUSE system including a license to use the HARAZ COFFEE HOUSE name and trademarks.

B. You desire to have the right and obligation to open a specified number of franchises in a designated territory on or before certain dates. We desire to grant to you such right and obligation, subject to the terms and upon the conditions contained in this Agreement.
You and we agree to the following provisions.

1.1 Development Territory and Development

A. We will not award a HARAZ COFFEE HOUSE Cafe franchise to anyone other than you, or open a HARAZ COFFEE HOUSE Cafe location owned by us, in the locations designated on the attached Schedule 1.1 for the term of this Agreement, subject to all of the conditions and provisions of this Agreement.

B. You commit to sign the then current version of HARAZ COFFEE HOUSE Franchise Agreement (and all related documents then customarily in use by us) in effect on the date of execution of the Franchise Agreement for each location, pay the full Initial Franchise Fees, and to open and operate the number of Franchised Locations (the "Development Units") in each case by no later than the dates provided on (the "Development Schedule"). You understand that the then-current form of HARAZ COFFEE HOUSE Franchise Agreement may differ in material respects from our present Franchise Agreement, including but not limited to different royalties, advertising fees and other payments.

C. Only Cafes newly established by you will count to satisfy the requirements of this Agreement and the Development Schedule.

D. We are not awarding you with this Agreement the right to sell to or solicit offers from others to purchase HARAZ COFFEE HOUSE franchises. You represent that all HARAZ COFFEE HOUSE franchises to be obtained by you are for your sole ownership, use and operation. You will not have the right to subfranchise or assign any rights under this Agreement.

2.1 Term

Unless earlier terminated in accordance with its provisions, this Agreement shall commence on the Effective Date and automatically expire upon the earlier of: i) failure to timely open a Cafe by the required date of the Development Schedule; or ii) the actual Opening Date for the last scheduled HARAZ COFFEE HOUSE Cafe.

3.1 Renewal

Developer shall have no right to a renewal or successor agreement.

4.1 Development Conditions and Procedures

A. You are solely responsible for locating, securing and developing the site for each Development Unit according to any then applicable HARAZ COFFEE HOUSE standards, guidelines and/or specifications.

B. You shall submit to us such information regarding a proposed site as we require, in the form and manner requested by us, together with the terms of any proposed lease. We may seek such additional information as we consider to be necessary, but our approval will not be unreasonably withheld. The terms of any such lease shall comply with the provisions of the Franchise Agreement applicable to such proposed site. Our consent to any site shall not be construed as a recommendation or warranty as to suitability or the success of the Development Unit to be located there. We make no such assurances of any kind.

C. Upon our written consent to an approved site, and subject to the conditions to the offer of a franchise provided in 4.1 D., below, you will pay to us the balance of Initial Franchise Fee owing for each approved Development Unit (See Section 5.1 below) and sign the then current form of Franchise Agreement along with any related documents then customarily used by us, including any appropriate receipts for disclosure documents. We may in connection with our evaluation of the proposed site require and consider financial statements or similar information satisfactory to us demonstrating financial capability and compliance with Section 6.1 C. of this Agreement.

D. Regardless of any other provision of this Agreement, you understand that we have the right to deny you a franchise and/or not permit you to open a Development Unit if any of the following conditions are not met:

i) you are not in material compliance under any Franchise Agreement and/or are in default under this Agreement, any Franchise Agreement, Operation Manuals, or any other agreement with us;

ii) you have not delivered all completed and signed documents as then required by us;

iii) you have not appointed a manager for the Development Unit who meets our then current training and other standards.

E. You and we acknowledge and agree that the deadlines set forth in the Development Schedule (Exhibit 1.2) are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation of this Agreement will either (i) create any obligation to grant additional modifications,

amendments, consents or waivers or (ii) be effective unless made by mutual written agreement. Any modification or amendment to the Development Schedule or otherwise will be at our sole discretion.

F. If a Cafe closes for any reason, and because of such closure the number of Units developed is less than the minimum number required to be open by the dates in the Development Schedule, you will have a period of one hundred eighty (180) days from the date of closing in which to open a new Cafe. If such condition is not met, we may terminate this Agreement.

5.1 Fees

A. In consideration of our signing of this Agreement, you agree to pay to us on signing this Agreement an Multi-Unit Development Fee of $_____, which fee is equal to the full initial franchise fee of $50,000 for the first Cafe plus 50% of the reduced initial franchise fee of $45,000 (i.e. $22,500) times the number of Individual Unit Franchises that will be specified for development in your territory set forth in the Development Schedule, Exhibit 1.2 (the "Development Schedule"). All Multi-Unit Development Fees are entirely non-refundable and are fully earned by us upon our signing of this Agreement.

B. After the first Franchise Agreement is signed, Developer shall pay the balance of the respective initial franchise fee owing in the amount of $22,500 for each Franchise Agreement signed. The Initial Franchise Fee is payable to us when you sign the Franchise Agreement and any related documents for each such Development Unit. You understand that any award of a Franchise Agreement by us will depend upon your compliance with the terms of this Agreement. We will keep the Development Fee if you do not meet such requirements and are not offered a subsequent Franchise Agreement or if this Agreement is terminated. As a condition to the award of any franchise, you will be required to sign our then current form of General Release (Exhibit J to the Franchise Disclosure Document).

6.1 Operations

A. We may require the Chief Executive Officer or another officer/owner for or of the Developer to attend and successfully complete such initial and/or on-going training as we designate and/or to meet with us from time-to-time to review Developer operations.

B. We may require you to employ a manager for each Development Unit who will meet such standards (including training requirements) as are set forth in the then-current Franchise Agreement and/or Manuals issued by us, to supervise and coordinate the operation of each Unit.

7.1 Defaults and Termination

A. This Agreement may be terminated by us upon your receipt of written notice and without opportunity to cure, except as may be required by law, if:

1) You attempt to sell, assign, transfer or encumber in whole or in part any or all rights and obligations under this Agreement in conflict with Article 8.1, below;

2) You fail to meet on a timely basis any of the provisions of the Development Schedule, including without limitation, any Development Unit Opening Date or Fee Payment;

3) You commit to a lease unapproved by us, or begin the development and/or operation of a Development Unit, without having complied with the terms of this Agreement, including without limitation Article 4.1, above;

4) You or any of your owners is judged bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, is unable to pay his or her debts as they become due, or a petition under any bankruptcy law is filed against you or any of your owners or a receiver or other custodian is appointed for a substantial part of your assets;

5) You or any of your owners is convicted of, or pleads no contest to, a felony, or to any crime or offense that may adversely affect the goodwill associated with the Marks;

6) You commit any other breach of this Agreement.

B. . If you are in default of this Agreement, such default shall have no effect on any Franchise Agreement Franchise Agreement previously executed but in all instances, we shall be entitled to all rights and remedies available to us under existing respective agreements, at law and in equity. If you default under any Franchise Agreement or other agreement, we may require you to cease all development activities/Cafe openings under this Agreement unless and until you have timely cured any default(s). If you do not timely cure such default(s), we may terminate this Agreement and retain all monies paid.

C. Upon a termination/expiration of this Agreement you have no rights under this Agreement, including without limitation no right to the award of any further franchises or any refunds of any amounts paid. We shall be free to develop franchise units in the city or location set forth in the Development Schedule in any manner we choose, including establishing company owned and franchised units, subject only to the terms of any applicable unit franchise agreements.

D. Notwithstanding the provisions of Section 7.1 A (2), above, if the opening of a Development Unit is physically prevented by circumstances beyond human control, such as fire, flood, earthquake, riot, war, or other similar circumstance, then you will be allowed such additional time as is reasonably necessary to open such Development Unit, but not longer than six months. Such an extension shall be available exclusively to the Unit subject to the interrupted development and shall not apply to any subsequent unit development deadlines or requirement dates.

8.1 <u>Transfers</u>

A. This Agreement is personal to you and based upon individual skills, resources, special qualities and characteristics and is not assignable, whether voluntarily or by operation of law, without our express written consent. We will not unreasonably withhold, delay or condition our consent to any proposed transfer, provided that nothing herein shall be construed to diminish in any way our rights or your obligations in connection with a transfer and/or compliance with the provisions of this Section 8.1. We may choose among other things to apply the provisions applicable to transfers as contained in the most current unit Franchise Agreement between us, including those regarding Rights of First Refusal, to any transfer of this Agreement. Any assignment by you must be accompanied by a concurrent assignment to the same assignee of all of your interests in each Development Unit and each related Franchise Agreement. Any consent to transfer by us will be conditioned upon our receipt of a

nonrefundable transfer fee of twenty five percent (25%) of the Area Development fee paid by transferor in addition to any such fees due under the applicable unit Franchise Agreements.

B. This Agreement is assignable by us, in whole or in part, without your consent and shall inure to the benefit of our successors and assigns. We have no liability to you upon such an assignment.

C. This Agreement shall not be deemed to diminish in any way any rights of first refusal and/or rights of repurchase held by us under any HARAZ COFFEE HOUSE Franchise Agreement with you, whether effective now or in the future. If we purchase from you substantially all of the operating assets of the Development Units, or all of their franchises are terminated or repurchased, you will have no rights, and we will have no obligations, under this Multi-Unit Development Agreement.

9.1 Relationship of the Parties

You and we are independent contractors. Nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. There is no fiduciary, trust or other special relationship between us. Expenses, obligations, taxes and other liabilities incurred by you in connection with your performance of the services contemplated by this Agreement shall be your sole responsibility. Neither you nor we shall act as the agent of the other, nor guarantee or become in any way responsible for the obligations, debts or expenses of the other.

10.1 Personal Guarantees

Each of the owners signing this Agreement hereby personally guarantees, jointly and severally, the full payment and performance of each and all of the Developer's obligations under this Agreement.

11.1 Payments and Legal Compliance

A. You will promptly pay when due any and all taxes, accounts, liabilities and other indebtedness of every kind incurred by you as a result of your acts or omissions under or associated with this Agreement, any Franchise Agreement, the operation of any HARAZ COFFEE HOUSE Cafe or otherwise, and, will hold harmless and indemnify us and each of our officers, directors, members, employees and agents from such taxes, accounts, liabilities and other indebtedness.

B. You will comply with all federal, state and local laws and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the activities contemplated under this Agreement and/or any Franchise Agreement.

12. 1 Dispute Resolution, Venue and Applicable Law

Except for actions described in Section 12.7, the parties will try to resolve all disputes by having the Developer negotiate with an executive officer of FRANCHISOR to resolve the dispute, including at least one face-to-face meeting. The parties agree to conduct these negotiations in good faith and to use their best efforts to resolve any such disputes. If the parties have not resolved the dispute within 30 days after beginning these negotiations, then either party may demand arbitration of the dispute in accordance with Sections 12.2 and 12.3.

12.2 Binding Arbitration.

Except for actions described in Section 12.6, all controversies, disputes or claims between: (a) FRANCHISOR and/or its officers, directors, members, managers, employees, agents or representatives, and (b) Developer, and/or its officers, directors, members, managers, employees, agents or representatives, arising out of or related to this Agreement or any other agreement between Franchisor and Developer or any provision of such agreement, or FRANCHISOR's relationship with Developer, or any other dispute between Franchisor and Developer, must be submitted for binding arbitration in accordance with the provisions of this Article 12 on the demand of either party. A party may demand arbitration for a dispute only after complying with the duty to negotiate contained in Section 12.1. Except as otherwise provided in this Article 12, such arbitration proceeding must be conducted in accordance with the commercial arbitration rules (the "Rules") of the American Arbitration Association ("AAA"). The Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) (the "Act") and not any state arbitration law will govern all matters relating to arbitration.

The provisions of this Article 12 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

12.3 Arbitration Procedures.

Any matter will be adjudicated before one (1) arbitrator unless FRANCHISOR elects for the dispute to be decided before a panel of three (3) arbitrators. The arbitration will be administrated and conducted in the office of the AAA in or closest to Southfield, Michigan. The parties desire that at least one of the arbitrators be an attorney familiar with franchise matters. The arbitrator will follow the Rules except as otherwise provided in this Section. The arbitrator will comply with the Federal Rules of Evidence and will grant limited discovery consisting of requests for production of documents eliciting only relevant evidence; will provide for the exchange of witness lists and exhibit copies; and will conduct a pretrial and rule on dispositive motions. Each party will have the right to request the arbitrator to make findings of specific factual issues.

FRANCHISOR and Developer 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. FRANCHISOR and Developer further agree that, in connection with any such arbitration proceeding, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above will be forever barred.

FRANCHISOR and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis, and that an arbitration proceeding between the parties, will not be consolidated with any other arbitration proceeding between them and any other person, corporation, limited liability company, partnership or other entity.

12.4 Decision of Arbitrator.

The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper under the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to award

special, exemplary or punitive damages. The decision of the arbitrator will be final and binding on the parties, subject only to appeal rights under the Act, and a judgment by a court of competent jurisdiction may be entered in accordance with the decision.

12.5 Applicable Law; Venue.

This Agreement takes effect on its acceptance and execution by FRANCHISOR in Michigan, and, except for the applicability of the Federal Arbitration Act, will be interpreted and construed under the laws of Michigan. In the event of any conflict of law, the laws of Michigan will prevail, without regard to the application of Michigan conflict-of-law rules. If, any provision of this Agreement would not be enforceable under the laws of Michigan, and if Franchisee's business is located outside of Michigan and such provision would be enforceable under the laws of the state in which Developer's business is located, then such provision will be interpreted and construed under the laws of that state. The parties stipulate that venue of any dispute shall be in Oakland County Circuit Court or the Federal District Court for the Eastern District of Michigan.

12.6 Injunctive Relief.

Notwithstanding Sections 12.1 and 12.2, FRANCHISOR will have the right, without the posting of any bond or security and without the need to prove irreparable injury, to obtain specific enforcement of the terms of this Agreement from a court of competent jurisdiction, by temporary or permanent injunctions or other equitable relief. FRANCHISOR will have the right, without limitation, to obtain injunctive relief to prevent Developer from engaging in the following acts, which Developer acknowledges would cause irreparable harm to FRANCHISOR: (a) using any of the rights franchised by this Agreement, including use of the Franchise Marks, in any manner not authorized in this Agreement or prohibited by law; (b) engaging in operations in violation of the in-term restrictions on competition set forth in Article 12 of the Franchise Agreement; (c) disclosing to any person or using the trade secrets or confidential information of FRANCHISOR in violation of the terms of this Agreement; (d) transferring or assigning this Agreement or the assets of the Franchise Business without complying with this Agreement; (e) engaging in acts or practices in violation of applicable laws and regulations or that are fraudulent, dishonest or create health or other hazards to the public; or (f) significantly impairing the goodwill associated with FRANCHISOR. FRANCHISOR's rights to obtain injunctive relief are in addition to all other remedies available to FRANCHISOR under applicable law. Franchisee agrees that an appropriate damage calculation would be sum of any of Franchisor lost revenues of any kind or nature that can be established to the relevant standard; as well as, recovery for all profits directly or indirectly realized by Franchisee by reason of breach of this Agreement, and recovery of all expenses associated therewith of any nature, including, without limitation to, reasonable attorneys' fees, in addition to any injunctive relief (injunctive relief will be in addition to, and not in lieu of, any other legal remedies which may be available).

12.7 Costs of Enforcement.

If any arbitration or legal action or other proceeding is begun for the enforcement of this Agreement, or for an alleged dispute, breach, default or misrepresentation under any term of this Agreement, then FRANCHISOR, if FRANCHISOR is the prevailing party, is entitled to recover reasonable pre-institution and post-institution attorney's fees, court costs, and all expenses even if not taxable as court costs (including all fees and expenses incident to appellate, bankruptcy and post-judgment proceedings), incurred in the action or proceeding in addition to all other relief to which FRANCHISOR is entitled. Attorney's fees includes paralegal fees,

administrative costs, investigative costs, costs of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorney to the prevailing party. If FRANCHISOR engages legal counsel because of Developer's failure to pay when due any monies under this Agreement or submit when due any reports, information or supporting records, or for any failure to otherwise comply with this Agreement, Developer must reimburse FRANCHISOR on demand for all of the above listed expenses FRANCHISOR incurs.

12.8 Jury Waiver; Time Period for Bringing Claims; Limitation of Damages.

FRANCHISOR 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, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

WITH EXCEPTION OF CLAIMS FOR EQUITABLE RELIEF BY FRANCHISOR, ALL CLAIMS ARISING UNDER THIS AGREEMENT OR FROM THE RELATIONSHIP BETWEEN THE PARTIES ARE BARRED UNLESS AN ACTION IS FILED AND TIMELY SERVED ON THE OPPOSING PARTY WITHIN ONE (1) YEAR FROM THE DATE THE PARTY KNEW OR SHOULD HAVE KNOWN OF THE FACTS CREATING THE CLAIM, EXCEPT TO THE EXTENT ANY APPLICABLE LAW OR STATUTE PROVIDES FOR A SHORTER PERIOD OF TIME TO BRING A CLAIM OR AS OTHERWISE REQUIRED BY LAW.

DEVELOPER WAIVES IN ANY JUDICIAL ACTION, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST FRANCHISOR AND AGREES THAT IN THE EVENT OF A DISPUTE, DEVELOPER WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY DEVELOPER.

13.1 Survival.

The provisions of this Article 12 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14.1 Incorporated Provisions of Franchise Agreement

As provided in Article 1.1 and Exhibit 1.2, you are, or shall become concurrent with the signing of this Agreement, a HARAZ COFFEE HOUSE Cafe Franchisee under the terms of the HARAZ COFFEE HOUSE Cafe Unit Franchise Agreement, Exhibit B to our Franchise Disclosure Document. You agree that all terms and conditions of any franchise agreement you execute for any HARAZ COFFEE HOUSE location will be binding and incorporated by reference into this Agreement as though fully set forth herein.

15.1 Miscellaneous Provisions

A. Entire Agreement; Amendment. This Agreement contains the final, complete and exclusive expression of the terms of your and our agreement with respect to development rights that are the subject of this Agreement, and shall supersede any and all prior and/or concurrent understandings, agreements, representations or otherwise (whether oral or written) between you and us; provided that this Agreement is not intended to amend or supersede any representations set forth in the Franchise Disclosure Document or any HARAZ COFFEE

HOUSE Unit Franchise Agreement and/or related documents to which you are a party. This Agreement cannot be modified or changed except by written document signed by all parties.

B. Severability. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but in such event the provisions of this Agreement thus affected shall be limited only to the extent necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

C. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor, and shall be binding upon and inure to the benefit of you and your respective heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained herein.

D. Joint and Several Liability. If "you" consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

E. No waiver. No waiver by any party of any breach or series of breaches or defaults in performance, shall be deemed to be a waiver of any other breach or default; and no failure, refusal or neglect of ours to exercise any right, power or option given to us under this Agreement shall be deem to be a waiver of any right, power or option.

F. Acknowledgments. In addition to those acknowledgments contained in the Franchise Agreement and incorporated by reference pursuant to Section 12.1 E, above, Developer and each of its owners expressly acknowledge that:

1) A complete ready-to-sign copy of this Agreement as signed by Developer was received by Developer (and each of the owners, as applicable) at least seven (7) calendar days prior to the earlier of its execution, or the payment of any amounts; and

2) A complete copy of our Franchise Disclosure Document, together with all exhibits, was received at least fourteen (14) calendar days, or as required by law, prior to the earlier of Developer (and each of the owners, as applicable) signing this agreement or the paying of any money.

Your Initials: _____ _____

G. Notices. All written notices and reports permitted or required to be delivered by the provisions of this Agreement will be deemed so delivered at the time delivered by hand, immediately on transmission by electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at HARAZ COFFEE HOUSE FRANCHISING, LLC, at our then current corporate headquarters, to the attention of the CEO, and to you at the following address: _____.

H. Legal Counsel. All parties have obtained the advice of counsel in connection with entering into this Agreement, understand the nature of this Agreement, and intend to be bound by its terms.

I. Time of the Essence. For all purposes, time shall be of the essence in the performance by the parties of their respective obligations stated herein.

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

By their signatures hereto, including by electronic signature, the parties intend to be bound as of the Effective Date above.

FRANCHISOR:

HARAZ COFFEE HOUSE FRANCHISING, LLC

By: _____

Title: CEO

DEVELOPER (Individual)

Signature Date: _____
Printed Name: _____
Signature: _____

DEVELOPER: (Corp., LLC or Partnership)

Entity Name: _____
By: _____
Date: _____
Title: _____

Initials _____

Exhibit 1.1

DEVELOPMENT SCHEDULE

YEAR	NUMBER OF CAFES	OPENING DATE

The units in the foregoing list are the "Development Units."

Initials _____

STATE ADDENDUMS TO THE MULTI-UNIT DEVELOPMENT AGREEMENT OF HARAZ COFFEE HOUSE FRANCHISING, LLC

MULTI-STATE ADDENDUM

CALIFORNIA APPENDIX

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The financial performance representation does not reflect the 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 in operating your Beef Jerky Outlet franchise. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Multi-Unit Operator Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).

3. The Franchise Agreement and Multi-Unit Operator Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.

4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur at Michigan with the costs being borne equally by the parties. 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.

7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Michigan. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation 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).

9. 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.

10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

11. The provision in Section 7 of the Franchise Agreement prohibiting franchisees from employing or soliciting for employment any current or former employee of Franchisor or its affiliates is stricken and not enforceable under California law.

12. The Franchise Agreement and Multi-Unit Operator Agreement contain a provision requiring you to waive your right to punitive ore exemplary damages against the franchisor or any of its representatives, limiting your recover to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

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

14.. OUR WEBSITE, www.harazcoffeehouse.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECION AND INOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

1. The following item must be included within the Disclosure Document and shall replace the language that is in the Disclosure Document itself:

Section 4, Jurisdiction and Venue, of the Illinois Franchise Disclosure Act of 1987 ("Act") states that "any provision in the franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State." This Section of the Act replaces any contradictory language contained in the Franchise Agreement and Multi-Unit Operator Agreement.

2. Illinois law governs the Franchise Agreement and Multi-Unit Operator Agreement.

3. Any releases and/or waivers that we request you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. The Franchise Agreement and Multi-Unit Operator Agreement are amended to comply with Section 27, Periods of Limitation, of the Act to allow any and all claims and actions arising out of or relating to these Agreements, the relationship of Franchisor and Franchisee and/or Multi-Unit Operator, or your operation of the Franchise brought by you against us shall be commenced within 3 years from the occurrence of the facts giving rise to such claim or action, within 1 year after you become aware of the facts or circumstances indicating you may have a claim for relief, or 90 days after delivery to you of a written notice disclosing the violation, or such claim or action will be barred.

5. Item 17(g) of the Disclosure Document, Article 14 of the Franchise Agreement and Section 7 of the Multi-Unit Operator Agreement are amended by changing the time frame to cure defaults, excluding defaults for safety or security issues, to 30 days.

6. In recognition of the requirements of the Illinois Franchise Disclosure Act, the Franchise Agreement for HARAZ COFFEE HOUSE FRANCHISING, LLC is amended as follows:

A. The conditions under which you can be terminated and your rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

B. The Illinois law will govern any franchise agreement if: (a) it applies to a franchise located in Illinois; or (b) a franchisee who resides in Illinois.

C. The franchise agreement will become effective on its acceptance and signing by us. The franchise agreement will be interpreted and construed under the Illinois Franchise Disclosure Act ("Act") or the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Sections 1051 et seq.). Under Illinois law, a franchise agreement may not provide for a choice of law of any state other than

Illinois. Accordingly, Items 17(v) and (w) are amended to state "Illinois choice of law and forum."

D. Any releases and/or waivers that the Franchisor requests the Franchisee to sign must conform with Section 41 of the Act.

E. Section 17.8 is amended as follows: "Notwithstanding the foregoing, nothing in the franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments."

7. Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void. 815 ILCS 705/41 (West 2010).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's designated territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 17 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for HARAZ COFFEE HOUSE FRANCHISING, LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Operator Agreements. The amendments to the Franchise and Multi-Unit Operator Agreements included in this addendum have been agreed to by the parties.

1. 1. Item 17 of the Disclosure Document is amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial franchise fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under development opens.

4. Item 17 of the Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Operator Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit operator may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to permit a franchisee to bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

8. The appropriate sections of the Reservation Agreement, Franchise Agreement and Multi-Unit Operator Agreement are amended to state that the general release required as a condition of refund, renewal, sale and/or assignment/ transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

9. The Franchise Agreement, Multi-Unit Operator Agreement and Franchisee Disclosure Acknowledgment Statement are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This addendum to effectively amends and revises the Disclosure Document and Franchise Agreement and Multi-Unit Operator Agreement as follows:

1. Item 13 of the Disclosure Document and Article 6 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use."

2. Item 17 of the Disclosure Document and Articles 12 and 14 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld."

3. Item 17 of the Disclosure Document, Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

> "Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

4. Item 17 of the Disclosure Document, Articles 12 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are amended by the addition of the following language to the original language that appears therein:

> "Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release."

5. Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement hereby amended to comply with Minn. Rule 2860.4400J which prohibits waiver of a jury trial.

7. Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of $30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement and Multi-Unit Operator Agreement are hereby amended accordingly.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

The following Items are required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

1. The following information is added to the cover page of the Franchise Disclosure Document:

> INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

> Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:
>
> A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
>
> B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
>
> C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or

misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

> However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement and Multi-Unit Operator Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Article 3 and 13 of the Franchise Agreement and Section 11 of the Multi-Unit Operator Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 12 of the Franchise Agreement and of the Multi-Unit Operator Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Article 15 of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Article 16 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement and which require jurisdiction of courts in Michigan are deleted.

6. Item 17(w) of the Disclosure Document, Article 17 of the Franchise Agreement and Section 12 of the Multi-Unit Operator Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Article 12 of the Franchise Agreement and Section 17 of the Multi-Unit Operator Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages is contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Article 17 of the Franchise Agreement and Section 17 of the Multi-Unit Operator Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 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 of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HARAZ COFFEE HOUSE FRANCHISING, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated _____.

HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

WASHINGTON ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

19. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

20. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

21. **Site of Arbitration, Mediation, and/or Litigation.** 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.

22. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a
renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

23. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

24. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

25. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

26. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

27. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

28. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

29. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

30. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

31. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

32. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

33. **Nonsolicitation Agreements.** 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.

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

35. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

36. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

Section 15.1(F) of the Multi-Unit Development does not apply.

As a requirement in the State of Washington the Securities Division has required the Franchisor to defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the Franchisor has fulfilled its initial pre-opening obligations to the Franchisee and the Franchisee is open for business. With respect to the Multi-Unit Development Fee, the Franchisor will prorate this fee such that the Franchisee will pay the Franchisor the development fee proportionally upon the opening of each unit franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____	_____
Signature of Franchisor Representative	Signature of Franchisee Representative
_____	_____
Title of Franchisor Representative	Title of Franchisee Representative

ATTACHMENT 1 TO THE
HARAZ COFFEE HOUSE FRANCHISING, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF MULTI-UNIT DEVELOPER OBLIGATIONS

GUARANTY AND ASSUMPTION OF
MULTI-UNIT DEVELOPER'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("GUARANTY") IS GIVEN THIS _____ day of _____, 20___, by _____ (the "Guarantor").

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement of even date (the "Agreement") by HARAZ COFFEE HOUSE FRANCHISING, LLC (the "Franchisor"), and _____ ("Multi-Unit Developer"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that Multi-Unit Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he or she may have to require that an action be brought against Multi-Unit Developer or any other person as a condition of liability. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty shall be joint and several; (2) he or she shall render any payment or performance required under the Agreement upon demand if Multi-Unit Developer fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Multi-Unit Developer or any other person; (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Multi-Unit Developer or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (5) Guarantor is bound by the restrictive covenants, confidentiality provisions, and indemnification provisions contained in the Agreement.

Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Multi-Unit Developer and the other owners of Multi-Unit Developer;

(b) Guarantor shall render any payment or performance required under the Agreement upon demand if Multi-Unit Developer fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Multi-Unit Developer or any assignee or successor of Multi-Unit Developer or by

any abandonment of the Agreement by a trustee of Multi-Unit Developer. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Multi-Unit Developer or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Multi-Unit Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Multi-Unit Developer. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

(e) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Each Guarantor, (a) agrees that any action, suit or proceeding by such party seeking any relief whatsoever arising out of, relating to and/or in connection with this Agreement and any dispute(s) by and between the parties shall be brought, prosecuted and enforced solely in the Oakland County Circuit Court, except for those claims or actions which must be filed, prosecuted and/or enforced in a federal court and in such event any such action must be filed, prosecuted and enforced solely and exclusively in the U.S. District Court for the Eastern District of Michigan, (b) agrees to submit to the sole and exclusive jurisdiction of such courts for purposes of all actions, suits and/or proceedings arising out of, relating to and/or in connection with this Agreement, and/or any disputes(s) by and between the parties, (c) waives and agrees not to assert any objection that it may now or hereafter have to the venue of any such action, suit and/or proceeding brought in such a court or any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum, (d) waives any right to transfer or remove and agrees not to transfer or remove any action, suit or proceeding originally brought in the Oakland County Circuit Court to the U.S. District Court for the Eastern District of Michigan and/or to any other federal or state court regardless of where located; and further waives any right to transfer and agrees not to transfer or seek to transfer any suit, proceeding or action from the U.S. District Court for the Eastern District of Michigan to any other federal court, (e) agrees that a final judgment in any such action, suit or proceeding shall be final and conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law, and (f) agrees that service of process in any such action shall be in accordance with the laws of the State of Michigan or by registered mail, return receipt requested. Notwithstanding the foregoing, Franchisor, in its sole and absolute discretion, may file any action that includes a claim for injunctive relief in or near the location where Franchise is located.

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

GUARANTOR(S):

Signature: _____ Print Name: _____	Signature: _____ Print Name:_____
Signature: _____ Print Name: _____	Signature: _____ Print Name: _____

EXHIBIT D

JOINT AND SEVERAL UNCONDITIONAL GUARANTY

This Joint and Several Unconditional Guaranty (this "Guaranty") dated as of _____, 20__, is made by _____, an individual residing in the State of _____ and _____, an individual residing in the State of _____ (and each additional individual whose signature appears at the end of this Guaranty under the heading "Guarantors") (collectively referred to herein as the "Guarantors"), in favor of HARAZ COFFEE HOUSE FRANCHISING LLC, a Michigan limited liability ("HARAZ COFFEE HOUSE " or "Franchisor"), and is executed with respect to that certain HARAZ COFFEE HOUSE Franchise Agreement (the "Franchise Agreement") of even date herewith between Franchisor and _____, having a business address of _____(referred to herein as "Franchisee").

RECITALS:

A. Franchisee and HARAZ COFFEE HOUSE are prepared to execute the Franchise Agreement, and, as an inducement to HARAZ COFFEE HOUSE to enter into the Franchise Agreement, each of the Guarantors has agreed to guarantee the performance of all obligations of Franchisee and to abide by the terms set forth by the Franchise Agreement and any other agreements (the "Other Agreements") executed between Franchisee and HARAZ COFFEE HOUSE now or in the future (collectively, the "Obligations") and to execute this Guaranty; and

B. Each Guarantor, individually, will directly benefit from the agreement by HARAZ COFFEE HOUSE to enter into the Franchise Agreement and any Other Agreements with Franchisee.

NOW, THEREFORE, in consideration of the foregoing, the execution of the Franchise Agreement and Other Agreements and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the Guarantors, and each of them, agree as follows:

Section 1: Statement of Guaranty. The Guarantors, and each of them, jointly and severally, unconditionally, absolutely and irrevocably guarantee prompt and satisfactory performance of the Obligations provided by the Franchise Agreement and Other Agreements in accordance with all its terms and conditions, and all renewals, extensions, modifications and amendments of the Franchise Agreement. If Franchisee defaults in performance of its Obligations under the Franchise Agreement according to its terms and conditions, the Guarantors, and each of them, jointly and severally, irrevocably and unconditionally agree that they are each liable to HARAZ COFFEE HOUSE as primary obligors for the full payment and performance of the Obligations and all damages, costs, and expenses that HARAZ COFFEE HOUSE is entitled to recover from Franchisee by reason of such default.

Section 2: Payment. The Guarantors, and each of them, jointly and severally, agree that, if any of the Obligations requiring payment to HARAZ COFFEE HOUSE of sums of money are not

punctually paid to HARAZ COFFEE HOUSE when such amounts are due according to the terms of the Franchise Agreement and/or the Other Agreements, the Guarantors, and each of them, shall, immediately upon demand by HARAZ COFFEE HOUSE and without any other notice whatsoever, pay the amount due to HARAZ COFFEE HOUSE at the address listed in the Franchise Agreement or at such other address as HARAZ COFFEE HOUSE may notify the Guarantors in writing. It shall not be necessary for HARAZ COFFEE HOUSE , and HARAZ COFFEE HOUSE shall not be required in order to enforce such payment by any of the Guarantors, first to institute suit or exhaust its remedies against Franchisee or others liable for such amount. HARAZ COFFEE HOUSE shall not be required to mitigate damages or take any other action to reduce, collect or enforce the Obligations. No setoff, counterclaim, reduction or diminution of any Obligation, or any defense of any kind or nature that any of the Guarantors has or may have against Franchisee or HARAZ COFFEE HOUSE shall be available under this Guaranty to such Guarantor. No payment by any of the Guarantors shall discharge the liability of such Guarantor hereunder until all Obligations have been satisfied in full.

Section 3: Duration and Requirement to Keep Contact Information Current. This Guaranty shall continue in force until all Obligations under the Franchise Agreement and the Other Agreements have been satisfied or until Franchisee's liability to HARAZ COFFEE HOUSE under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantors, and each of them, agree to provide written updated contact information to HARAZ COFFEE HOUSE within thirty (30) days of any change. The Guarantors, and each of them, shall not be discharged from liability under the Guaranty as long as any claim by HARAZ COFFEE HOUSE against Franchisee remains outstanding.

Section 4: Joint and Several Liability. The Guarantors, and each of them, shall be jointly and severally liable for all Obligations under this Guaranty. This Guaranty may be enforced against any of the Guarantors separately or against all Guarantors jointly.

Section 5: Waivers and Consents. The Guarantors, and each of them, hereby: (a) assent to all terms and agreements made by Franchisee with HARAZ COFFEE HOUSE either before or after the date of this Guaranty; and (b) consent that HARAZ COFFEE HOUSE may without in any manner impairing its rights or the obligations of the Guarantors hereunder: (1) waive or delay the exercise of its rights or remedies against Franchisee or any other person or entity, including, without limitation, any of the Guarantors; (2) release Franchisee or any other person or entity, including, without limitation, any of the Guarantors; (3) make, grant or give any adjustment, indulgence, forbearance or compromise to Franchisee or to any of the Guarantors; (4) renew, extend or modify the terms of, or increase, any of the Obligations or any agreement evidencing the same; and (5) apply payments by Franchisee, the Guarantors, or any other person or entity to any of the Obligations.

Section 6: Notices. The Guarantors, and each of them, hereby waive all notices whatsoever with respect to this Guaranty or with respect to the Obligations, including, but without limitation, notice of: (a) HARAZ COFFEE HOUSE 's acceptance of this Guaranty or its intention to act, or its action, in reliance hereon; (b) the present existence or future incurring of any of the Obligations or any terms or amounts of the Obligations or any change therein; (c) any default by Franchisee or any surety, pledgor, grantor of security, or guarantor, including, without limitation, any of the

Guarantors; and (d) the obtaining or release of any guaranty or surety agreement (in addition to this Guaranty), pledge, assignment, or other security for all or any part of the Obligations.

Section 7: Benefit. This Guaranty shall inure to the benefit of HARAZ COFFEE HOUSE , its successors and assigns, and to any person to whom HARAZ COFFEE HOUSE may grant an interest in any of the Obligations, and shall be binding upon the Guarantors and their respective successors, assigns, heirs, executors, administrators and legal representatives.

Section 8: Jurisdiction and Venue. Each Guarantor, (a) agrees that any action, suit or proceeding by such party seeking any relief whatsoever arising out of, relating to and/or in connection with this Agreement and any dispute(s) by and between the parties shall be brought, prosecuted and enforced solely in the Oakland County Circuit Court, except for those claims or actions which must be filed, prosecuted and/or enforced in a federal court and in such event any such action must be filed, prosecuted and enforced solely and exclusively in the U.S. District Court for the Eastern District of Michigan, (b) agrees to submit to the sole and exclusive jurisdiction of such courts for purposes of all actions, suits and/or proceedings arising out of, relating to and/or in connection with this Agreement, and/or any disputes(s) by and between the parties, (c) waives and agrees not to assert any objection that it may now or hereafter have to the venue of any such action, suit and/or proceeding brought in such a court or any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum, (d) waives any right to transfer or remove and agrees not to transfer or remove any action, suit or proceeding originally brought in the Oakland County Circuit Court to the U.S. District Court for the Eastern District of Michigan and/or to any other federal or state court regardless of where located; and further waives any right to transfer and agrees not to transfer or seek to transfer any suit, proceeding or action from the U.S. District Court for the Eastern District of Michigan to any other federal court, (e) agrees that a final judgment in any such action, suit or proceeding shall be final and conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law, and (f) agrees that service of process in any such action shall be in accordance with the laws of the State of Michigan or by registered mail, return receipt requested. Notwithstanding the foregoing, Franchisor, in its sole and absolute discretion, may file any action that includes a claim for injunctive relief in or near the location where Franchise is located.

IN WITNESS WHEREOF, the Guarantors, and each of them, intending to be jointly and severally legally bound hereby, have caused this Guaranty to be executed as of the date and year first above written.

_____
(Signature)

Name Printed _____

Address: _____

_____

Telephone: _____

Primary Email: _____

_____

(Signature)

Name Printed: _____

Address: _____

_____

Telephone: _____

EXHIBIT E

CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT

(MANAGERS, OFFICERS/DIRECTORS/MEMBERS/SHAREHOLDERS)

This Confidentiality, Non-Solicitation and Non-Competition Agreement (referred to as "Confidentiality Agreement") is made and entered into this _____ day of _____, 20__, by and among HARAZ COFFEE HOUSE FRANCHISING, LLC, a Michigan limited liability company ("Franchisor" or "Haraz Coffee House "), and _____ ("Individual"), and _____, a _____ entity with its principal place of business located at _____ _____ (hereinafter, "Franchisee").

RECITALS:

A) Franchisor and Franchisee have entered into that certain HARAZ COFFEE HOUSE Franchise Agreement dated _____ and incorporated herein by this reference to that Agreement (the "Franchise Agreement").

B) Individual, in the course of performance of his or her responsibilities to Franchisee, or as a result of his or her business or official relationship with or for Franchisee, will be provided confidential and proprietary information of or relating to FRANCHISOR, operation of a quick service coffee Cafe offering both in-Cafe seating and carry-out of Yemen grown coffee blends, espresso, teas and pastries and related items, operating under the HARAZ COFFEE HOUSE name and service marks (collectively, the "HARAZ COFFEE HOUSE System").

C) Individual and Franchisee acknowledge the need for confidentiality of the confidential and proprietary information and the HARAZ COFFEE HOUSE System and agree that full compliance with the terms of this Confidentiality Agreement is necessary to protect such confidentiality.

D) The Franchise Agreement provides that the officers, directors, members and shareholders of Franchisee shall be required to sign a confidentiality agreement with Franchisor, in form satisfactory to Franchisor.

E) Individual will receive benefits by virtue of the grant of the franchise by Franchisor to Franchisee.

AGREEMENT

Now therefore, in consideration of the covenants herein contained, it is agreed:

1. Capitalized Terms. All capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Franchise Agreement.

2.. Confidential and Proprietary Information. Individual shall not, during the term of this Confidentiality Agreement or the Franchise Agreement, or any time after the expiration or termination of the Franchise Agreement or this Confidentiality Agreement use, except in its HARAZ COFFEE HOUSE business licensed under the Franchise Agreement; or communicate, divulge, or use for the benefit of any other person, any Confidential Information (as defined below), knowledge, or know-how concerning the HARAZ COFFEE HOUSE System or the methods of operation under the HARAZ COFFEE HOUSE System which may be communicated to Individual, or of which Individual may be apprised, by virtue of Individual's position in Franchisee's business operations.

"Confidential Information" means all of Franchisor's financial, technical, operational, business, management and other information disclosed to Individual under the Franchise Agreement or as part of HARAZ COFFEE HOUSE System.

Notwithstanding anything contained herein, Confidential Information shall not include any information:

(a) which, at the date of disclosure to the recipient or its authorized representative, is in the public domain or which, after such disclosure, comes within the public domain through no fault of the party to which it is disclosed or its authorized representative;

(b) which was known to the party to which it was disclosed under this Confidentiality Agreement, before the effectiveness of the Franchise Agreement or any other agreement with Franchisor;

(c) the disclosure of which is required by law or by any competent regulatory authority; or

(d) which at any time comes independently and lawfully into the possession of the recipient, either from its own resources or from any third party.

3. Individual Work Product. Individual hereby grants to Franchisor a nonexclusive royalty-free license to use in its HARAZ COFFEE HOUSE franchise and to sublicense the right to use in its Franchisee's HARAZ COFFEE HOUSE franchise business and any and all inventions, enhancements, processes, methods, designs and other creations (hereinafter, "Developments") that, during the term of this Confidentiality Agreement, Individual may develop, invent, discover, conceive or originate, alone or in conjunction with any other person, which Developments relate in any way to Individual's involvement in the operation of Franchisee's HARAZ COFFEE HOUSE business.

4. Remedies for Breach of Agreement. In the event of the breach or threatened breach of this Confidentiality Agreement by Individual, each of Franchisee and Franchisor shall be entitled to injunctions, both preliminary and final, enjoining and restraining such breach or threatened breach and to recover for the benefit of Franchisor, by means of an accounting, any profits Individual may obtain in violation of this Confidentiality Agreement. Such remedies shall be in addition to all of

the remedies available at law or in equity. The prevailing party shall also be entitled to recover its attorneys' fees and expenses in any successful action to enforce this Confidentiality Agreement.

5. Covenant Not to Solicit Customers. Individual acknowledges that Franchisor has a proprietary interest in the goodwill established by Individual's contacts with Franchisee's clients and accounts. Therefore, Individual specifically agrees that, during the period of his or her relationship with Franchisee and for a period of twenty-four (24) months following the termination of such relationship with Franchisee for any reason, Individual shall not directly or indirectly, on behalf of himself or herself or any competing organization, as to the same or similar competing products or services, solicit any of Franchisee's clients for whom Individual performed services while an officer, director, member or shareholder of Franchisee or which Individual solicited on behalf of Franchisee.

Individual acknowledges that the restricted period of time and customer limitation specified herein are reasonable in view of the nature of the business in which Franchisee and Franchisor are engaged and Individual's knowledge of Franchisee's and Franchisor's operations. If the scope of any stated restriction is too broad to permit enforcement of such restriction to its full extent, then such restriction shall be enforced to the maximum extent permitted by law.

This covenant shall not affect any non-competition provision set forth in the franchise agreement or any other agreement with Franchisor, but shall be in addition to the terms of such covenant.

6. Injunctive Relief. Individual understands and agrees that the damages which Franchisee or Franchisor may suffer from Individual's violation of any of Individual's obligations pursuant to this Confidentiality Agreement would be difficult or impossible to measure and that either Franchisee or Franchisor, or both, is entitled to injunctive relief for any violation, plus damages in an amount equal to the profits of Individual gained by or from such violation.

7. Binding Effect. This Confidentiality Agreement shall be binding upon the parties to this Confidentiality Agreement and upon their respective executors, administrators, legal representatives, successors and assigns.

8. Applicable Law; Venue. This Confidentiality Agreement shall be governed by and construed under the internal laws of the State of Michigan, without application of its conflicts of laws provisions. If any provision of this Confidentiality Agreement is declared void, such provision shall be deemed severed from this Confidentiality Agreement, which shall otherwise remain in full force and effect. The parties stipulate that venue of any dispute shall be in Oakland County Circuit Court or the Federal District Court for the Eastern District of Michigan.

9. Entire Agreement. This Confidentiality Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Confidentiality Agreement, and no modifications or revisions of this Confidentiality Agreement shall have any force and effect, unless the same are in writing and executed by the parties to this Confidentiality Agreement.

10. Notices. Any notices required or permitted to be given under this Confidentiality Agreement shall be in writing, and sent by certified mail to the last known residential address in the case of Individual, or to its principal office in the case of Franchisee or Franchisor.

IN WITNESS WHEREOF, the parties to this Confidentiality Agreement have executed this Confidentiality Agreement as of the day and year first above written.

FRANCHISOR:

HARAZ COFFEE HOUSE FRANCHISING, LLC.

By: _____

Name Printed: _____

Title: _____

INDIVIDUAL:

_____

_____, Individually

(Please Print Name)

FRANCHISEE: _____

By: _____

Name Printed: _____

Title: _____

EXHIBIT F

ASSIGNMENT OF TELEPHONE AND WEBSITES/INTERNET AGREEMENT

Date: _____

This assignment is effective as of the date of termination or expiration of the HARAZ COFFEE HOUSE Franchise Agreement (the "Franchise Agreement") entered into between HARAZ COFFEE HOUSE FRANCHISING, LLC. ("HARAZ COFFEE HOUSE ") and _____ ("Franchisee"). Franchisee irrevocably assigns to HARAZ COFFEE HOUSE or its designee the (i) telephone number or numbers and listings, including cell phone numbers issued (or issued in the future) to Franchisee with respect to each and all of Franchisee's HARAZ COFFEE HOUSE businesses ("Telephone Numbers"), and (ii) all internet sites, URL's, websites and social media listings ("Social Media"). This assignment is for collateral purposes only, and HARAZ COFFEE HOUSE has no liability or obligation of any kind whatsoever arising from this assignment, unless HARAZ COFFEE HOUSE desires to take possession and control over the Telephone Numbers and Social Media.

HARAZ COFFEE HOUSE is authorized and empowered upon termination or expiration of the Franchise Agreement and without any further notice to Franchisee to notify (i) the telephone company, as well as any other company that publishes telephone directories ("Telephone Companies"), to transfer the Telephone Numbers to HARAZ COFFEE HOUSE or such other person or entity as HARAZ COFFEE HOUSE designates, and (ii) all web providers, internet and social media hosting/listing companies. Franchisee grants to HARAZ COFFEE HOUSE an irrevocable power of attorney and appoints HARAZ COFFEE HOUSE as Franchisee's attorney-in-fact to take any necessary actions to assign the Telephone Numbers and Social Media, including but not limited to, executing any forms that the Telephone Companies and Social Media entities may require to effectuate the assignment. This assignment is also for the benefit of the Telephone Companies and Social Media entities, both of which may accept this assignment and HARAZ COFFEE HOUSE instructions as conclusive evidence of HARAZ COFFEE HOUSE rights in the Telephone Numbers and Social Media, and its authority to direct the amendment, termination or transfer of the Telephone Numbers and Social Media, as if they had originally been issued to HARAZ COFFEE HOUSE . In addition, Franchisee agrees to hold the Telephone Companies and Social Media entities harmless from any and all claims against them arising out of any actions or instructions by HARAZ COFFEE HOUSE regarding this Agreement.

FRANCHISEE:	**FRANCHISOR:**
	HARAZ COFFEE HOUSE FRANCHISING, LLC.
_____	
By: _____	By:_____
Its:_____	Its:_____

EXHIBIT G

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

Franchisee: _____
Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes HARAZ COFFEE HOUSE FRANCHISING, LLC, or any affiliated entity (collectively, "HARAZ COFFEE HOUSE ") to initiate weekly ACH debit entries against the account of the undersigned with Franchisee in payment of amounts for Royalty Fees, Advertising Fees, product purchases or other applicable fees or amounts that become payable by the undersigned to HARAZ COFFEE HOUSE . The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by HARAZ COFFEE HOUSE .

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

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

Name on Account: _____

_____
Street Address

_____
City State Zip Code

_____
(Signature)

_____
Account Number

_____
Routing Number

Bank Name: _____

_____
Bank Street Address

_____
City State Zip Code

_____
Bank Telephone Number

By_____

Print Name:_____

Date_____

*** ATTACH VOIDED CHECK ***

EXHIBIT H
AUTHORIZATION AND INSTRUCTIONS
REGARDING CREDIT AND BACKGROUND CHECKS

TO WHOM IT MAY CONCERN:

I, the undersigned individual, have: (i) made, or am considering making, an application to become a HARAZ COFFEE HOUSE franchisee under the HARAZ COFFEE HOUSE franchise system administered by HARAZ COFFEE HOUSE FRANCHISING, LLC, a Michigan limited liability company, (hereinafter referred to as "HARAZ COFFEE HOUSE "); (ii) entered into a Franchise Agreement with HARAZ COFFEE HOUSE or (iii) agreed to act as guarantor for such an applicant/franchisee.

I hereby authorize HARAZ COFFEE HOUSE (a) to make credit and background checks on me by, among other means, obtaining consumer reports from consumer reporting agencies, and by making direct inquiries of businesses where I have accounts and where I worked, and other sources, and (b) to report concerning any performance with HARAZ COFFEE HOUSE to consumer reporting agencies and others who may properly receive such information.

I hereby instruct any individual or entity, whether or not a consumer reporting agency, to provide any and all pertinent information they may have regarding me to HARAZ COFFEE HOUSE in response to any inquiry or request from HARAZ COFFEE HOUSE pursuant to the foregoing authorization. In that regard, this document shall constitute and be deemed to be my "written instructions" pursuant to Section 604(a) (2) of the Fair Credit Reporting Act.

It is my intention that the authorizations and instructions contained herein shall continuously remain in full force and effect so long as I have any application pending with or obligation owing to HARAZ COFFEE HOUSE .

A xerographic or other copy of this authorization and instruction shall be valid, and shall have the same force and effect as one originally signed by me provided that it has been certified as a true and correct copy by an authorized officer, employee or agent of HARAZ COFFEE HOUSE .

Applicant	**Co-Applicant or Guarantor**
_____	_____
Signature	Signature
_____	_____
Name Printed	Name Printed
_____	_____
Street Address	Street Address
_____	_____
City/State/Postal Code	City/State/Postal Code
Date: _____	Date: _____
Social Security #: xxx-xx-_____	Social Security #: xxx-xx-_____
Date of Birth: _____	Date of Birth: _____
Home Phone #: _____	Home Phone #: _____
Driver's License # : _____	Driver's License # : _____

I hereby certify that this is a true and correct copy of the authorization and instruction signed by _____ on the ____ day of _____, 20__.

_____
Authorized officer, employee or agent of HARAZ COFFEE HOUSE FRANCHISING LLC

EXHIBIT I

ACKNOWLEDGMENT ADDENDUM TO FRANCHISE AGREEMENT

(NOT APPLICABLE IN THE STATE OF WASHINGTON AND SHOULD NOT BE SIGNED BY WASHINGTON FRANCHISEES)

As you know, you and we are entering into a Franchise Agreement for the operation of a HARAZ COFFEE HOUSE franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement? Check one: (_) Yes (_) No. If no, please comment: _____

2. Are you seeking to enter into a Franchise Agreement in connection with a purchase or transfer of an existing Store from an existing Franchisee?

   Check one: (_) Yes (_) No

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Check one: (_) Yes (_) No

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

Acknowledged this _____.

Sign here if you are taking the franchise as a

INDIVIDUAL:

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

*Execution of this Acknowledgment Statement does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under any state franchise law or regulation precluding such liability.

BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE*: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNER AND MINORITY OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

EXHIBIT J

MUTUAL RELEASE OF ALL CLAIMS
(FOR EXECUTION ONLY UPON RENEWAL OR TRANSFER OF FRANCHISE)

This Mutual Release (this "Mutual Release") is effective on _____, 20___. As a precondition of and in consideration for the willingness on the part of HARAZ COFFEE HOUSE FRANCHISING, LLC, a Michigan limited liability company ("Franchisor"), to renew or consent to the transfer to another franchisee of Franchisor the Franchise Agreement, dated _____, 20__ (the "Franchise Agreement") between Franchisor and _____ ("Franchisee"), each of Franchisor and Franchisee desires to grant a release to the other party of any and all claims that it has against the other party. In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of Franchisor and Franchisee agree as follows:

Franchisee, individually and for its parent, affiliates, successors, assigns, personal representatives, executor, and trustees, as applicable, unconditionally RELEASES and DISCHARGES Franchisor, any person acting by, through, under or on behalf of Franchisor, and the past and present members, shareholders, officers, directors, employees, successors, assigns, agents, parent and affiliates of Franchisor (collectively, "Franchisor Group") from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Franchisor (or any affiliate of Franchisor), the franchise relationship, or any other prior or existing business relationship between Franchisee and Franchisor (or any affiliate of Franchisor) which Franchisee has asserted, may have asserted or could have asserted against any of Franchisor Group at any time up to the date of this Mutual Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive.

Franchisor, individually and for its parent, affiliates, successors, assigns, and trustees, as applicable, unconditionally RELEASES and DISCHARGES Franchisee, any person acting by, through, under or on behalf of Franchisee, and the past and present members, shareholders, officers, directors, employees, successors, assigns, agents, parent and affiliates of Franchisee (collectively, the "Franchisee Group") from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Franchise Agreement, any prior or existing franchise agreement, or any other agreement or document executed by Franchisee and Franchisor (or any affiliate of Franchisor), the franchise relationship, or any other prior or existing business relationship between Franchisee and Franchisor (or any affiliate of Franchisor) which Franchisor has asserted, may have asserted or could have asserted against any of the Franchisee Group at any time up to the date of this Mutual Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive.

This Mutual Release shall survive the assignment, expiration or termination of any of the franchise agreements or other agreements entered into by and between Franchisor (and any affiliate of Franchisor) and Franchisee. This Mutual Release is not intended as a waiver of those rights of the parties which cannot

be waived under applicable state franchise laws. Franchisee acknowledges and agrees that certain of its post-termination obligations as provided in the Franchise Agreement, in addition to those other obligations of the undersigned which specifically or by their nature survive termination of the Franchise Agreement, shall continue after the transfer, expiration or termination of the Franchise Agreement.

THIS MUTUAL RELEASE DOES NOT APPLY TO CLAIMS ARISING UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, CHAPTER 19.100 RCW, OR THE RULES ADOPTED THEREUNDER

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

FRANCHISOR:
HARAZ COFFEE HOUSE FRANCHISING, LLC

By:_____
Printed Name: _____
Title: _____
Date: _____

FRANCHISEE:

_____

By:_____
Printed Name: _____
Title:_____
Date: _____

EXHIBIT K

OPERATIONS MANUAL TABLE OF CONTENTS

HARAZ

Confidential

Franchise Operations Manual

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Version 1.0. November 2022

Haraz Coffee House Franchising, LLC

Table of Contents

Section A: Preface .....
Welcome A-3
How to Use This Manual A-4
Confidentiality Reminder A-5
Section B: The Haraz Experience .....
Our Story B-3
Competitive Advantage – The Experience B-4
Mission B-5
Bring Coffee Production Back to Haraz, Yemen B-5
Support Local Economies through Small Business Growth B-5
Unite People and Cultures B-5
Haraz Stands for Hospitality B-6
Section C: Operating Principles .....
The Franchisee/Franchisor Relationship C-4
Independently Owned and Operated C-4
Franchisor Support C-4
Franchisor Support Before Your Franchise Location Opens C-4
Support at the Time of Opening C-6
Franchisor Support During the Operation of the Franchise C-6
Franchisee Operating Systems and Requirements C-7
Site Selection and Approval C-8
Approval of Lease Agreement C-9
Buildout Approval C-9
Insurance Requirements C-10
Indemnification C-11
Haraz Coffee House Training Program C-11
Marketing and Advertising C-13
Initial Launch Marketing C-13
Local Advertising C-14
Advertising Fund C-14
Cooperative Advertising C-15
Website and Technology Fee C-15
Compliance with Brand Guidelines C-16
Use of the Trademarks C-16
Approved Products and Vendors C-17
Point of Sale System C-18
Pricing C-20
Uniforms C-20
Reporting to the Franchisor C-20

Records Audit C-21
Royalty C-21
Additional Franchise Locations C-21
Minimum Gross Sales Volume C-22
Comply with Federal, State, and Local Laws and Regulations C-22
Compliance C-23
Brand Standard Requirements C-23
Hours of Operations C-23
Visit from the Haraz HQ C-24
Brand Compliance Review Tool C-24

Section D: Onboarding Your Location .....
Ready to Launch D-3
Quick Start D-3
Site Criteria D-5
Obtaining the Franchisor's Approval of Your Site D-6
Site Selection Approval Letter D-8
Lease Negotiations D-9
Factors Typically Negotiated D-9
Gross or Net Lease D-9
Rent D-9
Rent Commencement D-9
Term D-10
Tenant Improvements D-10
White Box D-11
Right of First Refusal D-11
Lease Option D-11
Franchisor Requirements D-11
Attorney Review of Lease D-11
Onboarding Your Location D-12
Special Licenses and Permits D-12
Contracting Utilities and Services D-13
Sample of Typical Equipment Items D-16
Sample Architectural Layout D-17
Signage and Logo Specifications D-18
Outdoor Signage Specifications and Estimate D-18
Site Evaluation Form D-20
Onboarding Spreadsheet D-28
Section E: Human Resources .....
Disclaimer E-4
Your Employees E-5
Protecting The Brand E-6
Confidentiality of Proprietary Information E-6

Customer Service Standards E-6
Brand Standards for Appearance E-7
Your Personnel Manual E-8
Staff Recruitment, Hiring and Retention E-8
Advertising Openings E-8
Screening Applicants E-9
Interviewing E-11
Checking References E-11
Compensation E-12
Hiring E-12
Training E-12
Retention E-14
Supervision/Management E-14
Discipline and Termination E-15
Review and Evaluation E-15
Diversity Through Non-Discrimination E-15
Definitions of Harassment E-16
Code Of Conduct E-18
Administration E-19
Planning E-21
Job Responsibilities E-21
Workstation Positions E-21
Writing Job Descriptions E-24
Employee Handbook Sections to Consider E-25
Suggested Employee Forms to Create E-26
Recordkeeping for Compliance E-26
Section F: Daily Operations .....
High-Quality Consistent Products F-4
Menu Offerings F-4
Opening and Closing Checklists F-4
Haraz Inventory List F-5
Shift Change Checklist F-7
Side Work F-7
Workstations F-7
Cashier Workstation F-7
Espresso Barista Workstation F-8
Coffee/Tea Barista Workstation F-8
Weekend Shift Barista Workstation F-8
Dishwasher Workstation F-8
Coffee House Manager F-8
Cash Handling Procedures F-9
Accepting Cash F-9
Accepting Cards F-9
Credit/Debit/Apple Pay/Google Pay F-9

Gift Cards F-9
Accepting Checks F-9
Change F-10
Reconciling the Cash Drawer F-10
Delivering the Exceptional Experience F-10
Phone Etiquette F-10
Employee Response to Complaint F-11
Be Responsive F-11
Show Empathy F-11
Take a Problem-Solving Stance — Listen F-11
Resolve Customer Problems Quickly F-11
Stay in Touch F-12
Manager Response to Complaint F-12
Equipment Set-Up, Operations, and Maintenance F-12
Pandemic Procedures F-13
Section G: Food Safety and Sanitation .....
Employee Role in Preventing Foodborne Illness G-4
Handwashing G-4
Training, Enforcement, and Top Action Items G-6
Personal Hygiene G-7
Training, Enforcement, and Top Action Items G-8
Employee Health G-8
Food Worker Foodborne Illness Guidelines G-9
Training, Enforcement, and Top Action Items G-11
Employee Health and Food Safety Logs G-12
Employee Illness Log G-13
Infraction Log G-14
Violations G-15
Critical Violations G-15
Non-Critical Violations G-15
How Violations are Listed G-15
Guest Complaints of Foodborne Illness G-16
Preventing Contamination G-16
Foodborne Illnesses: The Big 5 ..... G-17
Staphylococcus G-17
Salmonellosis G-17
Clostridium Perfringens (E. Coli) G-18
Botulism G-18
Hepatitis A G-19
General Steps to Prevent Contamination G-19
Protecting Food from Contamination G-20
Cross-Contamination G-21
Types of Contamination G-21
Methods of Preventing Cross-Contamination G-22

Training, Enforcement, and Top Action Items G-23
Allergens G-23
Special Circumstances and Hazards G-25
Pest Control G-25
Sanitation G-25
Cleaning and Sanitizing Food Contact Surfaces G-25
Proper Setup of Three-Compartment Sink G-28
Training, Enforcement and Top Action Items G-28
Food Storage Procedures G-29
Training, Enforcement and Top Action Items G-29
Bare Hand Contact with Ready-To-Eat Foods G-29
Training, Enforcement and Top Action Items G-30
Preventing Foodborne Illness Through Temperature Control G-30
Controlling Temperature and Using Food Thermometers G-30
Cooler Temperature G-31
Cold Holding Time/Temperature Controlled for Safety Foods G-31
Training, Enforcement, and Top Action Items G-31
Regulatory and Safety Management Training and Requirements G-31
Inventory Procedures G-32
Training, Enforcement, and Top Action Items G-32
Stock Handling and Food Preparation G-33
Accepting Deliveries G-33
Returning Merchandise G-34
Stock Rotation G-34
Product Problems: Things to Look For G-34
Dairy Products G-34
Supplies Running Low G-35
Section H: Business Management .....
Risk Management H-4
Regulatory and Safety Management Training and Requirements H-4
Insurance Requirements H-5
Inventory Control H-5
Receiving Stock H-6
Returning Merchandise H-6
Pricing Guidance H-7
Controlling Cost H-7
Reduce Food Waste H-7
Daily Business Reviews H-7
Focus on Cash Flow H-7
Structure of the Profit and Loss Statement H-8
Analyze the Profit and Loss Statement (P&L) H-8
What is the Balance Sheet? H-9
Reading Financial Reports H-9
Key Performance Indicators H-9

Promote the Brand H-10
Catering as an Additional Revenue Stream H-11
Business Continuity Plan H-11
Create a Business Continuity Plan H-12
Financial Help During a Business Interruption H-12
Compliance with Laws and Regulations H-13
Personnel Administration and Reporting H-13
Licensing H-13
Employment Laws H-13
Federal Equal Employment Opportunity Laws H-15
Occupational Safety and Health Act H-15
Workers Compensation H-15
At-Will Work Doctrine H-15
Classifying Team Members Correctly H-15
Advertising and Marketing Laws H-16
Truth in Advertising and Marketing H-16
Privacy Law H-16
Section I: Marketing .....
What Is Marketing? I-3
The Importance of Advertising I-3
Competition Analysis I-4
SWOT Analysis I-4
Go-to-Market Plan I-6
Grand Opening Plan I-6
VIP Invitation I-8
Grand Opening Advertising I-8
Grand Opening Publicity I-8
Ongoing Marketing Plan I-9
Ongoing Marketing Strategies I-9
Word of Mouth Advertising I-10
Loyalty Program I-10
Advertising Distribution Channels I-10
Social Media I-11
Budget I-11
Use of the Haraz Coffee House Trademark I-12
Media Terms I-12
Section J: Handling Emergencies .....
Introduction J-4
Emergency Preparedness J-5
Why You Need an Emergency Preparedness Plan J-5
What to Include in Your Plan J-5
Medical Emergencies J-6
Medical Emergency Preparedness J-6
During the Event J-6

911 vs. First Aid J-6
Bloodborne Pathogens Incident J-7
Burn Emergencies J-8
Weather-Related Emergencies and Natural Disasters J-9
Develop Standard Guidelines J-9
Respond to Warnings J-11
Severe Weather Definitions J-11
Recovery from a Natural Disaster J-12
Water Contamination or Boil Water Advisory J-13
During a Water Contamination or Boil Water Advisory J-13
Recovery J-14
Water Lines and Dispensing Equipment J-14
Ice Machines J-14
On-Site Emergencies J-15
Fire J-15
Prepare for Fire Emergencies J-15
During a Fire J-15
Recovery from a Fire J-16
Power Failure J-16
Broken Water Pipes J-17
During the Event of Broken Water Pipes J-17
Recovery Once the Water Main is Closed J-18
Natural Gas or Propane Leak J-18
During the Event of a Natural Gas or Propane Leak J-18
Recovery from Natural Gas or Propane Leak J-18
Product Contamination J-19
Acts of Violence J-19
Robbery J-19
Personal Attack/Shooting J-20
New Employee Prevention Checklist J-21
Suspicious Description Report J-23
Threat Log J-24
Section K: Brand Style Guide .....
Introduction K-3
Examples K-3
Section L: Recipes .....
Safety Tips L-4
Harazi Mufawar L-5
Adeni Chai L-6
Sana'ani L-8
Rada'ai L-9
Jubani L-10
Saudi Coffee L-11
Maleki L-12

Turkish..... L-14
Qishr..... L-15
Iraqi Tea L-16
Haraz Latte - Hot..... L-17
Haraz Latte - Iced..... L-19
Cortado..... L-21
Caramel Macchiato – Hot..... L-22
Caramel Macchiato - Iced L-23
Espresso Shot L-24
Pistachio Latte – Hot..... L-25
Pistachio Latte - Iced L-27
Latte - Hot..... L-29
Latte - Iced..... L-31
Mocha Latte - Hot..... L-32
Mocha Latte - Iced..... L-34
Cappuccino..... L-35
Saffron Latte - Hot..... L-36
Saffron Latte - Iced L-38
Salted Caramel - Hot L-40
Salted Caramel - Iced L-42
Pour Over..... L-44
French Press L-45
Matcha Latte- Hot..... L-46
Matcha Latte- Iced..... L-47
Matcha Green Tea L-49
Strawberry Lemonade..... L-50
Iced Blush L-51
Raspberry Lemonade L-52
Dragon Fruit L-53
Smoothie..... L-54

EXHIBIT L

LIST OF HARAZ COFFEE HOUSE FRANCHISING, LLC FRANCHISED UNITS AS OF JULY 31, 2025

#	Franchisee	Street	City	State	Zip	Telephone
1	First 1, LLC.	1452 Franklin St	San Francisco	California	94109	650-966-6669
2	Flatwhitegps, LLC	3031 Foothills Blvd	Roseville	California	95747	916-846-2804
3	Gamo Capital Group, LLC	1737 N Alafaya Trail	Orlando	Florida	32826	813-470-8759
4	Orland Park Coffee, LLC	13137 LaGrange Rd	Orland Park	Illinois	60462	708-608-8760
5	SMD Trading, Inc	7007 W Dempster	St Niles	Illinois	60714	224-470-6933
7	Haraz Coffee Livonia, LLC	30120 Plymouth Rd	Livonia	Michigan	48150	313-492-9720
8	NBI Investments, LLC	32766 Ryan Rd	Warren	Michigan	48092	586-883-7799
9	Sami Nadeem Shops, LLC	89 Hudson St	Hoboken	New Jersey	07030	201-502-0377
10	Haraz Northeast, LLC	385 George St	New Brunswick	New Jersey	08901	347-977-1426
11	Soho Coffee Beans, LLC	210 Spring St	New York	New York	10012	347-774-5294
12	Prism X Red Eye, Inc	471 Elmwood Ave	Buffalo	New York	14222	716-544-1562
13	Soho Coffee Beans, LLC	2543 Steinway St.	Astoria	New York	11103	347-774-5294
14	Apex Coffee Shop, LLC	1750 Olive Chapel Rd	Apex	North Carolina	27502	313-680-0129
15	ABD Holdco, LLC	1204 Central Ave Ste 100	Charlotte	North Carolina	28204	980-207-1781
16	ABD Holdco, LLC	3441 South Blvd Ste C	Charlotte	North Caroline	28209	980-207-1781
17	ZKS, LLC	3421 Chestnut St	Philadelphia	Pennsylvania	19104	908-227-9738
18	Empire Retail, Inc.	901 Woodland St Ste 105	Nashville	Tennessee	37206	629-777-2871

19	HRZ Austin, LLC	500 W Martin Luther King Jr Blvd Ste A	Austin	Texas	78701	313-898-4943
20	Pragmatic Groups, LLC	10009 N MacArthur Blvd Ste 101	Irving	Texas	75063	214-258-5978
21	Java Brothers, LLC	101 Castle Hills Dr Ste 250	Lewisville	Texas	75056	214-380-0928
22	Pearland Coffee House, LLC	11401 Broadway St Ste 101	Pearland	Texas	77584	281-741-0709
23	HRZ Austin 2, LLC	801 Wells Branch Pkwy Ste 180	Pflugerville	Texas	78660	512-215-9010
24	Roast Republic, LLC	13582 University Blvd Ste 100	Sugar Land	Texas	77479	713-569-5082
25	Boldbrew, LLC	11015 Main St	Fairfax	Virginia	22030	703-223-5755
26	GBH 2024, LLC	2900 N Oakland Ave	Milwaukee	Wisconsin	53211	414-616-1685

AFFILIATED CAFÉS (Operated by Affiliates of Haraz Coffee House Franchising, LLC)						
1	Qahwah Village, LLC) Haraz Coffee House Dearborn	13810 Michigan Ave	Dearborn	MI	48126	313-802-5870
2	Corktown Coffee Co, LLC	1501 Church St	Detroit	MI	48216	313-802-5870
3	The Bros. Coffee, LLC	4341 14th St Ste 300	Plano	TX	75074	469-304-0094

FRANCHISEES AND MULTI-UNIT OPERATORS WHO HAVE LEFT THE SYSTEM DURING PAST FISCAL YEAR

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, transferred, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

TRANSFERS:

1. Pearland, Texas – 11401 Broadway Street, Ste. 101, Pearland, TX 77584 transferred to Pearland Coffee House, LLC

2. Sugarland, Texas - 13582 University Blvd Ste 100, Sugarland, TX 77479 transferred to Roast Republic, LLC

3. Orland Park, Illinois - 13137 LaGrange Rd, Orland Park, IL60462 transferred to Orland Park Coffee, LLC

EXHIBIT M

LIST OF STATE ADMINISTRATORS

California
California Department of Financial Protection
And Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

Connecticut
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103
(860) 240-8233

Florida
Senior Consumer Complaint Analyst
Department of Agriculture and Consumer Services
Division of Consumer Services
P.O. Box 6700
Tallahassee, Florida 32314-
(850) 488-2221

Hawaii
Commissioner of Securities
Business Registration Division
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2744

Illinois
Franchise Bureau
Office of Attorney General Room 12-178
100 W. Randolph Street
Chicago, Illinois 60601
(312) 814-3892

Indiana
Chief Deputy Commissioner
Franchise Section
Indiana Securities Division
Secretary of State
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Kentucky
Office of the Attorney General,
State of Kentucky
Division of Consumer Protection
1024 Capital Center Drive
Frankfort, Kentucky 40601
(502) 696-5389

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan
Franchise Administrator
Consumer Protection Division
Franchise Section
Michigan Dept. of Attorney General
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Franchise Examiner
Minnesota Department of Commerce
133 East Seventh Street
St. Paul, Minnesota 55101
(651) 296-6328

Nebraska
Securities Analyst
Department of Banking and Finance
1200 N. Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509
(402) 471-3445

New York
NYS Dept. of Law
Bureau of Investor Protection and Securities
28 Liberty Street, 21st. Floor
New York, New York 10005
(212) 416-8236

North Dakota
Franchise Examiner
Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon
Department of Consumer
and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

South Dakota
Franchise Administrator
Department of Revenue and Regulation
Division of Securities
445 E. Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

Texas
Secretary of State
Statutory Document Section
P.O. Box 12887
Austin, Texas 78711
(512) 475-1769

Utah
Director
Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
SM Box 146704
Salt Lake City, Utah 84114-6704
(801) 530-6001

Virginia
Chief Examiner
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington
Administrator
Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia; Washington 98504-1200
(360) 902-8760

Wisconsin
Franchise Administrator
Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701
(608) 266-8559

EXHIBIT N

LIST OF AGENTS FOR SERVICE OF PROCESS

California
California Department of Financial Protection
And Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

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

1350 Front Street
San Diego, CA 92101
(619) 525-4233

One Sansome Street, Suite 600
San Francisco, CA 94105
(415) 972-8559

Hawaii
Comm'r of Securities of the State of Hawaii
Hawaii Department of Commerce and
Consumer Affairs
Business Regulation Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Securities Commissioner
201 State House
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
Franchise Section
670 Law Building
Lansing, Michigan 48913

Minnesota
Minnesota Commissioner of Commerce
Department of Commerce
113 East Seventh Street
St. Paul, Minnesota 55101

New York
Secretary of State of State of New York
99 Washington Avenue
Albany, New York 12231

North Dakota
North Dakota Securities Commissioner
State Capitol
Bismarck, North Dakota 58505

Oregon
Director of Oregon Department of
Insurance and Finance
Labor & Industries Building
Salem, Oregon 97310

Rhode Island
Director of Rhode Island Department
of Business Regulation
233 Richmond Street
Providence, Rhode Island 02903

South Dakota
Director of South Dakota Division of Securities
118 West Capitol Avenue
Pierre, South Dakota 57501-2018

Virginia
Clerk of the State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

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

Wisconsin
Wisconsin Commissioner of Securities
345 W. Washington Avenue, Fourth Floor
Madison, Wisconsin 53703

Exhibit O - State Law Addenda to the Franchise Disclosure Document

General

These states have statutes which may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e *et seq.*], DELAWARE [Code, Tit. 6, Chap. 25, Section 2551 et seq.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS 705/1-44], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1 – 523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the franchise agreement in your relationship with Us including the areas of termination and renewal of your franchise.

Some states have statutes that limit Our ability to restrict your activity after the franchise agreement has ended. Other states have court decisions limiting Our ability to restrict your activity after the franchise agreement has ended.

A provision in the franchise agreement that terminates the franchise upon your bankruptcy may not be enforceable under Title 11, United States Code.

California Addendum

(Applies only to California franchisees)

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination and non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER, BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT. 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 FRANCHISE DISCLOSURE DOCUMENT.

Neither We nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling the persons from membership in that association or exchange.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER BY THE PERSON ACQUIRING A FRANCHISE OF CERTAIN RIGHTS UNDER THE FRANCHISE

INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF CERTAIN RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.)

The franchise agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

You must resolve disputes through binding arbitration. The arbitration will occur in Birmingham, Michigan with the costs of arbitration being borne equally by the parties. Each party will bear its own expenses, including attorney's fees. 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 Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as *per se* violations of the Cartwright Act. As long as this represents the law of the State of California, We will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

Hawaii Addendum

(Applies only to Hawaii franchisees)

If your Business will be in Hawaii, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 2 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

Illinois Addendum

(Applies only to Illinois franchisees)

The Illinois Franchise Disclosure Act, Section 4, prohibits any agreement that specifies jurisdiction or venue of any lawsuit in a place outside of the state of Illinois. The Act does permit agreements to require you to arbitrate outside the state of Illinois. The Act prohibits choice of law provisions that would require the application of any laws except the laws of the state of Illinois (Section 41). You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act (Section 41). You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois. To the extent that the Franchise Agreement is inconsistent with Illinois law, the

inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

Sections 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Sections 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement and the compensation requirements thereunder.

The Illinois Franchise Disclosure Act will govern any franchise agreement if: (a) it applies to a franchise located in Illinois; or (b) a franchisee who resides in Illinois

The franchise agreement will be interpreted and construed under the substantive laws of Michigan, except to the extent governed by the Illinois Franchise Disclosure Act or the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C., Sections 1051 et seq.).

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

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of Initial and Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Indiana Addendum

(Applies only to Indiana franchisees)

Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)). The Franchise Agreement shall be deemed amended to the extent necessary to comply with IC 23-2-2.7(5).

Indiana law limits the parties agreement to resolve disputes in any jurisdiction outside of Indiana (IC 23-2-2.7(10). Subject to the Federal Arbitration Act, the Franchise Agreement shall be deemed amended and the forum for any court proceedings shall be in Indiana.

Maryland Addendum

(Applies only to Maryland franchisees)

The Maryland Franchise Registration and Disclosure Law, COMAR 02.02.08.16L, provides that, as a condition of the sale of a franchise. We may not require you to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability under the Franchise Registration and Disclosure Law. Item 17 of the Franchise Disclosure Document is amended by adding: any general release required as a condition of sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and Franchise Disclosure Document shall be deemed amended so that no release, assignment, novation, waiver or estoppel is required if it would violate the Maryland Franchise Registration and Disclosure Law. Nothing in the franchise agreement, including any acknowledgments or representations, shall be deemed a release or waiver of any right or obligation under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial franchise fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement. Item 5 of the Franchise Disclosure Document and Article 6 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations.

Item 17 of the Franchise Disclosure Document and Article 16 of the Franchise Agreement are amended by adding: any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Article 16 of the Franchise Agreement is amended to provide as follows: Any lawsuit permitted under this Article shall be brought in the federal or state courts located in the State of Maryland. Item 17 is hereby amended by adding the identical language in the "summary" column of line v.

Michigan Addendum

(Applies only to Michigan franchisees)

NOTICE UNDER MICHIGAN'S FRANCHISE INVESTMENT LAW

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

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. 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.

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

4. A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (1) the term of the franchise is less than five (5) years and (2) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of Franchisor's intent not to renew the franchise.

5. 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.

6. 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.

7. 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:

a. the failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards;

b. the fact that the proposed transferee is a competitor of the Franchisor or sub-Franchisor;

c. the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and

d. 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.

8. 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 the right of first refusal to purchase the assets of a franchisee 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 subsection 3.

9. 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 FRANCHISOR'S MOST RECENT UNAUDITED FINANCIAL STATEMENT SHOWS A NET WORTH OF LESS THAN ONE HUNDRED ($100,000) DOLLARS, YOU HAVE THE RIGHT TO REQUEST THE ESCROW OF THE INITIAL INVESTMENT AND OTHER FUNDS PAID UNTIL OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED.

ANY QUESTIONS REGARDING THIS NOTICE MAY BE DIRECTED TO THE STATE OF MICHIGAN, DEPARTMENT OF ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE, 670 LAW BUILDING, LANSING, MICHIGAN 48913, TELEPHONE (517) 373-7117.

Minnesota Addendum

(Applies only to Minnesota franchisees)

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. §80C.214, Subds. 3, 4, and 5 which require, except in certain specified cases, that We give you 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name, to the extent required by Minn. Stat. §80C.12, Subd. 1(g).

To the extent governed by Minn. Rule 2860.4400J, you shall not be deemed to have waived any rights under Minnesota law. You shall not be deemed to have consented to Us obtaining injunctive relief, although We may seek injunctive relief. A Court or the arbitrators shall determine whether to require a bond as a condition of injunctive relief.

If your Business will be in Minnesota, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 6 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

Section 16 of the Franchise Agreement, Limitations of Claims, is amended to comply with Minn. Stat. 80C.17, Subd.5.

New York Addendum

(Applies only to New York franchisees)

Item 3 is amended to read as follows:

Neither We nor any person identified in Item 2 above have any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against us alleging a violation of any franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above have been convicted of a felony or pleaded *nolo contendere* to any felony charge or during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been convicted of or pleaded nolo contendere to a misdemeanor charge been held liable in any other civil action by final judgment or been the subject of any other material complaint or other legal proceeding where such felony, misdemeanor civil action, complaint or other legal proceeding involved violation of any franchise law, antifraud or securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Neither We nor any person identified in Item 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of 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 by 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.

Item 4 is amended to read as follows:

During the 10 year period immediately preceding the date of the Franchise Disclosure Document neither We nor any predecessor, affiliate, current officer or general partner of Us has been the subject of a bankruptcy proceeding, been adjudged bankrupt or reorganized due to insolvency or been a principal officer of a company or a general partner of a partnership at or within one year of the time that such company or partnership became the subject of a bankruptcy proceeding or was adjudged bankrupt or reorganized due to insolvency or is subject to any such pending bankruptcy or reorganization proceeding.

Item 5 is amended by adding the following: We will use the Initial Fee for the purposes of covering the costs of selling the franchise and other franchises, for your initial training, for general overhead and for profit.

Item 12 is amended by adding the following: Although We will consider many factors in determining the boundaries of your Marketing Area, it will contain a population of not less than 25,000 people.

Item 17 is amended by changing the caption and preliminary statement to read as follows:

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 17 D is amended by adding the following: You may terminate the agreement on any grounds available by law.

Item 17 J is amended by adding the following: We will only assign to an assignee who in Our good faith judgment is willing and able to assume Our obligations.

North Dakota Addendum

(Applies only to North Dakota franchisees)

Under North Dakota law, no modification or change We make to the Manual or method of operation may materially affect your status, rights or obligations under the Franchise Agreement.

Covenants not to compete are considered unenforceable in the State of North Dakota.

Under North Dakota law, a requirement that you consent to liquidated damages or termination penalties in the event of termination of the franchise agreement is considered unenforceable.

The North Dakota Franchise Investment Law (Section 51-19-09) requires that the laws of North Dakota, which laws will prevail, will govern the Franchise Agreement. Further, North Dakota law requires that all issues or disagreements relating to the Franchise Agreement will be arbitrated, tried, heard and decided within the jurisdiction of courts in the state of North Dakota.

Under the North Dakota Franchise Investment Law (Section 51-19-09), a North Dakota franchisee may not be required to execute a general release upon renewal of the Franchise Agreement.

Rhode Island Addendum

(Applies only to Rhode Island franchisees)

Item 17 is amended by adding the following: Section 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.

If your Business will be in Rhode Island, You will not pay your Initial Fee to Us until your business is open and we have completed all of Our material pre-opening obligations to you. Item 5 of the Franchise Disclosure Document and Article 4 of the Franchise Agreement are amended accordingly. Please review Item 11 for our pre-opening obligations. You must have your bank verify that you have sufficient funds available at the time We sign the Agreement. The only condition on your obligation to pay the Initial Fee is that We must complete all of Our material pre-opening obligations to you.

South Dakota Addendum

(Applies only to South Dakota franchisees)

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, We not terminate the franchise agreement upon default without first affording you thirty (30) days' notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.

Virginia Addendum

(Applies only to Virginia franchisees)

Item 17 of the Franchise Disclosure Document is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.).

Washington Addendum to Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement

(Applies only to Washington franchisees)

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a
renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

As a requirement in the State of Washington the Securities Division has required the Franchisor to defer collection of all initial franchise fees described in Item 5 of the Franchise Disclosure Document until the Franchisor has fulfilled its initial pre-opening obligations to the Franchisee and the Franchisee is open for business. With respect to the Multi-Unit Development Fee, the Franchisor will prorate this fee such that the Franchisee will pay the Franchisor the development fee proportionally upon the opening of each unit franchise.

STATE EFFECTIVE DATES

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

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

California	Effective Date:	_____
Hawaii	Effective Date:	_____
Illinois	Effective Date:	_____
Indiana	Effective Date:	_____
Maryland	Effective Date:	_____
Michigan	Effective Date:	_____
Minnesota	Effective Date:	_____
New York	Effective Date:	_____
North Dakota	Effective Date:	_____
Rhode Island	Effective Date:	_____
South Dakota	Effective Date:	_____
Virginia	Effective Date:	_____
Washington	Effective Date:	_____
Wisconsin	Effective Date:	_____

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 P FRANCHISOR COPY

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with us or make any payment to us. Michigan, Oregon, Washington and Wisconsin require us to give you this disclosure document at least 10 business days before signing a binding agreement with us or paying any consideration, whichever is first to occur.

If Haraz Coffee House Franchising, LLC offers you a franchise, we 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 any affiliate in connection with the proposed franchise sale.

If Haraz Coffee House Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and your state agency, if one is listed in Exhibit M of this disclosure document.

Date of Issuance: June 22, 2026.

The name, principal business address, telephone number, and email of each franchise seller are:

Haraz Coffee House Franchising, LLC, 14661 Rotunda Drive, Dearborn, Michigan 48120, (313) 296-1356, franchising@harazcoffeehouse.com; and

Optegra Advisors, LLC, 14661 Rotunda Drive, Dearborn, Michigan 48120, (313) 296-1356, haraz@optegra-advisors.info.

I received a disclosure document with an issuance date of June 22, 2026 that included the following exhibits:

- **A.** Financial Statements
- **B.** Franchise Agreement
- **C.** Multi-Unit Development Agreement
- **D.** Personal Guaranty
- **E.** Confidentiality Agreement
- **F.** Assignment of Telephone Service Agreement Authorization
- **G.** Authorization Agreement for Electronic Funds Transfer
- **H.** Consent for Credit and Background Check
- **I.** Acknowledgment Addendum to Franchise Agreement
- **J.** Mutual Release of All Claims
- **K.** Operations Manual Table of Contents
- **L.** List of Franchisees and Company-Owned Units / Franchisees Who Left the System During Past Fiscal Year
- **M.** List of State Administrators
- **N.** List of Agents for Service of Process
- **O.** State Law Disclosures
- **P.** Receipts

Printed Name of Prospective Franchisee _____

Signature of Prospective Franchisee _____

Individually, or as Officer / Partner of (Company or Entity Name) _____

Title _____ **Date** _____

Please sign and date this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Haraz Coffee House Franchising, LLC at franchising@harazcoffeehouse.com and to Optegra Advisors, LLC at haraz@optegra-advisors.info.

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Printed Name of Prospective Franchisee _____

Signature of Prospective Franchisee _____

Individually, or as Officer / Partner of (Company or Entity Name) _____

Title _____ **Date** _____

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