



## FRANCHISE DISCLOSURE DOCUMENT

MELT N DIP FRANCHISING, LLC  
AN ILLINOIS LIMITED LIABILITY COMPANY  
DBA

MELT N DIP  
4620 Forest Ave.  
Brookfield, IL 60513  
Phone: 708-581-4905

[franchise@meltndip.com](mailto:franchise@meltndip.com)  
[www.meltndip.com](http://www.meltndip.com)

Melt N Dip Franchising, LLC, an Illinois limited liability company, offers you the opportunity to own and operate Melt N Dip franchises, which offer a restaurant selling cakes, waffles, crepes, and other desserts, and hot drinks, and related catering services, under certain trademarks, trade names, service marks and logos.

The total investment necessary to begin operation of a Melt N Dip franchise is \$373,050 to \$455,350. This includes \$95,000 to \$120,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of Your franchise agreement and other information in plain English. Read this document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before You can 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 government agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Melt N Dip Franchising, 4620 Forest Ave., Brookfield, IL 60531, 708-581-4905.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. 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: July 8, 2025

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments 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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed 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 sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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### Exhibits:

**EXHIBIT A – FINANCIAL STATEMENTS**

**EXHIBIT B – FRANCHISE AGREEMENT**

**EXHIBIT C – LIST OF CURRENT FRANCHISEES**

**EXHIBIT D – LIST OF FORMER FRANCHISEES**

**EXHIBIT E – STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**EXHIBIT F – STATE ADDENDA**

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

To simplify the language in this Franchise Disclosure Document, “we,” “us,” or “our” means Melt n Dip Franchising, LLC, an Illinois limited liability company, the franchisor. “You” and “your” means the person who buys the franchise from us, the franchisee. You will establish a corporation, partnership, limited liability company or other entity to be the franchisee under the Franchise Agreement. Certain provisions of the Franchise Agreement and related agreements will apply to your owners as well as the franchise entity.

### **Franchisor, Predecessors, Parents and Affiliates**

Our name is Melt n Dip Franchising, LLC. We are an Illinois limited liability company, organized on January 5, 2021.

We have no parent company. We have no predecessors.

Melt n Dip, Inc., S & O Gelato, Inc., and K & S Gelato Inc. are our affiliates (“Affiliates”). Our Affiliates developed the Melt n Dip System and have operated businesses similar to the franchised businesses offered under this Disclosure Document since June 2020.

We do business under our entity name and under the name "Melt n Dip." We do not intend to use any other names to conduct business.

Our principal business address is 4620 Forest Ave., Brookfield, IL 60513. The principal business address of Melt n Dip, Inc. is 8258 S. Harlem Ave., Bridgeview, Illinois 60455, the principal business address of S & O Gelato, Inc. is 5716 W. Touhy Ave., Niles, Illinois 60714, and the principal business address of K & S Gelato Inc. is 440 E. Golf Rd., Schaumburg, Illinois 60173.

### **Agents for Service of Process**

Our agents for service of process are identified by state in Exhibit E to this Franchise Disclosure Document.

### **Our Business and Franchises Offered.**

We and our affiliate have developed certain specified and distinct business formats, methods, and procedures, including distinctive exterior and interior design, décor, color scheme and furnishings, uniform standards, specifications and procedures for operations, quality and uniformity of products and services offered, procedures for management and inventory control, training and assistance. and advertising, marketing and promotional programs (“Systems”) for operating a business that offers a restaurant selling cakes, waffles, crepes, and other desserts, and hot drinks, and related event catering services for banquets, conventions, and weddings (the “Melt n Dip Business” or “Franchised Business”). The Melt n Dip Business consists of a restaurant at one location (“Location”).

You must sign our franchise agreement (the “Franchise Agreement”), a copy of which is attached as Exhibit B to this Franchise Disclosure Document. We will grant a franchise to qualified candidates for the operation

of a Melt n Dip Business. We are not presently engaged in business activities other than the development of the System and the offer, sale and support of the franchisees of the System.

Neither we nor our affiliate has ever offered franchises in any line of business.

### **Prior Business Experience**

We have never operated a business similar to the type of business you will operate. We have offered Melt n Dip franchises since August 2022. Our affiliates, Melt n Dip, Inc., S&O Gelato Inc., and K&S Gelato, Inc. have operated a business similar to the business you will be operating since 2020, 2022, and 2024, respectively.

### **Market and Competition**

The general market for restaurants featuring crepes, ice cream, healthy smoothies, and other desserts is developed and competitive. You will serve the general public, and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. The restaurant business is highly competitive based on price, service, restaurant location, food quality, and is subject to fluctuations in consumer tastes, economic conditions, population and traffic patterns. The ability of each Melt n Dip Restaurant to compete depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions and many other factors.

### **Laws and Regulations**

In addition to laws and regulations that apply to businesses generally, your Melt n Dip Business is subject to federal, state and local laws, regulations and guidelines governing the food service industry. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, and laws concerning menu item names and menu labeling and nutritional information. In addition, your state or local governments may require licensing or food handling certification. In addition, you must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

## **ITEM 2 – BUSINESS EXPERIENCE**

### **Saad M. Khattab – Manager and CEO**

Mr. Saad M. Khattab has been our Manager & CEO since our inception in January 2021. Mr. Khattab has also been President and Secretary of our affiliate, Melt n Dip, Inc., since March 2020. He has also been Secretary of our affiliate, K & S Gelato Inc. d/b/a Melt n Dip 3 since August 2023.

### **Khalid Habbab – Manager and President**

Mr. Khalid Habbab has been our Manager and President since our inception in January 2021. Mr. Habbab has also been President and Secretary of our affiliate, S&O Gelato Inc. d/b/a Melt n Dip 1 since March 2022.

He has also been President of our affiliate, K & S Gelato Inc. d/b/a Melt n Dip 3 since August 2023. He has also been Vice President of our affiliate, Melt n Dip, Inc., since March 2020.

### **ITEM 3 – LITIGATION**

No litigation is required to be disclosed in this item.

### **ITEM 4 – BANKRUPTCY**

No bankruptcy is required to be disclosed in this item.

### **ITEM 5 – INITIAL FEES**

#### **Initial Franchise Fee**

The Initial Franchise Fee for the Melt n Dip franchise is \$50,000.00. The initial franchise fee is uniform. The Initial Franchise Fee is due in full upon your execution of the Franchise Agreement.

The Initial Franchise Fee is non-refundable with one exception. If, through no fault of yours, we determine that you have not successfully completed initial training, we reserve the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement, we will refund 50% of the Initial Franchise Fee upon your delivery to us of a signed release.

#### **Expansion Territory**

The Expansion Territory Fee is \$0.10 per person residing in the Expansion Territory based upon currently available governmental demographic data. The Expansion Territory Fee is uniform. The Expansion Territory Fee is due in full upon your execution of an addendum to the Franchise Agreement for the Expansion Territory.

#### **Furniture**

Before opening for business, you must purchase furniture required for your restaurant from us. This amount will be \$25,000 to \$40,000 depending on the square footage of your Melt n Dip Business, local market conditions and other related factors. Fees for the purchase of furniture are uniform and due upon placing your order.

#### **Food and Beverage Inventory, Uniforms, and Paper Products**

Before opening for business, you must purchase food and beverage inventory (except fruit and milk), uniforms, and paper products required for your restaurant from us. This amount will be \$20,000 to \$30,000

depending on the square footage and market conditions of your Melt n Dip Business. Fees for the purchase of food and beverage inventory and paper products are uniform and due upon placing your order.

*The remainder of this page has been left blank intentionally.*

**ITEM 6 – OTHER FEES**

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee <sup>1</sup>	5% of monthly Gross Revenues	Payable monthly, on the 1 <sup>st</sup> day of each month for Gross Sales during the preceding month	We will charge this fee via an authorized ACH payment.
Local Marketing	2% of Gross Revenues	Monthly	We will automatically deduct 2% of your Gross Revenues from your bank account monthly.
Additional Trainees Attending the Initial Training Program	\$1,500 per person	As incurred	Training is provided for up to 2 people (including you and your Food Service Specialist at no additional cost, provided that they attend the same training program. If additional personnel are to be trained or retraining is required, you must pay an additional training fee. Any costs or expenses associated with your additional owner(s)'s or employee(s)'s attendance of the Initial Training Program will be borne solely by you.
Additional Operating Assistance	\$300 per trainer per day, plus trainer's travel and living expenses	As incurred.	Paid to us if you request additional assistance or if we require additional training in the event your business is operating below required standards.
Supplemental Education	\$300 per day per attendee	As incurred.	Paid to us if we require that your experienced owners, designated managers or Food Service Specialists attend supplemental training programs. Any costs or expenses associated with your owner(s)'s or employee(s)'s attendance of such supplemental training programs will be borne solely by you.

Type of fee	Amount	Due Date	Remarks
Transfer	\$7,500  \$500 for a transfer among existing shareholders, partners or members of Franchisee entity.	Before completing transfer	Payable when you transfer the franchise, an interest in Franchised Business, the assets of Franchised Business or an interest in the franchisee.
Audit Fee	\$3,000.00, plus the cost of the audit plus the amount of the underpayment	Immediately upon demand	You reimburse any costs we incur if the examination was done because you failed to provide required reports or if the examination reveals you understated gross sales by 3% or more.
Renewal	\$10,000	As incurred.	Payable when if you sign a successor Franchise Agreement with us.
Relocation	\$1,000	When we grant you the approval to relocate	Payable if you request and we approve your request to relocate the Franchise Business.
System Modifications	Actual costs and expenses associated with system modification.	As required.	If we make changes to our franchise system, you must adapt your business to conform to the changes. Examples may include new technology, equipment, software or trade dress updates.  Costs and expenses may be paid to the franchisor or a third-party supplier that we designate.

<b>Type of fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Indemnification	Actual costs.	As incurred.	You must reimburse us for all our damages, costs, liabilities and expenses incurred by us in the defense of any such claim brought against us or in any such action in which we are named as a party; for any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your Franchised Business or any of your Owners', Managers', employees', or other agents' acts or failure to act in the operation of the Franchised Business, and all cost, expense or loss we incur in enforcing the provisions of the Franchise Agreement, in defending our actions taken relating to the Franchise Agreement, or resulting from your breach of the Franchise Agreement.
Costs and Attorney's Fees	Actual costs incurred by us	As incurred	You must pay all costs reasonably incurred in enforcing the Franchise Agreement.
Liquidated Damages	The number of months remaining in the term times the average Gross Revenues for the past 36 months (or lesser period if you have not operated for 36 months), times 6%.	Upon demand	We may impose liquidated damages if you terminate the Franchise Agreement, we terminate you for material breach of the Franchise Agreement, you abandon the Franchised Business or you make an unauthorized transfer of interests in Franchisee or the assets of the Franchised Business.

Notes:

All fees described in this Item that are paid to us or our affiliates, are imposed uniformly and are not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. Unless otherwise designated by us, we currently require you to pay fees and other amounts due to us or our affiliates through electronic funds transfer via Automated Clearing House ("ACH") or similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.

(1) Gross Revenues. “Gross Revenues” means the full the price of all goods and services sold by Franchisee from or relating to the Melt n Dip Business, whether or not Franchisee has received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore.

#### ITEM 7 – ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee <sup>(1)</sup>	\$50,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Rent (3 months) and Security Deposit <sup>(2)</sup>	\$10,000 to \$20,000	As arranged	As incurred	Landlord
Utilities (3 months) and Utility Deposit	\$6,000 to \$7,500	As arranged	As incurred	Utility providers
Architect Fees	\$5,000 to \$7,000	As arranged	As incurred	Third Parties
Leasehold Improvements	\$150,000 to \$200,000	As arranged	As incurred	Third Parties
Travel and Living Costs While Training <sup>(3)</sup>	\$2,500 to \$4,000	As incurred	Before and during training	Airlines, hotels, restaurants
Initial Inventory and supplies <sup>(4)</sup>	\$21,000 to \$32,000	Lump Sum	Prior to opening	Us and Various Approved Suppliers
Furniture <sup>(5)</sup>	\$25,000 to \$40,000	As arranged	As incurred	Us
Fixtures and Equipment <sup>(6)</sup>	\$75,000 to \$125,000	As arranged	As incurred	Suppliers
Signage <sup>(7)</sup>	\$5,000 to \$10,000	As arranged	As incurred	Suppliers
Office Supplies	\$300 to \$700	As arranged	As incurred	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Computer System and Software <sup>(8)</sup>	\$4,050 to \$6,550	As arranged	As incurred	Suppliers
Business Licenses and Permits	\$200 to \$600	As arranged	As incurred	Licensing Agencies
Insurance <sup>(9)</sup>	\$1,500 to \$2,000	As arranged	As incurred	Insurance Company
Professional Fees	\$1,500 to \$5,000	As arranged	As incurred	Lawyers, Accountants
Additional Funds – 3 Months <sup>(10)</sup>	\$16,000 to \$35,000	As Incurred	As Incurred	Third Parties
Estimated Total <sup>(11)</sup>	<b>\$373,050 to \$455,350</b>			

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Melt n Dip Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

(1) Initial Franchise Fee - Your Initial Franchise Fee is \$50,000 and is payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable, except if we terminate your Franchise Agreement for your failure to successfully complete initial training in which case we will refund 50% of the Initial Franchise Fee paid upon delivery to us of an executed release.

(2) Rent and Security Deposit – These figures presume that you will be leasing your premises. Generally, you will need to lease a site of approximately 2,000 to 3,000 square feet. We may allow or require variations to this size under certain circumstances. Your landlord will typically require a security deposit equal to one or two months’ rent and may, in addition, require payment in advance of the first and/or last (or more) month’s rent. These figures provide the estimated amount of the security deposit for a location meeting our typical size requirements. The expense of leasing will vary depending upon the size of the premises, its location (for example, downtown, mall, suburban or rural), landlord contributions and the requirements of individual landlords. The lease rental payments shown in the charts above includes 3 months’ rent for your initial period of operation. We have not included estimates for purchasing the site for the Melt n Dip Business as we recommend that you lease your premises.

(3) Travel and Living Costs While Training – We cover the cost of the initial training program, but you will be responsible for the travel, lodging, meals and other living expenses of your owner(s) and manager while attending the initial training program. At the present time, we provide initial training of approximately 2 to 3 weeks each for up to 2 people. The principal owner, any designated manager, and your Food Service

Specialist must attend the initial training program. We provide training at our affiliate-owned Melt n Dip Business located in Bridgeview, Illinois, or such other location we may select from time to time. These amounts do not include any fees or expenses for training any other personnel. There is no charge for the first 2 attendees per phase; however, there is currently a \$1,500 initial training fee for each additional attendee.

(4) Initial Inventory and Supplies – Initial inventory consists of various food products, beverages, paper products, uniforms, and other supplies utilized in operating the Melt n Dip Business, as well as other merchandise or products sold in the Melt n Dip Business. The initial inventory expenditure could vary due to factors such as anticipated sales volume, commodity costs, distribution fees and inflation. As further described in Item 8, we are currently the only designated supplier of most food products, beverages, and paper products (with the exception of fruit and milk). This estimate includes an initial inventory of fruit and milk, which ranges from \$1,000 to \$2,000 to open for business.

(5) Furniture – You must purchase and/or lease and install furniture necessary to operate your Melt n Dip Business from us. The cost of the furniture will vary according to local market conditions, the size of the premises, and other related factors.

(6) Fixtures and Equipment - You must purchase and/or lease and install fixtures and equipment necessary to operate your Melt n Dip Business from approved suppliers. The estimate includes equipment and supplies for providing delivery and catering services. We have not included in the estimate any amount for the purchase or lease of a vehicle on the assumption that you either have an existing vehicle to use or you may use third party delivery services.

(7) Signage – This range includes the cost of all signage used in your Melt n Dip Business. The signage requirements and costs will vary based upon the size and location of the Melt n Dip Business, local zoning requirements, Landlord requirements, and local wage rates for installation.

(8) Computer System and Software – You must purchase the computer equipment, hardware and software necessary for opening your Melt n Dip Business. We currently require you to purchase and use: Toast for POS; Melt n Dip Report for report generation. The lower estimate assumes that you already own a computer or tablet capable of supporting our required software and applications. The higher estimate assumes that you must purchase a computer or tablet. Both estimates include the initial cost of the Toast POS system (currently \$2,700) and 3 months of Toast POS software at \$450 per month.

(9) Insurance – The insurance you must maintain is described in Item 8. Our estimate does not include other insurance policies you may have to maintain under the terms of your lease or as may be required by other third parties. The unearned portions of the insurance premiums are generally refundable depending on your carrier. This estimate assumes that you will pay your insurance premiums annually.

(10) Additional Funds (for 3 months of operation) - This is an estimate of your additional funds requirements for the first 3 months of operations, based on our affiliate's experience of opening and operating Melt n Dip Businesses. New businesses often generate a negative cash flow. The estimated range for necessary additional funds for the first 3 months is as shown in the charts above, and includes general operating expenses, such as supplies, food and beverage products, packaging, payroll, payroll expenses, royalties, advertising, utilities, insurance, pest control, security, repairs, maintenance and complimentary sales and

other costs. These figures only are estimates and you may incur additional expenses in starting your Melt n Dip Business. These amounts do not include any estimates for debt service.

(11) Totals - We relied on our experience and our owners' experience owning and operating Melt n Dip Businesses to compile these estimates. Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

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

### **Required Purchases and Designated and Approved Suppliers**

You must purchase all food and beverage products (except milk and fruit), beverages, paper goods, equipment, signs, furniture, fixtures, point-of-sale system, software, uniforms, cleaning supplies and other materials and supplies required in the operation of the Franchised Business that are or incorporate our trade secrets or confidential information from either suppliers designated by us for some items or from suppliers approved by us, which suppliers may include us or our affiliates.

Franchisees are prohibited from selling any items or products that contain alcohol or pork derivatives.

We are currently the only designated supplier for furniture, food (except milk and fruit), paper goods, local marketing services, business management software, and report generation software.

You must purchase other materials, supplies and services required for the operation of the Franchised Business solely from suppliers who demonstrate the ability to meet our standards and specifications for such item, who possess adequate quality controls and capacity to supply the needs of our franchisees promptly and reliably and who have been approved by us in writing and such approval has not thereafter been revoked, or following our standards and specifications for such items. The Manual will contain a list of designated and approved suppliers as well as other purchasing standards and specifications.

You must purchase, install, maintain in sufficient supply, and use, only other equipment, computer hardware and software, signs, insurance and other products and services that conform to the standards and specifications described in the Manual or otherwise in writing. Other than the requirements above and as more specifically set forth in the Manual, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

### **Approval of alternative suppliers**

If you desire to purchase any such items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We may require, as a condition of approval, that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or an independent laboratory we designate for testing prior to granting approval. Either you or the supplier must pay a charge not to exceed the actual cost of inspection and the actual cost of testing. We will notify you of approval or disapproval of a supplier within approximately 60 days. We do not publish or

provide our criteria for approving suppliers to our franchisees. If a supplier is approved by us, you may contract with the supplier for purchases. We may re-inspect the facilities and products of any approved supplier at any time and revoke our prior approval by delivery of written notice upon failure of such supplier to continue to meet our criteria for supplier approval.

Other than direct and indirect interest in our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

### **Insurance Requirements**

In addition to purchases or leases discussed above, you must maintain, at your expense, the insurance coverage we require and must meet the other insurance related obligations in the Franchise Agreement. All required insurance policies must be issued by one or more insurance carriers acceptable to us and must name us as an additional insured. Currently the following is required:

<b>Coverage Types</b>	<b>Required Limits of Coverage</b>
Commercial General Liability	\$2 million aggregate \$1 million per occurrence Must include contractual liability coverage
Personal Injury	\$10,000 per person medical benefits
Personal and Advertising Injury	\$1 million aggregate \$1 million per occurrence
Products/Completed Operations	\$1 million per occurrence \$2 million aggregate
Damage to Leased Premises	\$1 million limit
Property Insurance	\$1 million No deductible
Owned or Non-Owned Auto Liability	\$1 million aggregate \$1 million per occurrence
Business Interruption	45 days
Employer's Liability and Worker's Compensation	As required by state law
Other Insurances	As required by local, state or federal laws; or by the landlord

You must obtain any additional insurance and/or higher minimum limits as we may reasonably require during the franchise term.

All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where your Melt n Dip Business is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time in the Franchise Agreement or in the Manual, must name us as additional insured, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Other than direct and indirect interest in our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

### **Revenue from franchisee purchases**

The cost of all purchases from designated suppliers, approved suppliers or following our standards and specifications represents 75% of your total purchases in establishing your franchise, and 75% of your total purchases in operating the franchise.

In our fiscal year ended December 31, 2024, we derived \$2,691,756 from purchases by franchisees, which constitutes 73.46% of our total revenues of \$3,664,058.

We do not currently receive payments from approved suppliers with respect to your purchases. We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document. We do not currently negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees. You will receive no material benefits based on your purchases from approved suppliers. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

### **Cooperatives**

We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document.

### **Negotiated Prices; Rebates**

We will negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees. Currently, no approved suppliers pay rebates to us based on purchases by franchisee. We may receive rebates from suppliers in the future.

### **Material Benefits**

We do not provide material benefits, such as renewing or granting additional franchises, to franchisees based on their use of designated or Approved Supplier's products or services.

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## ITEM 9 – FRANCHISEE’S OBLIGATIONS

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligation obligations in these agreements and in other items of this disclosure document.**

Obligation	Section in Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease	Articles 1, 6, 9, 12, 15, 17, Exhibits A, B, & E	Items 5, 8, 9, 11, 12, & 17 Attachment B, Exhibits A, B & E Attachment B,
b. Pre-opening purchases/leases	Articles 1, 6, 7, & 8 Exhibits A, B, C & D	Items 5, 6, 7, 8, 9 & 17 Attachment B, Exhibits A, B, C & D Attachment B,
c. Site development and other pre-opening requirements	Articles 1, 2, 4, 6, 7, 8, 11, 15 & 17, Exhibits A, B, C & D	Items 5, 6, 9, 11, 12 & 17 Attachment B, Exhibits A, B, C & D Attachment B,
d. Initial and ongoing training	Articles 1, 4, 5, 6, 7, 9, 11, 12, 13, 15 & 20	Items 5, 6, 7, 8, 9, 11, 14, 15 & 17
e. Opening	Articles 1, 2, 4, 6, 7, 8, 11, 12, 19, Exhibits A, B, C, D, E, F, G, I & K	Items 5, 6, 7, 8, 9, 11, 12, 16, 17, 22, Attachment B, Exhibits A, B, C, D, E, F, G, I & K
f. Fees	Articles 2, 3, 4, 5, 7, 9, 11, 12, 17, 18, 20 & Exhibit G; Exhibit L (if applicable)	Items 5, 6, 7, 8, 9, 10, 17, Attachment B, Exhibit G; Attachment B, Exhibit L (if applicable)
g. Compliance with standards and policies/Operating Manual	Articles 1, 2, 3, 4, 5, 6, 7, 11, 12, 13 & 15 & Exhibits C & D	Items 8, 9, 12, 13, 16, 17, Attachment B, Exhibits C & D
h. Trademarks and proprietary information	Articles 1, 2, 5, 6, 7, 11, 15, 16, 17, 18 (if applicable) & Exhibits A, B, D, F, G, I & L (if applicable)	Items 1, 2, 8, 9, 11, 12, 13, 14, 16, 17, Attachment B, Exhibits A, B, D, F, G, I & L (if applicable)

Obligation	Section in Agreement	Item in Franchise Disclosure Document
i. Restrictions on products/services	Articles 1 & 7 & Exhibit D	Items 1, 8, 9, 12, 13, 14, 16 & 17 & Attachment B, Exhibit D
j. Warranty and customer service requirements	Articles 1, 2, 3, 4, 5, 7, 8 & 15,	Items 1, 8, 9, 12, 13, 14, 15, 16 & 17
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Articles 4, 5, 7 & 15, Exhibits C & D	Items 6, 8, 9, 16, & 17, Attachment B, Exhibits C & D
m. Maintenance, appearance and remodeling requirements	Articles 1, 6, 7, 9, 11, 12, 15, 16 & 17, Exhibits A, C & D	Items 6, 7, 9, 13, 15, 16 & 17, Attachment B, Exhibits A, C & D
n. Insurance	Articles 8 & 15	Items 7, 9 & 17
o. Marketing	Articles 1, 2, 3, 6, 7, & 15	Items 7, 8, 9, 13, 14, 16, 17 & 18
p. Indemnification	Articles 8, 11 & 15	Items 7, 9 & 17
q. Owner's participation/management/staffing	Articles 4, 5, 7, 11, 13, 15 & 17, Exhibits G & I	Items 7, 8, 9, 12, 13, 15, 16, & 17, Attachment B, Exhibits G & I
r. Records/reports	Articles 3, 7, 8, 12 & 15	Items 8, 9, 15 & 17
s. Inspections/audits	Articles 3, 7, & 15	Items 6, 8, 9, 16 & 17
t. Transfer	Articles 1, 6, 7, 11, 12, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
u. Renewal	Articles 9, 10 & 15	Items 6, 9 & 17
v. Post-termination obligations	Articles 5, 8, 10, 13, 14, 15, 16, 17 & 18 (if applicable)	Items 6, 9, 13, 14 & 17
w. Non-competition covenants	Articles 1, 5, 7, 11, 15, 16 17 & 18 (if applicable)	Items 9, 13, 14 & 17
x. Dispute resolution	Article 19	Items 9 & 17

## ITEM 10 – FINANCING

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

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

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

### Before you open your Franchised Business

1. We will provide you written notice of preliminary approval or disapproval of a proposed site within 10 business days of receiving your request and all necessary documents. The factors that we may consider in determining whether a proposed location for the Melt n Dip Business is approved include demographic characteristics, traffic patterns, visibility, characteristics of the neighborhood, nearby retail establishments, competition in the area, and parking. Any lease for the location must include certain terms we require. You must obtain our final approval of your location for your Melt n Dip Business and have secured a lease for the location within 180 days of signing the franchise agreement. If you fail to do so, your franchise can be terminated by us. (Franchise Agreement, Sections 1.01.01 and 6.01.01)

2. We will furnish you with plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment and signs for your Location. We do not deliver or install the fixtures, furniture, equipment, and signs. You must obtain our approval of any variation from our plans and specifications necessary to comply with applicable ordinances, building codes, permit requirements, and lease requirements. (Franchise Agreement, Sections 6.02, 6.03, and 6.04).

3. We will provide standards and specifications and list of approved suppliers for purchasing furniture, fixtures, equipment, computer systems, signs, and other materials and supplies necessary for a Franchised Business to begin operations. (Franchise Agreement, Section 7.06.01)

4. We will provide you access to a copy of the Operations Manual (described below). (Franchise Agreement, Section 1.05)

5. We will provide initial training to up to 2 of your owners, designated managers, and your Food Service Specialist (Franchise Agreement, Section 4.01.01). This training will be described in detail later in this item.

### During your operation of Franchised Business

1. We furnish you with guidance and assistance in the operation of your Franchised Business as we deem appropriate. Operating assistance may consist of advice and guidance with respect to sale of products and provision of services, and any changes in the authorized services and products; recommended pricing; purchasing requirements; advertising and promotional programs; administrative, bookkeeping, accounting, sales and general operating procedures; and employee training programs. This guidance will be furnished in the Operations Manual (defined below), lists of approved suppliers, other written materials, electronic communication, consultations by phone, webinars and/or consultations at our office or at your Franchised Business. (Franchise Agreement, Section 4.01.01)

2. Upon your request, we will send a representative to your Location to provide additional guidance and assistance for \$300 per representative per day, plus travel and living expenses. We may require this additional

guidance and assistance if you are not operating your Franchised Business in compliance with the Franchise Agreement. (Franchise Agreement, Sections 4.06)

3. During the term of the Franchise Agreement, we provide you with access to one or more operations manuals (the "Manual"), containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by us for Franchised Businesses and information on other obligations you have under the Franchise Agreement. The Manual may be modified at any time to reflect changes in the System, including additions to and deletions from authorized products and services, specifications, standards and operating procedures of a Franchised Business and under the Franchise Agreement. The current Table of Contents of the Operations Manual is included as Exhibit D of this Disclosure Document. The total number of pages in the Operations Manual is currently 74. (Franchise Agreement, Section 1.05)

We generally do not own the location for the Melt n Dip Business and lease it to you.

If we collect rebates, we will deposit such amounts in a separate account to subsidize the cost of franchisee conventions, meetings or incentive programs. (Franchise Agreement, Section 2.08)

We do not intend to establish a national marketing fund, nor do we reserve the right to do so.

We will deduct 2% of your Gross Revenues and conduct local marketing on your behalf (Franchise Agreement, Section 2.06.01). You may, but we do not require, that you conduct additional local marketing.

We currently do not have an advertising council of franchisees that advises us on advertising policies.

There are no cooperatives currently in existence. We may approve the establishment of a local or regional advertising cooperative consisting of franchisees in a certain area for purposes of developing cooperative local or regional advertising or promotional programs. The area covered by the cooperative will be determined by us. The members of the cooperative will determine what advertising and promotional programs it will undertake, subject to our prior approval, and you must contribute to the advertising cooperative the amount and in the manner determined by a majority of the cooperative. Payments you make to the cooperative are credited toward your local advertising expense requirement. The members of the cooperative are responsible for the administration of the cooperative and each Location (whether franchised or owned by us or an affiliate) will have one vote. The cooperative does not have to operate from written governing documents and does not have to prepare annual or periodic financial statements. We have the power to form, change, dissolve or merge cooperatives. Locations owned and operated by us or our affiliates will be members of any cooperative covering their area and will contribute in the same manner as other members. (Franchise Agreement, Section 2.06.02)

Prior to use, you must submit to us samples of all local marketing, advertising and promotional materials, programs and information and content for your webpage (linked to our website), any listing on the Internet or any information to be displayed on any social media site not prepared or previously approved by us must be submitted to us for approval. If we subsequently send you notice that we disapprove of the marketing samples provided, you must cease using those samples. You may not use any marketing, advertising or promotional materials, programs, information or content that we have disapproved. (Franchise Agreement, Section 2.06.01)

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## Computer System

You must purchase and use the computer systems (software and the hardware to support it) and other technology requirements that we require for use at your Location. The required computer system includes proprietary business management and report generation software (Melt n Dip Database and Melt n Dip Report), Point-of-Sale (POS) System from Toast, and the hardware to support these programs. The initial cost of purchasing the required computer system is \$2,700 to \$3,300, which includes \$2,700 in initial fees paid to Toast for the purchase of your Point-of-Sale (POS) System. You will pay a monthly fee for Toast (estimated at \$450 per month). We will give you access to Melt n Dip Database and Melt n Dip Report at no additional charge. We reserve the right to alter the products and services provided to you.

We can require you to upgrade your computer system at any time. There are no limits under the Franchise Agreement on the number of times you must upgrade or substitute software or hardware on the amount you may be required to spend on these upgrades or substitutions. We have the right to independently access your computer system to retrieve information regarding the operations of your Franchised Business and there are no limitations under the Franchise Agreement on our right to access.

You must have high-speed Internet and maintain an e-mail account for use in operating your Franchised Business, for communication with us and for access to our franchise internet. We may require you to use an e-mail account designated by us.

We have no obligation to provide ongoing maintenance, support or upgrades to the required computer system. You must obtain and pay for your own technical support for the computer system. The estimated annual cost to maintain the POS and computer systems is \$1,500.

You must comply with all laws related to the operation of your Melt n Dip Business, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. We do not currently estimate you will incur additional costs for compliance because compliance is included in the ongoing costs of the POS system we currently require.

## Typical Length of Time for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Franchised Business will be 3 to 6 months, depending on the amount of time it takes to secure an approved location for your Location, to complete build-out of the Location, to complete the initial training program, and other factors.

You may not open your Location for business until: (1) you have secured an approved Location for your Melt n Dip Business and installed all fixtures, furniture and equipment, including computer systems in accordance with list of approved suppliers and our purchasing standard and specifications; (2) your owners, designated managers, and Food Service Specialists have completed the initial training program to our satisfaction; (3) you have furnished us with evidence of the required insurance coverage; (4) you have furnished us with evidence that you have met all licensing requirements applicable to the Melt n Dip Business; (5) you have established an entity to operate the Melt n Dip Business; and (6) we have provided you with written consent to open. You must complete these opening requirements and begin operation of your Location within 12 months of the date of signing the Franchise Agreement.

## Training

Before your Franchised Business opens, your principal owner, any designated managers, and your Food Service Specialist. must attend and complete to our satisfaction, our initial training program on the operation of a Franchised Business. The Initial Training Program will last a total of approximately 2 to 3 weeks. We conduct initial training classes as needed, but no less than quarterly. You must complete our initial training program at least 30 days prior to opening your Melt n Dip Franchised Business. In addition, you will be responsible for all compensation, travel, lodging and other living expenses incurred by your principal owners, designated managers, and Food Service Specialists while attending training.

If we determine during a training program that your principal owners, designated managers, or Food Service Specialists are not qualified to manage a Franchised Business, we can require the principal owners, designated managers or Food Service Specialists to attend and successfully complete additional training for the \$1,500 tuition fee or we can terminate your franchise, effective upon delivery of written notice to you.

As of the date of this Disclosure Document, we provide the following initial training:

### **INITIAL FRANCHISE TRAINING**

#### **In-person training Phase I: Cat Business Operations**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Orientation to Melt n Dip	1	N/A	Bridgeview, Illinois
Objectives of Melt n Dip	1	N/A	Bridgeview, Illinois
New Office Development	2	N/A	Bridgeview, Illinois
Service Overview	21	N/A	Bridgeview, Illinois
Operations	6	21 hours	Bridgeview, Illinois
Support Systems & Computer Systems	12	N/A	Bridgeview, Illinois
Sales	6	N/A	Bridgeview, Illinois
Marketing & Advertising	4	N/A	Bridgeview, Illinois
People Management	1	N/A	Bridgeview, Illinois

Tours/Vendor Introduction	1	N/A	Bridgeview, Illinois
Certification Testing, Graduation & Send-off	4	N/A	Bridgeview, Illinois
<b>Totals</b>	<b>59</b>	<b>21</b>	

The training will be conducted by Saad M. Khattab and Khalid Habbab, as well as others we designate.

Saad M. Khattab is our CEO. He has owned and operated Melt n Dip Businesses since 2020 and has 11 years' experience in the subjects taught. Khalid Habbab is our President. He has owned and operated Melt n Dip Businesses since 2020 and has 6 years' experience in the subjects taught.

All trainers will have at least 5 years of experience in the subjects taught and at least 3 years of experience with us or our affiliates.

Currently the instructional materials for the initial training program are the Manual.

If you want to have more principal owners, designated managers, or Food Service Specialists (up to 2 attendees at no fee) trained by us when you attend the initial training program or if you want to send new or additional principal owners, designated managers, or Food Service Specialists to training after you attend the initial training program, we will provide this training for our training fee of \$1,500 per person, provided training space is available. You are responsible for all travel and living expenses and wages incurred by your principal owners, designated managers and Food Service Specialists who attend training. (Franchise Agreement, Section 4.01.01) We may offer and we may require your principal owners, designated managers, and Food Service Specialists to attend supplemental training, seminars, programs, regional franchise meetings, teleconferences, or webinars during the term of the franchise at times and places we designate. We will provide this supplemental training for \$300 per person per day. You will be responsible for your and your employees' travel and living expenses. (Franchise Agreement, Section 4.04)

## **ITEM 12 – TERRITORY**

Once the site for your Melt n Dip Business is approved, we will assign a territory ("Territory") for your Franchised Business. The Territory will be a 7-mile radius from your restaurant. Once the location of your Melt n Dip Business is approved the location and the applicable Territory will be filled in at Exhibit B to your Franchise Agreement.

As long as you are not in default under any terms of the Franchise Agreement, we will not establish another franchised, company-owned or affiliate-owned Franchised Business in your Territory.

We reserve the right both within and outside the Territory, to: (i) offer and sell similar services and products using our Marks or other marks through an alternate distribution system, including the Internet or similar electronic media; (ii) establish businesses offering similar services and products that do not use the marks "MELT N DIP" or associated designs, artwork, and logos; (iii) acquire or be acquired by a company establishing businesses identical or similar to Franchised Businesses; (iv) exhibit at home shows, trade fairs, and exhibitions;

and (v) engage in any other business activities not expressly prohibited by the Franchise Agreement. We are not required to pay you if we exercise any of these rights within your Territory.

The franchise is granted for a Melt n Dip Business at 1 specific location which must be approved by us. You may not relocate your Melt n Dip Business without our prior written approval. Whether or not we allow relocation depends on several factors, including the proposed area, its proximity to other Melt n Dip Businesses, whether you are complying with your Franchise Agreement and lease, ongoing lease obligations, and how long it will take you to open at the new location. If we permit you to relocate, you will not pay a new initial franchise fee but you must pay our relocation fee of \$1,000.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we reserve the right to do so in future, neither we nor our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell goods or services that are the same as or similar to those you will sell. We are not required to pay you if we exercise any reserved rights within your Territory. However, as long as you are in compliance with the Franchise Agreement, we will not establish a Melt n Dip Business, nor license or franchise another party the right to establish a Melt n Dip Business within your Territory.

You may only directly market for customers of the Melt n Dip Business within the Territory and are prohibited from direct marketing for customers of the Melt n Dip Business outside of the Territory without our prior written consent, which we may withhold for any reason. You are prohibited from selling any products or services through alternate channels of distribution such as the internet.

You do not receive any options, rights of first refusal, or right to acquire additional franchises under the franchise agreement. You must meet our then-current qualifications for opening another franchise and purchase another franchise to establish another franchised Melt n Dip Business with additional territory.

If you are in compliance with the Franchise Agreement, we may, in our sole discretion, permit you to acquire expansion territory ("Expansion Territory"). The current price of such expansion territory is \$0.10 per person residing in the expanded territory based upon currently available governmental demographic data. The purchase price for expansion territory is payable, in full, when you sign an addendum to the Franchise Agreement for your Expansion Territory. We will determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory.

Continuation of your Territory is not dependent on achieving certain sales volumes or market penetration.

### **ITEM 13 - TRADEMARKS**

We grant you the non-exclusive right and obligation to use the Marks under your Franchise Agreement. You may also use other current or future trademarks to operate your Melt n Dip Business as we designate from time to time. We have applied for and/or obtained a registration for the Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration Date	Registration Number
MELT N DIP	September 28, 2021	6,500,650
	September 28, 2021	6,500,681
SATISFY YOUR SPIRIT	November 2, 2021	6,543,969

We will file all required affidavits necessary to maintain these registrations. There is currently no pending material federal or state court litigation regarding our use or ownership rights in any of our Marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Before you sign the Franchise Agreement, you should investigate independently whether your use of the Marks in your area might infringe on the rights of any third party, particularly in your intended area of operation.

No other agreement significantly limits our right to use or license the Marks in a manner material to your Melt n Dip Business.

You must follow our rules, guidelines and requirements when using the Marks. You cannot use our name or the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent, which we may withhold in our sole discretion. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Melt n Dip Business that you are an independently owned and operated licensed franchisee of ours. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. All rights and goodwill from the use of the Marks accrue to us.

We have the sole right to control use of the Marks on all websites, social media, digital marketing and mobile applications.

If it becomes necessary or advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must notify us immediately if you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to the Marks. We have no obligation to pursue any infringing users of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving the Marks. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

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

We do not own any patents or patents pending that are material to Melt n Dip Business. We have not filed for any copyrights, but we claim common law copyright rights over the Manual, all advertising and marketing materials, all menus and the Melt n Dip website [www.meltdip.com](http://www.meltdip.com). You may use the proprietary information in our Manual, so long as you follow all of the restrictions set forth in the Franchise Agreement. Any printed copies of the Manual or any other materials containing proprietary information must be destroyed or returned to us immediately upon the expiration or termination of your Franchise Agreement.

We also consider certain information, knowledge and know-how concerning us and the System to be trade secrets and proprietary information, including the standards, specifications, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), the Manual and business operations and procedures that would, if used by others, give others a substantial competitive advantage presently enjoyed by us.

You may not, without our prior written consent, disclose, use, or permit the use of any part of the Manual or the System except as may be required by law or as authorized in the Franchise Agreement. You must use your best efforts to prevent any employee from using the System and any of the Marks, or from operating a restaurant that is substantially similar to a Melt n Dip Business. There currently are no effective determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding any copyrighted materials.

Except in connection with the operation of your Melt n Dip Business, you must not use any proprietary information or trade secret without our written permission. You must immediately tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we deem appropriate. We will control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your authorized use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also requires you to follow all of our security procedures, disclose our proprietary information to your employees only as needed to market our products and services, not use any proprietary information in any other business and exercise the highest degree of diligence to maintain our proprietary information as confidential.

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

Your principal owner or one designated management employee who has attended and successfully completed our training program must devote full time energy and best efforts to the development, promotion, management and operation of the Franchised Business. The designated manager need not have any equity interest in the Franchisee entity.

If at any time you propose that the Franchised Business to be operated or managed by an entity or individual other than Franchisee, we reserve the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. We may reject the operating entity, the individual operator or the operating or management agreement in our discretion. If approved by us, the operating entity and/or individual must agree in writing to comply with all of Franchisee's obligations under the Franchise Agreement as though such party were the franchisee designated therein, on such form as may be designated by us. The operation of the Franchised Business by any party other than Franchisee, without our prior written consent, is a default of the Franchise Agreement for which we may terminate the Franchise Agreement.

We recommend that a designated manager devote substantial full-time and best efforts on a daily basis, in person, to the supervision and conduct of a Melt n Dip Business. Your designated manager must successfully complete our training program. Your designated manager need not have an ownership interest in the franchisee entity. If you replace a manager, the new manager must satisfactorily complete our training program.

Any manager and any officer or manager of the franchisee entity who does not own an equity interest in the Franchisee entity, must sign a nondisclosure, non-solicitation and noncompetition Agreement in a form acceptable to us and in compliance with your local or state law. All of your employees, independent contractors, agents or representatives who may have access to our confidential information must sign a confidentiality agreement (unless they already signed a nondisclosure, non-solicitation and noncompetition agreement) in a form acceptable to us. The current form of confidentiality agreement is Exhibit I to the Franchise Agreement. Each owner of the Franchisee entity must sign a "Personal Guaranty," the form of which is attached as Exhibit G to the Franchise Agreement.

*The remainder of this page has been left blank intentionally.*

## ITEM 16 – RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products or services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. Your Melt n Dip Business may not offer any products or services that we have not authorized for Melt n Dip Businesses without our prior written approval, which we may withhold in our sole discretion. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not use your Melt n Dip Business premises for any purpose other than the operation of a Melt n Dip Business, in compliance with the Franchise Agreement. You must at all times maintain sufficient inventory, supplies and personnel to operate your Melt n Dip Business at its maximum capacity and efficiency.

You will offer third party delivery services (unless third party services are not currently available in your market) and catering services to your customers. We will establish guidelines and standards for delivery and catering services, including restricting the area within which these services may be offered. In addition, if you fail to maintain our then current operational standards and specifications for such services or if you are in default of your franchise agreement, we have the right to require you to cease offering the delivery and/or catering services.

You may not sell products through other channels of distribution such as wholesale, internet or mail order sales. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers and we do not impose any restrictions limiting your access to customers.

*The remainder of this page has been left blank intentionally.*

**ITEM 17 - RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION  
THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

	Provision	Section in Franchise Agreement	Summary
a.	Term of the Franchise	Section 1.01	10 years.
b.	Renewal or extension of the term	Article 9	If You are in good standing and We continue the franchise system in Your area, We may permit You to renew for another term under the then-current agreement, which may be materially different than the agreement We are now offering.
c.	Requirements for You to renew or extend	Article 9	Be in good standing with Us, sign new agreement, update or replace Restaurants and equipment, retain Premises, give 12 months notice and pay a fee of not more than 2/3 of the then-current Initial Fee.  You may be asked to sign a contract with materially different terms and conditions than your original contract, except the boundaries of your territory will remain the same and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees
d.	Termination by You	Article 18	At any time; upon 90 days notice; no cause required; sign agreement including general release; and pay fee depending upon whether You want Us to waive the post-term non-compete agreement. For a higher fee, We will agree to not compete with You for a period of time in any territory You had at the time of Termination. See Article 18 and Exhibit L to the Franchise Agreement.
e.	Termination by Franchisor without cause	None	

	Provision	Section in Franchise Agreement	Summary
f.	Termination by Franchisor with cause	Article 15	We may terminate only for cause. We may, in lieu of terminating your franchise, terminate your territorial rights and leave your franchise in full force and effect; however, terminating Your territorial rights does not limit Our rights thereafter to terminate your franchise for the same or a different cause.
g.	"Cause" defined--defaults which can be cured	Article 15	You have 72 hours to cure: failure to pay Us or Our affiliate or another Melt n Dip franchisee; unauthorized assignment; abandonment (even if unintentional); You become insolvent; failure to pay any taxes before delinquent; sublicensing of Marks; impasse among owners of Franchise; refusal to permit an audit; violation of any law or rule (including any health codes, rules or regulations); conviction of a felony; failure to operate properly using the Marks; unethical or dishonest business dealings; failure to maintain insurance; failure to timely deliver estoppel certificate; or termination of any other agreement between You and Us for cause. You have 30 days to cure any breach of the Agreement for which the Agreement does not specify a shorter period. You sell pork-related products
h.	"Cause" defined--defaults which cannot be cured	Article 15	Non-curable defaults: repeated defaults, even if cured; You are adjudged bankrupt; assignment for benefit of creditors; abandonment of business; convicted or plead guilty to violating law relating to Melt n Dip Business.

	Provision	Section in Franchise Agreement	Summary
i.	Your obligations on termination/nonrenewal	Articles 16 & 17	No further use of Marks, telephone numbers, telephone listings, computer software, trade secrets or the Manual; certain notification obligations; payment of sums due to Us; We have option to lease or assume lease for Your Premises; sign document(s) to transfer telephone numbers; continuing royalties on pending sales, if any; and We have option to purchase any part of Your business assets. If We elect to assume Your lease and to operate a Melt n Dip business from Your Premises, You must cooperate in a changeover procedure, including notifying the landlord of the change of tenant, conducting an inventory, permitting Us to use Your furniture, fixtures and equipment for up to 60 days, and permitting Us to communicate directly with Your employees, vendors and customers in order to facilitate a smooth transition.
j.	Assignment of contract by Franchisor	Articles 12, 14 & 21	No restriction on Our right to assign except that if Our assignee assumes all of Our obligations to You then We are free of further liability to You.
k.	"Transfer" by You--definition	Articles 11, 12, 13 & 14	Includes any assignment, transfer, sale, sublease or encumbrance of the Agreement, the Franchise, the assets of Your business, the Premises, or of any ownership interest in the Franchisee if You are a corporation, partnership or limited liability company or other form of Entity.
l.	Franchisor's approval of transfer by franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for Franchisor's approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to Us; You are not in material breach of the Agreement; You have paid all debts of Your business; new Franchisee signs release of claims against Us for representations You made; You sign a mutual termination and release of the Agreement; We receive transfer fee (\$7500); new Franchisee signs the then-current form of Agreement (except preserving Your financial terms for balance of Your term); new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to Your Premises lease, if applicable; and We receive 30 day right of first refusal. The fee to transfer to an entity with identical ownership is \$500.
n.	Franchisor's right of first refusal to acquire Your business	Article 12 & 17	We may match any offer for Your business.
o.	Franchisor's option to purchase Your business	Article 17	On termination, We may purchase any part of Your business at the fair market value of the tangible personal property purchased.
p.	Your death or disability	Articles 12 & 13	Your heirs or personal representative must, within 90 days, either (i) request the right to continue to operate the business, subject to Article 13 of the Agreement except that no transfer fee will be payable, or (ii) sell the Melt n Dip Business to a third party, subject to Article 13 of the Agreement. If We deny a request to continue to operate the business, the 90 days to sell begins on the date of Our denial. The same applies if You become disabled as defined in Article 14 of the Agreement.
q.	Non-competition covenants during the term of the franchise	Article 16	No involvement in any competing business anywhere.

	Provision	Section in Franchise Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Articles 16 & 18 (if applicable)	For 24 months, You must not compete with Us within 20 miles of the boundaries of Your Territory, solicit or divert any of Our customers or vendors or customers or vendors of any other franchisee, disclose any trade secrets, or solicit or hire any of Our employees, former employees or franchisees. For 24 months, You will not be employed by or in business with any person or entity that does any of those things.
s.	Modification of the agreement	Article 21	Only by written agreement; We may modify Manual at any time.
t.	Integration/merger clause	Article 21	Only the terms of the Agreement are binding (subject to state law). Any other promises or agreements may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u.	Dispute resolution by arbitration or mediation	Article 19	Except for actions for the sole purpose of collecting unpaid monies, including franchise fees, royalties or Marketing Fees or to enforce trademark or trade secret rights and covenants against competition, We will settle all disputes with You by Arbitration, which will only occur after the parties try informally to resolve the dispute and participate in mediation.
v.	Choice of forum	Articles 19 & 21	Litigation or arbitration must be in the state of <b>Illinois</b> .
w.	Choice of law	Article 21	The law of the state where Your Melt n Dip Business is located applies.

### ITEM 18 – PUBLIC FIGURES

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

*The remainder of this page has been left blank intentionally.*

## ITEM 19 – FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Khalid Habbab, Melt n Dip Franchising, LLC, 4620 Forest Ave., Brookfield, IL 60531, phone number (708) 275-5839, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 – OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**  
**System-wide Outlet Summary**  
**For Years 2022 – 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	2	+2
	2023	2	6	+4
	2024	6	8	+2
Affiliate-Owned	2022	3	2	-1
	2023	2	2	0
	2024	2	3	+1
Total Outlets	2022	3	4	+1
	2023	4	8	+3
	2024	8	11	+3

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**  
**For Years 2022 – 2024**

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2022 – 2024**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	0	1	0	0	0	0	2
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	0	2	0	0	0	0	2
	2023	2	4	0	0	0	0	6
	2024	6	2	0	0	0	0	8

**Table No. 4**  
**Status of Affiliate-Owned Outlets**  
**For Years 2022 – 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois	2022	2	1	0	0	1	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3
Michigan	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Total Outlets	2022	3	1	0	0	2	2
	2023	2	0	0	0	0	2
	2024	2	1	0	0	0	3

**Table No. 5**  
**Projected Openings as of**  
**January 1, 2025**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Georgia	1	0	1
Illinois	0	1	1
New Jersey	1	0	1
New York	0	3	3
North Carolina	1	0	1
Texas	1	0	1
Total	4	3	0

Exhibit C contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets. Exhibit F also contains the 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, 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. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

There are no trademark-specific franchisee organizations associated with our franchise system.

### **ITEM 21 – FINANCIAL STATEMENTS**

Exhibit A contains our audited Income Statements and Balance sheets for the periods ending December 31, 2024, December 31, 2023, and December 31, 2022. Also include at Exhibit A are our unaudited balance sheet and statement of income as of May 31, 2025. Our fiscal year end is December 31.

### **ITEM 22 – CONTRACTS**

The Franchise Agreement, Personal Guaranty (and other exhibits) that you will sign is attached at Exhibit B to this Disclosure Document. If your state requires an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement, it will be found at Exhibit G.

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.

### **ITEM 23 – RECEIPTS**

The last pages of this Franchise Disclosure Document, Exhibit J, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

**EXHIBIT A**  
**Financial Statements**



# MELT N DIP FRANCHISING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, 2023 (RESTATED), AND 2022 (RESTATED)



# MELT N DIP FRANCHISING, LLC

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### ***Independent Auditor's Report***

To the Members  
Melt n Dip Franchising, LLC  
Brookfield, IL

#### ***Opinion***

We have audited the accompanying financial statements of Melt n Dip Franchising, LLC, which comprise the balance sheets as of December 31, 2024, 2023, and 2022, and the related statements of operations, members' equity, and cash flows for the years then ended, 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 Melt n Dip Franchising, LLC as of December 31, 2024, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

#### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the Company has restated its previously issued financial statements for the years ended December 31, 2023 and 2022 to correct errors. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezar & Dunlay

St. George, Utah  
June 27, 2025

**MELT N DIP FRANCHISING, LLC**  
**BALANCE SHEETS**  
As of December 31, 2024, 2023 (Restated), and 2022 (Restated)

	<u>2024</u>	<u>2023*</u>	<u>2022*</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 94,426	\$ 99,865	\$ 597,545
Accounts receivable, net	688,852	376,341	257,475
Inventory	741,790	620,769	270,489
Total current assets	<u>1,525,068</u>	<u>1,096,975</u>	<u>1,125,509</u>
Non-current assets			
Property and equipment, net	478,020	464,958	458,593
Right of use asset	279,620	354,658	-
Total non-current assets	<u>757,640</u>	<u>819,616</u>	<u>458,593</u>
Total assets	<u>\$ 2,282,708</u>	<u>\$ 1,916,591</u>	<u>\$ 1,584,102</u>
<b>Liabilities and Members' Equity</b>			
Current liabilities			
Accounts payable	\$ 27,644	\$ 159,395	\$ 94,313
Deferred revenue	135,000	45,000	40,000
Operating lease liability, current	81,594	75,038	-
Notes payable, current	59,914	-	-
Total current liabilities	<u>304,152</u>	<u>279,433</u>	<u>134,313</u>
Non-current liabilities			
Operating lease liability, non-current	198,026	279,620	-
Notes payable, non-current	112,330	-	-
Total non-current liabilities	<u>310,356</u>	<u>279,620</u>	<u>-</u>
Total liabilities	<u>614,508</u>	<u>559,053</u>	<u>134,313</u>
Members' equity	1,668,200	1,357,538	1,449,789
Total liabilities and members' equity	<u>\$ 2,282,708</u>	<u>\$ 1,916,591</u>	<u>\$ 1,584,102</u>

The accompanying notes are an integral part of the financial statements.

\*Certain balances have been restated due to error. See Note 2 to the financial statements.

**MELT N DIP FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

	<u>2024</u>	<u>2023*</u>	<u>2022*</u>
Operating revenue			
Product sales	\$ 3,017,922	\$ 1,867,599	\$ 972,808
Royalties and marketing fees	591,136	366,160	31,589
Initial franchise fees	55,000	120,000	40,000
Total operating revenue	<u>3,664,058</u>	<u>2,353,759</u>	<u>1,044,397</u>
Cost of goods sold	<u>1,646,676</u>	<u>1,053,207</u>	<u>687,729</u>
Gross profit	2,017,382	1,300,552	356,668
Operating expenses			
General and administrative	1,091,313	962,778	237,097
Advertising and marketing	104,250	20,440	29,150
Depreciation	275,538	217,818	172,982
Professional fees	12,170	16,500	2,650
Total operating expenses	<u>1,483,271</u>	<u>1,217,536</u>	<u>441,879</u>
Net income (loss)	<u>\$ 534,111</u>	<u>\$ 83,016</u>	<u>\$ (85,211)</u>

The accompanying notes are an integral part of the financial statements.

\*Certain balances have been restated due to error. See Note 2 to the financial statements.

**MELT N DIP FRANCHISING, LLC**  
**STATEMENTS OF MEMBERS' EQUITY**  
For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

Balance as of January 1, 2022	\$	11,201
Member contributions		1,523,799
Net loss		(85,211)
Balance as of December 31, 2022		<u>1,449,789</u>
Member distributions		(175,267)
Net income		83,016
Balance as of December 31, 2023		<u>1,357,538</u>
Member distributions		(223,449)
Net income		534,111
Balance as of December 31, 2024	\$	<u><u>1,668,200</u></u>

The accompanying notes are an integral part of the financial statements.

\*Certain balances have been restated due to error. See Note 2 to the financial statements.

**MELT N DIP FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2024, 2023 (Restated), and 2022 (Restated)

	<u>2024</u>	<u>2023*</u>	<u>2022*</u>
Cash flow from operating activities:			
Net income (loss)	\$ 534,111	\$ 83,016	\$ (85,211)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	275,538	217,818	172,982
Changes in operating assets and liabilities:			
Accounts receivable	(312,511)	(118,866)	(257,475)
Inventory	(121,021)	(350,280)	(270,489)
Accounts payable	(131,751)	65,082	94,313
Deferred revenue	90,000	5,000	40,000
Net cash provided by (used in) operating activities	<u>334,366</u>	<u>(98,230)</u>	<u>(305,880)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(110,600)	(224,183)	(631,575)
Net cash used in investing activities	<u>(110,600)</u>	<u>(224,183)</u>	<u>(631,575)</u>
Cash flows from financing activities:			
Member contributions	(223,449)	(175,267)	1,523,799
Principal payments on notes payables	(5,756)	-	-
Net cash provided by (used in) financing activities	<u>(229,205)</u>	<u>(175,267)</u>	<u>1,523,799</u>
Net change in cash and cash equivalents	(5,439)	(497,680)	586,344
Cash at the beginning of the year	99,865	597,545	11,201
Cash at the end of the year	<u>\$ 94,426</u>	<u>\$ 99,865</u>	<u>\$ 597,545</u>
Supplementary disclosures of cash flows			
Cash paid for interest and taxes	\$ -	\$ -	\$ -
Non-cash financing and investing activities:			
Vehicles purchased with debt	\$ 178,000	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

\*Certain balances have been restated due to error. See Note 2 to the financial statements.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 (Restated), and 2022 (Restated)**

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

Melt n Dip Franchising, LLC (the “Company”) was formed on January 6, 2021 in the state of Illinois as a limited liability company for the purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a “Melt N Dip” restaurant in the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (“SEC”), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

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

*(d) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$94,426, \$99,865, and \$597,545, respectively.

*(e) Accounts Receivables*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and marketing fees. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2024, 2023, and 2022, the Company had net accounts receivable of \$688,852, \$376,341, and \$257,475, respectively. As of December 31, 2024, the Company had an allowance for doubtful accounts of \$107,955. As of December 31, 2023 and 2022, the Company had no allowance for doubtful accounts.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024, 2023 (Restated), and 2022 (Restated)

*(f) Inventory*

Inventory is stated at the lower of cost (using the First-in, First-out basis) or market. Inventory consists of gelato kits, ingredients, containers, and other items to be sold to the Company’s franchisees. As of December 31, 2024, 2023, and 2022, the Company had inventory of \$741,790, \$620,769, and \$270,489, respectively.

*(g) Fixed Assets*

Fixed assets are stated at historical cost. Expenditures that increase values or extend useful lives are capitalized while routine maintenance and repairs are charged to expense in the year incurred. Gains and losses from disposition of fixed assets are reflected in other income. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the assets as follows:

Asset	Estimated Useful Lives
Machinery and equipment	5 to 10 years
Leasehold improvements	Same as lease term
Vehicles	3 to 5 years

*(h) Long-Lived Assets*

Long-lived assets will be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount and will be recognized in the period that the recognition criteria are first applied and met.

*(i) Leasing*

The Company adopted ASC 842, *Leases*, as of inception. The Company has an operating lease for office and warehouse space. The lease liability reflects the present value of the Company’s estimated future minimum lease payments over the lease term, discounted using a collateralized incremental borrowing rate. The impact of ASC 842 is non-cash in nature and does not affect the Company’s cash flows.

The Company has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from any of its short-term leases. All leases with a term of 12 months or less at commencement, for which the Company is not reasonably certain to exercise available renewal options that would extend the lease term past 12 months, will be recognized on a straight-line basis over the lease term.

*(j) Revenue Recognition*

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company’s performance obligations.

The Company’s revenues consist of initial franchise fees, royalty and marketing fees, and product sales to franchisees.

*Royalty and marketing fees*

Upon evaluation of the five-step process, the Company has determined that royalty and marketing fees are to be recognized in the same period as the underlying sales.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024, 2023 (Restated), and 2022 (Restated)

*Product sales*

The Company sells products to its franchisees. Upon evaluation of the five-step process, the Company has determined that product sales are to be recognized upon transfer of control, which is generally shipment.

*Initial franchise fees*

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of its pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations). Fees charged for renewals are amortized over the life of the renewal term.

*(k) Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Illinois. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the stockholder rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022, and 2021 tax years are subject to examination.

*(l) Advertising Costs*

The Company expenses advertising costs as incurred. For the years ended December 31, 2024, 2023, and 2022, advertising expenses were \$104,250, \$20,440, and \$29,150, respectively.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024, 2023 (Restated), and 2022 (Restated)

*(m) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(n) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Restatement

During preparation of the 2024 financial statements, management noted various errors in the financial statements for the years ended December 31, 2023 and 2022. Due to these errors, management has determined that a restatement of the financial statements for the years ended December 31, 2023 and 2022 is required.

The following financial statement areas have been affected as of December 31, 2023:

	As Previously Reported	Adjustments	Restated
Accounts receivable	\$ 186,289	\$ (190,052)	\$ 376,341
Inventory	536,484	(84,285)	620,769
Property and equipment, net	1,194,209	(729,251)	464,958
Accounts payable	4,778	(154,617)	159,395
Deferred revenue	-	45,000	45,000
Total operating revenue	2,355,799	(2,040)	2,353,759
Cost of goods sold	1,258,513	(205,306)	1,053,207
Net income	229,773	(146,757)	83,016
Members' equity	\$ 2,012,068	\$ (343,868)	\$ 1,668,200

The following financial statement areas have been affected as of December 31, 2022:

	As Previously Reported	Adjustments	Restated
Accounts receivable	\$ 173,811	\$ 83,664	\$ 257,475
Inventory	277,633	(7,144)	270,489
Property and equipment, net	765,260	(306,667)	458,593
Accounts payable	94,313	-	94,313
Deferred revenue	-	40,000	40,000
Total operating revenue	1,075,016	(30,619)	1,044,397
Cost of goods sold	830,692	(142,963)	687,729
Net loss	(335,397)	250,186	(85,211)
Members' equity	\$ 1,719,936	\$ (270,147)	\$ 1,449,789

(3) Related Party Transactions

Affiliates through common ownership have entered into franchise agreements with the Company in prior years and pay ongoing royalties, national advertising contributions, and technology fees. During the years ended December 31, 2024, 2023, and 2022, the Company recognized revenue from these affiliates of \$1,092,524, \$766,467, and \$426,107, respectively. As of December 31, 2024, 2023, and 2022, the amount due from receivables included in accounts receivable was \$770,072, \$256,390, and \$240,390, respectively.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024, 2023 (Restated), and 2022 (Restated)

(4) Operating Lease

During the year ended December 31, 2023, the Company entered into a lease agreement with a related party for office and warehouse space. As of December 31, 2024 and 2023, the Company recorded a right of use asset of \$279,620 and \$354,658, respectively. As of December 31, 2022, the Company had no right of use asset. As of December 31, 2024, 2023, and 2022, the Company had the following operating lease liability:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating lease liability, current	\$ 81,594	\$ 75,038	\$ -
Operating lease liability, non-current	198,026	279,620	-
	<u>\$ 279,620</u>	<u>\$ 354,658</u>	<u>\$ -</u>

As of December 31, 2024, the future minimum lease payments under non-cancelable operating leases are as follows:

For the year ended December 31,	
2025	\$ 102,000
2026	102,000
2027	102,000
2028	<u>8,500</u>
Total lease payments	314,500
Less: amounts representing interest (8.41% rate)	<u>(34,880)</u>
Total operating lease liability	<u>\$ 279,620</u>

(5) Property and Equipment, Net

As of December 31, 2024, 2023, and 2022, the Company's fixed assets consist of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Equipment	\$ 716,143	\$ 661,743	\$ 546,200
Vehicles	305,200	92,200	-
Furniture and fixtures	123,015	101,815	85,375
	<u>1,144,358</u>	<u>855,758</u>	<u>631,575</u>
Accumulated depreciation	<u>(666,338)</u>	<u>(390,800)</u>	<u>(172,982)</u>
	<u>\$ 478,020</u>	<u>\$ 464,958</u>	<u>\$ 458,593</u>

Depreciation expense for the years ended December 31, 2024, 2023, and 2022 was \$275,538, \$217,818, and \$172,982, respectively.

(6) Franchise Agreements

The Company's franchise agreements generally provide for payment of initial fees as well as continuing royalty, marketing and tech fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Melt n Dip system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates a portion of the initial franchise fee to initial training, grand opening assistance, and site build out, which is recognized when the franchisee begins operations. The remainder is deferred, and the revenue is amortized over the life of the contract. In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs.

As of December 31, 2024, 2023, and 2022, the Company had deferred revenue of \$135,000, \$45,000, and \$40,000, respectively, all of which was classified as current.

**MELT N DIP FRANCHISING, LLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024, 2023 (Restated), and 2022 (Restated)**

(7) Notes Payable

During the year ended December 31, 2024, the Company purchased vehicles with debt. The loans do not accrue interest and require monthly payments for 36 months, with maturity in 2027. As of December 31, 2024, the amount due on these loans was \$172,244.

(8) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(9) Subsequent Events

Management has reviewed and evaluated subsequent events through June 27, 2025, the date on which the financial statements were issued.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.**

**Melt n Dip Franchising LLC**  
**Balance Sheet**  
As of May 31, 2025

	May 31, 25
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Melt n Dip Franchising	-76,458.83
<b>Total Checking/Savings</b>	-76,458.83
<b>Accounts Receivable</b>	
Accounts Receivable	1,220,326.93
<b>Total Accounts Receivable</b>	1,220,326.93
<b>Other Current Assets</b>	
Inventory Asset	1,608,742.59
Undeposited Funds	3,149,302.55
<b>Total Other Current Assets</b>	4,758,045.14
<b>Total Current Assets</b>	5,901,913.24
<b>Fixed Assets</b>	
Furniture and Equipment	76,595.93
Warehouse Equipment	30,450.00
<b>Total Fixed Assets</b>	107,045.93
<b>Other Assets</b>	
Donations	3,000.00
<b>Total Other Assets</b>	3,000.00
<b>TOTAL ASSETS</b>	<b>6,011,959.17</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	944,164.33
<b>Total Accounts Payable</b>	944,164.33
<b>Total Current Liabilities</b>	944,164.33
<b>Total Liabilities</b>	944,164.33
<b>Equity</b>	
Opening Balance Equity	107,720.87
Retained Earnings	3,784,065.29
Net Income	1,176,008.68
<b>Total Equity</b>	5,067,794.84
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>6,011,959.17</b>

## Profit &amp; Loss

January through May 2025

	<u>Jan - May 25</u>
Ordinary Income/Expense	
Income	
Sales	3,580,381.63
Total Income	3,580,381.63
Cost of Goods Sold	
Cost of Goods Sold	1,523,954.44
Merchant Account Fees	11.19
Total COGS	1,523,965.63
Gross Profit	2,056,416.00
Expense	
AC Insolation Asset	6,000.00
Accounting	125.00
Advertising and Promotion	45,479.21
Architect work	17,150.00
Asset	39,759.98
Auto and Truck Expenses	96,254.70
Bank Service Charges	1,144.92
Cleaning Supplies	868.26
Computer and Internet Expenses	3,318.65
Construction asset	26,995.73
Court Expense	211.64
Designer	15,200.00
Electrical service	733.56
Electricity	12,279.48
Exchange Rate Fee	1,024.35
Gas	13,883.58
Insurance Expense	3,900.00
Interest Expense	147.63
Janitorial Expense	2,062.64
Kitchen Supplies	32,795.12
Meals and Entertainment	214.05
Melt n Dip Franchising Contract	38,619.21
Merchant deposit fees	966.07
Office Supplies	3,113.41
Packaging Materials	12,784.36
Payroll Expenses	67,955.72
Personal Expense	80,690.76
Products	2,161.75
Rent Expense	39,627.59
Repairs and Maintenance	152,951.94
Restaurant supplies	24,483.50
Shipping Expense	1,773.38
Shipping service	23,630.00
Storage Container Asset	23,740.00
Taxes - Property	29,398.07
Telephone Expense	10.00
Travel Expense	52,164.20
Utilities	6,093.86
Total Expense	879,712.32
Net Ordinary Income	1,176,703.68
Other Income/Expense	
Other Expense	
Ask My Accountant	0.00
Pets Control	695.00
Total Other Expense	695.00
Net Other Income	-695.00
Net Income	<u>1,176,008.68</u>

**EXHIBIT B**  
**Franchise Agreement**



FRANCHISE AGREEMENT

MELT N DIP FRANCHISING, LLC  
with

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## RECITALS

WHEREAS Franchisor has developed a unique system for identifying, operating and marketing a fast casual restaurant business offering **restaurant** operating under the Marks and using the System (hereinafter the "System");

WHEREAS Franchisor owns the trade name "**Melt n Dip**" and related logos and marks and trade dress as more fully described in this Agreement (hereinafter the "Marks");

WHEREAS, as between Franchisor and Franchisee, Franchisor is the sole and exclusive owner of all goodwill associated with and to become associated with the Marks, the value of which Franchisee acknowledges;

WHEREAS Franchisee recognizes the advantages and value of the System and Marks and desires to obtain a license for a "**Melt n Dip**" business (hereinafter the "Melt n Dip Business");

WHEREAS Franchisee recognizes the necessity and value of maintaining high standards and uniformity of appearance, image, products, services and customer relations in conformity with the System as Franchisor may reasonably modify it from time to time;

WHEREAS Franchisee is aware of the risks, business and otherwise, associated with owning a **Melt n Dip** Business and has independently evaluated those risks without relying upon any representations from Franchisor or Franchisor's agents regarding revenues, profits or probability of success, excepting only those representations and accompanying cautions contained in Franchisor's Franchise Disclosure Document—revenues, profits or probability of success being affected primarily by factors beyond Franchisor's control, including Franchisee's skill, personality, diligence and dedication and general regional or local economic or demographic conditions; and

WHEREAS, Franchisor, in reliance upon Franchisee's representations, is willing to provide certain training and other services and to grant a license, but only on the terms of this Agreement, which terms Franchisee understands and accepts and both parties acknowledge to be reasonable and material;

NOW THEREFORE, for and in consideration of the mutual covenants herein set forth, and other good and valuable consideration, the receipt and sufficiency of which each party hereby acknowledges, and each party fully intending to be legally bound hereby, Franchisor and Franchisee mutually agree as follows:

### **Article 1 - License And System**

#### **1.01 Grant Of License.**

1.01.01 Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee a non-exclusive license to operate one (1) office using the System and Marks for a period of ten (10) years from and after the Effective Date of this Agreement, said office to be located only at the location specified in Exhibit A hereto, or at such other location within the Territory as Franchisor may approve in writing. Franchisee, based upon Franchisee's own research and knowledge, shall select a location within 180 days after signing this Agreement and that location shall be accurately

stated in Exhibit A. This Agreement shall terminate upon expiration or termination of Franchisee's lease (a) upon Franchisee's written election; or (b) upon Franchisor's election if Franchisee does not obtain an acceptable lease at an approved location at least (90) days before expiration of Franchisee's lease. Franchisee shall not move Franchisee's Premises without Franchisor's prior written approval. Subject to Franchisee complying with applicable laws and ordinances, Franchisee may operate the Melt n Dip Business, in whole or in part, from Franchisee's residence, provided Franchisee's residence is within Franchisee's Territory.

## 1.02 Location And Territory.

1.02.01 Except as specifically permitted by this Agreement, Franchisee's **Melt n Dip** office shall be the only **Melt n Dip** office to operate within the geographical territory described in Exhibit B hereto (the "Territory"). Franchisor will not locate or open a competitive **Melt n Dip** office in the Territory, either company-owned or franchised, during the term of this Agreement, so long as Franchisee is not in breach of this Agreement. However, there shall be no geographic restrictions upon where customers may come from for any **Melt n Dip** office, company-owned or franchised. Franchisee shall not distribute or publish advertising or otherwise market outside Franchisee's territory except in compliance with this Agreement and the Manual.

1.02.02 Exclusions from Territory. The following, and any substantially similar locations, shall be excluded from Franchisee's **Melt n Dip** Territory: Home shows, trade fairs, exhibitions and online product sales of related industry equipment. As to such excluded locations, Franchisor shall have the right, directly or indirectly, to sell and distribute goods and services, including those normally offered by Franchisee and using the Marks, without compensation to Franchisee or any other franchisee(s). Franchisor may, directly, indirectly, or through a franchisee or licensee offer products and services under the same or a different trade name or trademark, including within Franchisee's Territory through alternative distribution methods, including through catalogs, mail order, independent retail outlets, and through electronic media, including television, radio, the "Internet" and through other new or emerging commercial technological media. Franchisor shall have no obligation to share any revenues from alternative distribution activities with Franchisee. Without limiting the foregoing, Franchisee shall not, without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever, use the Marks or any part of the Marks or anything similar to the Marks as part of a domain name or in any other manner in connection with any commerce on the Internet or similar media. Franchisee shall not use the Marks in or market through alternative distribution methods without Franchisor's prior written approval, which approval may be withheld for any reason whatsoever.

1.02.03 Business Opening. Franchisee may not open its Location for business until: (1) Franchisee has secured an approved Location for its Melt n Dip Business and installed all fixtures, furniture and equipment, including computer systems in accordance with list of approved suppliers and our purchasing standard and specifications; (3) its owners, designated managers, and Food Service Specialists have completed the initial training program to Franchisor's satisfaction; (4) Franchisee has furnished us with evidence of the required insurance coverage; (5) Franchisee has furnished Franchisor with evidence that Franchisee has met all licensing requirements applicable to the Melt n Dip Business; (6) Franchisee has established an entity to operate the Melt n Dip Business; and (7) Franchisor has provided Franchisee with written consent to open. Franchisee must complete these opening requirements and begin operation of its Location within 12 months of the date of signing the Franchise Agreement.

1.02.04 Expansion Territory. Subject to Franchisor's prior written approval, if Franchisee is in full compliance with this Agreement and the Manual, Franchisee may be permitted to acquire

additional adjacent territory that has not been assigned to another franchisee. The price of such expansion territory shall be \$0.10 per person residing in the expanded territory based upon currently available governmental demographic data. The purchase price for expansion territory is payable, in full, upon the signing of an addendum granting the expansion territory to Franchisee. Franchisor, in its sole discretion shall determine the minimum and maximum size and configuration of an expansion territory and may impose reasonable conditions, including, but not limited to the opening of a satellite office in the expansion territory.

### 1.03 Melt n Dip Business.

1.03.01 The term "Melt n Dip Business" means a business in which the Franchisee engages in the business of **restaurant, food, and event catering services**. Franchisee will provide these services to both individuals and businesses, operating under the Marks and using the System (hereinafter the "System"). Franchisor shall have the right to add or delete or change product and service offerings at any time and Franchisee agrees to comply with such changes.

### 1.04 System And Marks.

1.04.01 Franchisee agrees to operate the Melt n Dip Business only according to the System and only under the Marks pursuant to the Manual. Franchisee acknowledges that Franchisor owns all rights to the System and the Marks and Franchisee has only such rights as this Agreement grants. For purposes of this Agreement, the "System" includes the rights and obligations set forth in this Agreement, the Operating Manual furnished to the Franchisee as amended from time to time, Franchisor's name, training, formulas, methods of operation, reputation, advertising, system and similar benefits pursuant to which the Franchisee operates the Melt n Dip Business. Franchisor's unique trade dress is part of the Marks Franchisee shall offer and sell all products and services, and only those products and services authorized by Franchisor and specified in the Operating Manual or as designated in writing by Franchisor. Franchisor may unilaterally add and delete products or services to or from the Permitted Products and Services at any time. Franchisor may also designate any products or services as optional.

1.04.02 Unless otherwise first approved by Franchisor in writing or unless otherwise required by applicable law, Franchisee agrees to do business only under the name "**Melt n Dip**". Franchisee shall not use the Marks in any manner not specifically approved by Franchisor, including, without limitation, as part of any domain name or other address on any portion of the Internet or any new medium, including as part of any meta tag(s) or similar use.

1.04.03 Franchisee shall immediately notify Franchisor, in writing, if Franchisee learns of any attempt by any person to infringe the Marks or to wrongfully appropriate the System or any part of it. Franchisor may, in its sole discretion, take whatever action it deems appropriate to protect or defend the Marks or System but is not obligated to take any action whatsoever. Franchisee agrees to fully cooperate with Franchisor in any action anticipated by or taken by or on behalf of Franchisor. Franchisee understands that it may become necessary, in Franchisor's sole discretion, to change, totally or in part, the Marks, as a result of litigation or otherwise. In that event, Franchisee agrees to immediately adopt the new or revised Marks, and Franchisor's maximum liability, including for any purported goodwill, shall be to reimburse Franchisee the actual out-of-pocket costs of changing the principal signs identifying the Premises.

1.04.04 Franchisor may change the System or any part of the System at any time, and as changed it shall remain the System pursuant to this Agreement. Franchisor shall own any improvements or changes in the System whether developed by Franchisor, by Franchisee or by other franchisee(s) and shall have the right to adopt and perfect such improvements or changes without compensation

to Franchisee or other franchisees. If Franchisor modifies the System, Franchisee shall, at Franchisee's own expense except to the extent specifically provided in this Agreement, adopt and use such modification(s) as if it were part of the System at the time of execution of this Agreement.

1.04.05 Franchisee agrees to operate no other business whatsoever, including coin-operated devices, in or about the Premises of the Melt n Dip Business or otherwise in connection with the System or Marks without first obtaining Franchisor's written approval; provided that, Franchisee may provide any service(s) or product(s) permitted according to the Manual. Franchisee acknowledges that Franchisor owns, in connection with the Marks, all goodwill associated with or to become associated with the telephone numbers and telephone listings and agrees to execute an Assignment of Telephone Numbers in the form of Exhibit F, attached.

1.05 Manual.

Franchisor agrees to loan to Franchisee during the term of this Agreement one or more operations manuals (the "Manual"), together with such updates and modifications as Franchisor may from time to time provide to Franchisee. Franchisor may make any changes or modifications in the Manual as in Franchisor's sole judgment are desirable. Franchisee agrees that if there should, at any time, be a discrepancy between the terms of Franchisee's copy of the Manual and the master copy maintained in Franchisor's offices, the terms of the master copy shall prevail. Franchisee agrees, at all times, to conform to the Manual in all respects including to obtain any equipment, fixtures, personnel or technology necessary to do so. The Manual is and shall at all times remain the property of Franchisor and shall be returned to Franchisor upon expiration, termination or nonrenewal of this Agreement for any reason. Franchisee agrees not to make it available to or permit another to make any copies of the Manual or any portion thereof without Franchisor's prior written consent. Franchisee acknowledges and agrees that the fair value of the Manual is at least Ten Thousand Dollars (\$10,000.00).

## **Article 2 - Franchise Fees And Advertising**

2.01 Initial Fee.

The Initial Fee for the **Melt n Dip** Franchise is Fifty Thousand Dollars (\$50,000.00). The Initial Fee shall be paid as outlined in Exhibit B-1.

The Initial Fee is not refundable for any reason except if through no fault of Franchisee, Franchisor determines that Franchisee has not successfully completed the initial training, in which case Franchisor will refund one half of the Initial Fee. If Franchisee acquires an existing **Melt n Dip** business from Franchisor in connection with this franchise, Franchisee will pay the fair market going concern value of the assets purchased pursuant to a separate asset purchase and sale agreement to be negotiated, in addition to the Initial Fee. If the parties are unable to reach an agreement on the purchase and sale of assets within ninety days following the date of this Agreement, either party may terminate this Agreement by giving not less than ten business days' notice to the other. Termination shall be pursuant to the terms of Articles 17 and 18.

2.02 Royalties.

Franchisee shall pay to Franchisor a monthly royalty in an amount equal to five percent (5%) of Gross Revenues payable without setoff. If Franchisee owns more than one **Melt n Dip** franchise, Franchisee shall report and pay royalties for each franchise independently, unless otherwise directed by Franchisor.

### 2.03 Local Marketing Fee.

2.03.01 We will deduct 2% per month from your account and do advertising and marketing for you. Franchisee may spend additional money on advertising at their own cost on top of what the franchisor spends. . Franchisee agrees to report its advertising to Franchisor monthly by the 15<sup>th</sup> of the following month.

2.03.02 Franchisor shall have no duty to conduct any national marketing program and if Franchisor does conduct a program, Franchisor makes no representations or warranties regarding the nature of the marketing to be conducted or about how it will affect Franchisee's revenue.

### 2.04 Electronic Funds Transfer.

Franchisee must make the weekly payments for the royalty fees, local marketing fees, and any and all other fees that may become due and payable to Franchisor hereunder by either electronic transfer or electronic debiting of Franchisee's business account, or in any other manner that Franchisor may hereinafter designate. Upon the execution of this Agreement, Franchisee must execute the electronic funds transfer authorization form attached to this Agreement as Exhibit N, and thereafter and shall execute any other documents as may be required from time to time by Franchisor to permit Franchisor to electronically transfer funds or debit Franchisee's account for the purpose of making the required payments. Franchisee may not make any change in Franchisee's banking relationships, including any change in the account number of Franchisee's business account, or any change in banks, without Franchisor's prior written approval and Franchisee's execution of new authorization forms. On or before the date Franchisor specifies, Franchisee must submit to Franchisor in the form and manner Franchisor specifies a statement of Gross Revenues for the previous week. Payments of the royalty fee, local marketing fees, and any other fees due for each calendar week will be transferred on the 1<sup>st</sup> day of the following calendar month based on the Gross Revenues for the previous calendar month reported by Franchisee. If Franchisee fails to submit a report of the Gross Revenues of Franchisee's Melt n Dip Business and Franchisor does not have access to this information, Franchisor may transfer or debit from Franchisee's account an amount which is one hundred twenty percent (120%) of the last amount Franchisor transferred for payment of monthly royalty fees, local marketing fees, and any other continuing fees. If the amount of the royalty fees and local marketing fees Franchisor transferred is less than the amount that Franchisee actually owes to Franchisor (once Franchisor has determined the true and correct Gross Revenues of the Melt n Dip Business), Franchisor will transfer from Franchisee's account the balance of the royalty fee, local marketing fees, and other fees due. If the amount transferred from Franchisee's account is greater than the royalty fees, local marketing fees, and other fees actually owed, Franchisor will credit the excess against the next transfer for royalty fees, local marketing fees, and other fees due.

### 2.05 Gross Revenues.

The term "Gross Revenues" shall mean the full the price of all goods and services sold by Franchisee from or relating to the Melt n Dip Business, whether or not Franchisee has received cash or other consideration. The only thing not included in Gross Revenues is taxes or fees Franchisee is required to collect on behalf of the government and which Franchisee actually remits. Gross Revenues are calculated at the time Franchisee sells the goods or services, without regard to when the Franchisee receives or expects to receive cash or other consideration therefore.

## 2.06 Local Cooperative Marketing.

2.06.01 Local Marketing. In addition to complying with any specific marketing requirements of Franchisor, Franchisee shall place and pay for such other marketing as Franchisee deems necessary and appropriate. Franchisee shall be responsible to assure that all marketing so placed complies with the Manual and serves to enhance and not detract from or harm the Marks and the goodwill attached and to become attached thereto. Franchisee shall promptly send to Franchisor copies of all marketing copy and media used. Franchisor will not unreasonably withhold approval of any marketing, advertising or promotional materials or programs or content for the internet. If Franchisee does not receive written approval within fifteen (15) days from the date of our receipt of such materials, programs or content submitted by you, the materials, programs or content will be deemed disapproved. In the event Franchisor deems any advertisement or marketing technique to be not in compliance with this paragraph, Franchisee shall, immediately upon receipt of a written notice from Franchisor, cease using the subject advertisement or marketing technique and shall thereafter fully comply with this paragraph.

2.06.02 Local Marketing Cooperative. If there are two or more **Melt n Dip** franchisees in a marketing area, as determined by Franchisor, the franchisees may form a Local Marketing Cooperative and Franchisee shall participate in said cooperative and shall contribute such sums thereto as may be assessed by a majority vote of the cooperative. No Local Marketing Cooperative shall make assessments, of more than 2% of Gross Revenues. Each Local Marketing Cooperative shall be organized and operate as specified in the Manual. Participation in a local marketing cooperative will satisfy the franchisees monthly requirement.

## 2.07 Grand Opening.

Franchisee shall, within six months after the date that Franchisee is open for business, publicize and conduct a grand opening consistent with Franchisor's guidelines. The grand opening shall be appropriate for Franchisee's territory, location, community, competitive environment and similar factors.

## 2.08 Rebates, Discounts and Allowances.

Franchisee authorizes Franchisor to collect all available rebates, discounts and allowances (RDA) from vendors or others with whom Franchisee does business, provided that, in Franchisor's reasonable business judgment, it is appropriate to collect them. Franchisor shall place all collected RDAs in a separate account and shall apply all such funds for purposes of subsidizing the cost of franchisee conventions, meetings and incentive programs. Franchisee authorizes Franchisor to commingle Franchisee's RDA funds with those received on account of business conducted by other franchisees. Franchisor is authorized to pay from the collected RDA funds any taxes and assessments payable on account of having received the funds and a reasonable portion of the administrative and marketing costs of securing, managing and disbursing such funds. Franchisor will provide an un-audited annual accounting as to the aggregate amount of RDA funds collected and their use and application by general category, which accounting will be prepared within ninety days following the end of Franchisor's fiscal year and will be provided to Franchisee upon written request. Franchisee acknowledges and agrees that each such accounting is a Trade Secret and shall be treated as such according to this Agreement. Except as herein specifically provided, Franchisee waives all compliance with the Uniform Trust Accounting Act and related or similar laws to the broadest extent permitted by law.

## Article 3 - Reports And Audits

### 3.01 Records And Reports.

Franchisee shall at all times maintain true and accurate business records in the manner specified by Franchisor. Franchisee shall, on a weekly basis or at such other intervals as specified by Franchisor, provide Franchisor with such report(s), in the form(s) specified by Franchisor, as Franchisor may require, and at such times as Franchisor may require, including, but not limited to, reports of Gross Revenues, reports of business expenses and overhead, customer information, copies of detailed purchase invoices, number and type of transactions, identity of vendors, the amount of marketing expenditures, detailed records of marketing expenditures, copies of inspection reports, and weekly or monthly sales summary. By submitting any reports to Franchisor, Franchisee is certifying that they are true and correct. Within ninety (90) days following the end of each calendar year, Franchisee shall provide Franchisor with a copy of Franchisee's balance sheet and an income and expense statement for the year. At the time they are filed, Franchisee shall provide Franchisor with copies of Franchisee's federal income tax return(s) and state and local excise tax returns, if applicable, together with all exhibits and schedules thereto and all amendments thereafter. Franchisor is authorized to rely upon such reports and financial documents and to disclose them to governmental authorities as and if properly requested. Franchisor may use data from the reports and financial documents in composite or statistical form for any purpose in Franchisor's sole discretion. Franchisor is authorized to obtain or verify the information and reports described herein by electronic means from Franchisee's computer(s), at any time, without prior notice, at Franchisor's sole election. Franchisee shall retain all business records for at least five (5) years or such longer period of time as may be required by applicable law

### 3.02 Failure to Report.

If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalties and Local Marketing Fees for each relevant week and effect an electronic funds or other transfer of such funds calculated as the greater of (a) Franchisee's average weekly Royalties and Local Marketing Fees over the prior twelve months or (b) the average weekly Royalties and Local Marketing Fees of all similar franchisees within Franchisee's region as defined by Franchisor. Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

### 3.03 Audits And Inspections.

Franchisor shall have the right, at any time, to enter the Premises (either physically or electronically) for purposes of auditing the accuracy of reports submitted and to otherwise verify compliance with the terms and conditions of this Agreement. Should any audit or inspection reveal that Franchisee has underreported the amount of Gross Revenues, Franchisee shall immediately pay to Franchisor the additional amount of royalties and other fees payable on account of the underreporting, plus interest thereon at the rate of one and one-half percent per month, but not more than the maximum interest allowed by applicable law. If an audit or inspection reveals that Franchisee has underreported Gross Revenues by three (3) percent or more for any week, then Franchisee shall also pay, immediately, the cost of the audit or inspection. In all other cases, Franchisor shall bear the entire cost of the audit or inspection, including incidental costs. Should Franchisee at any time cause an audit to be made of Franchisee's Melt n Dip Business, Franchisee

shall cause a copy of the report of said audit to be delivered to Franchisor without any cost or expense to Franchisor.

#### 3.04 Contact With Others.

Franchisor shall have the right, in Franchisor's sole discretion and without further notice to Franchisee or to any other person or entity, to contact any of Franchisee's customers, landlord, accountant, vendors, or other persons within Franchisee's Territory or otherwise for the purpose of verifying the accuracy of any information submitted by Franchisee, for quality assurance or for any other purpose not inconsistent with this Agreement.

### **Article 4 - Training**

#### 4.01 Initial Training.

4.01.01 As a condition subsequent to this Agreement, Franchisee and up to two employees of franchisee, if applicable, shall successfully complete Franchisor's initial training program. The initial training program will be approximately 40 to 80 hours in length and shall be conducted at such location(s) as Franchisor specifies. The initial training may be conducted, in whole or in part, in an existing **Melt n Dip** Melt n Dip Business owned by Franchisor, an affiliate of Franchisor or another franchisee. Franchisee and Franchisee's manager, if applicable, will be required to execute a consent, waiver and release in the form of Exhibit K before beginning training, relieving Franchisor or other franchisees who might be involved in the training of liability for wages, benefits, and for injury, damages or harm that might occur while training in the facilities of Franchisor or another franchisee. Franchisee shall be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees. After the initial training, Franchisor will be available for such reasonable consultation as Franchisor deems appropriate. Franchisor reserves to itself the exclusive right to determine whether Franchisee and other trainees have satisfactorily completed the training program. If Franchisee and Franchisee's designated manager, if applicable, do not satisfactorily complete the initial training program, Franchisor may terminate this Agreement. Franchisee acknowledges that such failure to satisfactorily complete the initial training program is grounds for termination of this Agreement. If Franchisee desires to have additional employees or other approved representatives trained by Franchisor, Franchisor will make this opportunity available to Franchisee provided training space is available in a regularly scheduled class. For each such additional trainee, Franchisee will pay One Thousand Five Hundred Dollars (\$1,500) for this additional training. Franchisee shall also be responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

#### 4.02 Manager Training.

At all times, Franchisee or Franchisee's manager in charge of operating the Melt n Dip Business shall be an individual who has successfully completed Franchisor's manager training program and who otherwise meets Franchisor's manager criteria. Any new manager shall successfully complete Franchisor's manager training program within 60 days after assuming the role of manager. Unless otherwise agreed in writing by Franchisor, Franchisee or Franchisee's manager(s) shall bear the reasonable cost of training additional managers after the first manager trained. In all cases, Franchisee shall be solely responsible for any salaries, compensation, benefits and living and travel expenses of trainees.

#### 4.04 Subsequent Training.

Franchisor may require Franchisee and Franchisee's manager to complete additional training at a location determined in Franchisor's sole discretion. Franchisee shall pay Three Hundred Dollars (\$300.00) per person per day for such mandatory training. Franchisee shall, in any event, be solely responsible for all salaries, compensation, benefits, and living and travel expenses of trainees.

#### 4.05 Training Materials.

Franchisor may, from time to time, provide or make available to Franchisee training materials and equipment for providing training for Franchisee's manager(s) and employees. Franchisor may charge a reasonable fee for such materials and equipment. Franchisee agrees that all such materials are Trade Secrets pursuant to this Agreement. Franchisee agrees to require all of its managers and employees, as applicable, to successfully complete any such training program(s) if Franchisor designates them as mandatory.

4.06 Additional Operating Assistance. At your request, we may provide you, at our discretion, additional guidance and assistance at your Melt n Dip Business by a representative of the Franchisor. In the event that you are not operating your Melt n Dip Business in compliance with the standards, specifications and operating procedures set forth in this Agreement or in the Manual, we may require additional training for your owners, designated managers, or Food Service Specialists at either the Location of your Melt n Dip Business or other location we designate. In either event, we will charge you Three Hundred Dollars (\$300.00) per trainer per day for such additional training and assistance and travel expenses for our representative who conducts such training and assistance at your location.

### **Article 5 - Trade Secrets And Confidentiality**

Franchisee will have access during the course of this Agreement to trade secrets that are the property of Franchisor. Trade Secrets include, but are not limited to, the System, the Manual, formulas, methods, customer lists and related information, vendor and pricing lists and policies, the Training, and other programs, techniques and policies as they may be developed by Franchisor from time to time. Franchisee acknowledges that the Trade Secrets derive independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons who could obtain economic value from their disclosure or use. Franchisee agrees to not disclose or in any way make available to any unauthorized person(s) any Trade Secret(s) or any information regarding any Trade Secret(s) or any proprietary information made available to Franchisee by Franchisor. Franchisee shall hold all such information in complete confidence. Franchisee will not disclose any Trade Secrets whatsoever to any person(s) not employed by or under contract with Franchisee. Franchisee will disclose Trade Secrets only to those employees and agents of Franchisee with a legitimate need to know, each of whom Franchisee warrants will be subject to this article. Franchisee shall cause every manager and every employee who has access to Trade Secrets to sign a Confidentiality and Nondisclosure Agreement in the form prescribed by Franchisor, the current form of which is Exhibit I hereto. Franchisee agrees that Franchisor shall have sole discretion in determining what items or information are Trade Secrets and that any items or information designated Trade Secrets by Franchisor in the Manual or otherwise in writing shall be treated as Trade Secrets under this Agreement whether or not such items or information would be trade secrets under any other applicable legal or other definition(s), including any applicable statutes. In addition to all other remedies available to Franchisor, upon

proof of violation of this Article by Franchisee, Franchisee agrees that Franchisor shall be entitled to liquidated damages in an amount equal to the greater of: (a) the sum of the average weekly Royalty Fees paid or payable by Franchisee during the preceding twelve months, multiplied by the number of weeks, or portion thereof, during which Franchisee was in violation of this Article or (b) one hundred percent of the gross revenues received or receivable by Franchisee or any transferee of any Trade Secrets during every day, or portion thereof, during which Franchisee was in violation of this Article. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Article, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty.

## **Article 6 - Pre-Opening Obligations**

### **6.01 Premises And Lease.**

6.01.01 Franchisee shall be solely responsible for selecting the location for the Melt n Dip Business that complies with the Manual (hereinafter "the Premises"). Franchisee, within 180 days after signing this Agreement, shall select a location, subject to Franchisor's approval. Franchisor will attempt to provide to Franchisee any information in its possession regarding the Premises, proposed Premises and any known alternative Premises within Franchisee's Territory. Such information is provided by Franchisor without warranty as to its accuracy or completeness or otherwise. Franchisor has no special expertise in such matters. Franchisee shall not sign a lease, sub-lease or other obligation until after Franchisee has received Franchisor's approval of the Premises and lease or sub-lease in writing, which approval shall be deemed to have been given if Franchisor has not notified Franchisee within ten (10) business days following Franchisor's receipt from Franchisee of a copy of the proposed lease or sub-lease and such other information about the proposed Premises as Franchisor may require. Approval of the Premises or the lease or sub-lease by Franchisor does not constitute a representation or warranty by Franchisor that the Premises will be good and does not constitute a legal or other opinion as to any term of the lease or sub-lease. Franchisor may, in Franchisor's discretion, condition approval upon execution of the Lease Conditional Assignment Agreement by Franchisee and Franchisee's landlord in the form of Exhibit E, attached. If Franchisee fails to select an approved location within 180 days, Franchisor shall have the option of terminating this Agreement. Franchisee acknowledges and agrees that failure to select an approved location within 180 days is cause for Termination of this Agreement. Notwithstanding Franchisor's right to terminate for failure to select an approved location within 180 days, Franchisor will reasonably extend the selection period if Franchisee has made best efforts to select a location and for valid reasons has been unsuccessful.

6.01.03 In some instances, Franchisor may have already entered into a master lease for the Premises. In such event, Franchisee shall execute a sublease or assignment agreement, as appropriate, subject to the same terms and conditions as the master lease. The sublease or assignment may provide that Franchisee shall pay rent and other obligations directly to the master landlord.

### **6.02 Specifications.**

Franchisee's Melt n Dip Business shall operate only from Premises meeting Franchisor's specifications, including appropriate office and warehouse space. Franchisee understands and agrees that, although all **Melt n Dip** offices will follow a consistent theme, the details of their design will differ in many cases, based upon location requirements, landlord requests, and unique

features of the community. Franchisor will consider Franchisee's requests for features for Franchisee's office, but is not obligated to follow those requests. Franchisee shall be obligated to update the design of Franchisee's office at Franchisee's expense not more than once every three years. Franchisee may change or update the design of Franchisee's office, subject to Franchisor's prior written approval, at any time, at Franchisee's expense. If Franchisor approves any changes in the plans or designs at Franchisee's request (or to comply with governmental codes, rules or ordinances), Franchisor shall own all rights to such plans as modified without further compensation to Franchisee or any other person. Franchisee shall sign and obtain signatures of necessary third parties on any documents requested by Franchisor to transfer any and all copyrights or other proprietary interests of any person in and to such modified plans or designs.

#### 6.03 Appearance Of Premises.

Franchisee acknowledges that every **Melt n Dip** office will be required to have identical decor, color schemes and layout. Franchisee agrees to accept Franchisor's subjective evaluation as to what would keep the Premises in compliance with Franchisor's standards. Franchisee agrees, at Franchisee's sole cost and expense, to maintain the Premises, including, but not limited to equipment, displays, fixtures, and interior and exterior decor in accordance Franchisor's standards throughout the term of this Agreement

#### 6.04 Required Equipment

Franchisee shall acquire install and use, at Franchisee's sole expense the Required Equipment. The current list of Required Equipment is contained in Exhibit C. Franchisee understands that the specific list of Required Equipment may be different for Franchisee's Melt n Dip Business than for other franchisees or company-owned offices on account of differences in the Premises, lease terms, demographics or otherwise and that Franchisor shall have the right to modify the list of Required Equipment in the Manual or otherwise in writing. All Required Equipment shall meet or exceed Franchisor's specifications. Franchisee shall purchase the Required Equipment only from vendors approved by Franchisor.

### **Article 7 - Operation Of Melt n Dip Business**

#### 7.01 Independent Contractor.

Each party to this Agreement is and shall remain an independent contractor and shall control the manner and means of operation of its respective business and shall exercise complete control over and responsibility for all labor relations and the conduct of its agents and employees. Neither party shall be considered or held out to be agent(s), joint venturers, partners or employee(s) of the other, except as specifically authorized by this Agreement. Neither party shall negotiate or enter into any agreement or incur any liability in the name of or on behalf of the other unless, and to the extent, specifically authorized by this Agreement. Franchisee shall prominently display signs at all times in the manner specified by Franchisor, indicating the name of the Franchisee and stating that the Melt n Dip Business is independently owned and operated. Franchisee's business forms that bear the Marks shall contain Franchisee's name and a statement that the Melt n Dip Business is independently owned and operated in such form as Franchisor may specify.

#### 7.02 Personal Participation.

Throughout the term of this Agreement, Franchisee shall either devote Franchisee's full time and effort to actively managing the Melt n Dip Business or delegate its management to a responsible person. Notwithstanding any delegation of authority hereunder, Franchisee shall reserve and

exercise ultimate authority and responsibility with respect to the operation and management of the Melt n Dip Business. If Franchisee employs a manager to run the day to day operations, the manager shall be required to attend and successfully complete Franchisor's training program prior to taking over full day-to-day responsibilities, at Franchisee's sole cost and expense (except for Franchisee's first manager whom Franchisor will train at no additional charge to Franchisee for the training—but Franchisee shall be solely responsible for all travel and living costs of trainees). Franchisee shall devote such time and effort to the Melt n Dip Business as Franchisee determines, but shall reserve and exercise ultimate authority and responsibility with respect to the operation and management of the Melt n Dip Business.

#### 7.03 Retail Prices.

Franchisor may recommend prices and pricing strategies for products and services. Franchisee is obligated to follow such price recommendations to the extent such obligation is consistent with applicable law and is otherwise solely responsible for establishing franchisee's own retail prices at such levels as franchisee deems appropriate.

#### 7.04 Compliance With Laws.

Franchisee shall be solely responsible, at Franchisee's sole cost and expense, for obtaining and maintaining all necessary or required permits and licenses in order to operate the Melt n Dip Business. Franchisee is solely responsible for strictly complying with each and every law, ordinance and regulation applicable to the Melt n Dip Business, including, but not limited to, licensing, health, safety, environmental, consumer and labor regulations. Franchisee shall timely pay all applicable taxes as they come due but may challenge the amount or applicability thereof; provided, that Franchisee hereby agrees to indemnify, hold harmless and defend Franchisor from any and all liabilities for taxes based upon Franchisee's operations.

#### 7.05 Franchisee Business Operation.

Franchisee understands and acknowledges that every detail of the System and of the operation of the Melt n Dip Business is important to Franchisee, Franchisor and other **Melt n Dip** franchisees in order to maintain and further develop high and uniform operating standards, to increase the demand for goods and services sold by Franchisor and all franchisees, to enhance the image of Franchisor and the Marks, and to protect Franchisor's reputation and goodwill. Therefore, Franchisee agrees that:

7.05.01 Compliance with Manual. Franchisee shall operate the Melt n Dip Business in conformity with such uniform methods, standards and specifications as Franchisor may prescribe, in the Manual or otherwise, to insure that the highest degree of quality and service is uniformly maintained. Franchisee shall acquire and maintain, at all times, all equipment and software required by Franchisor for operation of the Melt n Dip Business. Franchisee shall offer all of the goods and services designated by Franchisor and no others without the written consent of Franchisor, which consent Franchisor may withhold for any reason. Franchisee shall assure that all telephone calls are answered live in compliance with the Manual.

7.05.02 Image. Franchisee shall, at all times, work to protect and enhance Franchisor's image and, specifically, shall maintain employees or workers in the Melt n Dip Business whose appearance, attire, attitude, reputation and demeanor are consistent with Franchisor's image. Franchisee acknowledges and agrees that Franchisor shall have sole discretion in determining what constitutes Franchisor's image, and further acknowledges that said image is constantly evolving as markets change and evolve.

7.05.03 Business Dealings. Franchisee shall not, at any time, engage in any business dealings in relation with the Melt n Dip Business or the Franchise which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, the goodwill associated with the Marks, or to any customer or vendor of Franchisee.

7.05.04 Maintenance. Franchisee shall, at Franchisee's sole cost and expense, maintain the Premises, inside and out, in the highest degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including without limitation, such periodic cleaning, repainting, repairs to impaired equipment and replacement of obsolete signs and equipment as Franchisor may reasonably direct. Franchisee shall maintain all landscaping and other outside areas of the premises in an attractive and clean condition.

7.05.05 Refurbishing. At Franchisor's request, which shall not be more often than once every three (3) years, Franchisee shall replace or update the Premises at Franchisee's sole expense, to conform to the design, trade dress, color schemes and presentation of the Marks consistent with Franchisor's then-current image, including, without limitation, such internal changes and redecoration and such modifications to existing equipment as may be necessary in Franchisor's sole judgment.

7.05.06 Advisory Committees. Franchisee shall participate, at Franchisee's sole expense, in local, regional and national franchisee advisory committees or councils if established or sanctioned by Franchisor.

#### 7.06 Restrictions On Sources Of Products And Services.

7.06.01 Specifications. As to all equipment, fixtures, supplies and inventory ("Items") necessary to operate the Melt n Dip Business, except as otherwise specified herein, Franchisee may purchase them from the vendor of Franchisee's choice, but the Item(s) must meet Franchisor's specifications, if any. Franchisor reserves the right to change the list of Items that Franchisee must purchase in accordance with specifications. Franchisor reserves the right to require Franchisee to purchase only from suppliers that Franchisor has approved.

7.06.02 Items Bearing Marks and Proprietary Items. Franchisee shall purchase only from Franchisor or a supplier approved by Franchisor all Items used to start or operate the Melt n Dip Business that contain or bear the Marks or that are proprietary to Franchisor. In addition, Franchisee shall purchase from a supplier approved by Franchisor, all signs used to identify the Melt n Dip Business.

7.06.03 Other Suppliers. Franchisor will approve other suppliers of non-proprietary items if Franchisee or the supplier request the approval in writing and if the supplier demonstrates to the satisfaction of Franchisor that it is financially capable and can provide Item(s) or service(s) that meet Franchisor's standards and that it is willing and able to protect Franchisor's proprietary information. Franchisor may charge a reasonable fee to cover its costs in evaluating a proposed supplier. Franchisor will normally make its decision within thirty days after it receives all of the requested information and any requested samples. Franchisor reserves the right to withdraw approval of any supplier whose performance falls below Franchisor's standards.

7.06.04 Unspecified Products. Franchisee may obtain any Item used in the Melt n Dip Business that Franchisee is not required to purchase in accordance with specifications or from an approved supplier from any source, so long as the Item is consistent with Franchisor's image. Should Franchisor later publish specifications or require use of an approved supplier, Franchisee shall comply with that requirement.

7.06.05 Inventory. Franchisee shall, at all times, maintain a sufficient inventory of Items so that the Melt n Dip Business can operate at maximum capacity.

7.06.06 Training and Other Services. Certain services may be available to Franchisee only through Franchisor or an affiliate, including mandatory training. Franchisee will be required to pay the usual price for any of these services, unless otherwise provided in this Agreement.

7.06.07 Proprietary Items. Proprietary Items are Items that contain one or more unique characteristics or ingredients which are either not known to the general public or which are subject to protection as intellectual property or Trade Secrets, and can include packaging, trademarks or containers. Patented or patentable Items are Proprietary Items. Franchisor or its Affiliate(s) may develop Proprietary Items. Franchisor or an Affiliate will (i) manufacture, supply and sell Proprietary Items to franchisees of Franchisor, and/or (ii) disclose the formulae for and methods of preparation of the Proprietary Items to one or more supplier(s) who will be authorized by Franchisor to manufacture Proprietary Items to Franchisor's precise specifications and sell Proprietary Items to franchisees of Franchisor and/or (iii) license Franchisee to use them pursuant to this Agreement. If required, Franchisee shall purchase and use Proprietary Items from Franchisor or from supplier(s) so authorized by Franchisor. Franchisor or its Affiliate(s) will derive revenue and profits from Franchisee's purchases of any Proprietary Items. Franchisor or its Affiliate(s) may distribute Proprietary Items through alternative channels of distribution, including near Franchisee's location.

7.06.08 Proprietary Software. Franchisee will need to purchase Toast software who will license you to use their proprietary software. The Software, and any additions or modifications or further developments are and will be Trade Secrets of Franchisor. Franchisee shall comply with Franchisor's requirements and specifications regarding the Software. Franchisor may require Franchisee to sign a separate license agreement for some software. Franchisor or its Affiliate(s) may distribute Proprietary Software through alternative channels of distribution, including near Franchisee's location and to competitors of Franchisee.

7.07 Minimum Hours.

The dates and hours of operation may not be the same for all Melt n Dip Businesses or all franchisees, even in the same general area, because of local conditions.

7.08 Signs.

Franchisee agrees to obtain, install and maintain on the Premises and on certain vehicles used in the Melt n Dip Business, appropriate signs bearing the Marks as specified by Franchisor. Any deviation from the required signage shall be subject to Franchisor's prior written approval.

7.09 Computer System.

Franchisee shall purchase specified computer hardware and software ("Computer System") currently "Toast", for use in operation of the Melt n Dip Business as required by Franchisor. In addition, Franchisee may be required, from time to time, to purchase replacement hardware or software or software upgrades, all of which Franchisee shall install and use as required by Franchisor, including, without limitation, point of sale and communications software and hardware. If required, Franchisee will install and maintain and use, at Franchisee's expense, a dedicated telephone or other data line or transmission facility as specified by Franchisor. Franchisee may obtain a Computer System and related components and services from any source as long as the equipment, software and service meets or exceeds Franchisor's specifications. Franchisee shall be solely responsible for maintenance, repair and replacement of the Computer

System. Without limiting the applicability of this paragraph, Franchisee shall, at all times, use and maintain the software as required by Franchisor. Franchisee shall not block or attempt to block or limit Franchisor's access, including electronically, to any data or programs contained on Franchisee's Computer System and Franchisee shall maintain information relating to the Melt n Dip Business only on the Computer System(s) to which Franchisor has access.

#### 7.10 Communications Equipment and Systems.

Franchisee shall purchase and use in the Melt n Dip Business communications equipment or systems and service as required by Franchisor and shall update or replace such equipment, systems and service as required, but Franchisor will not require replacement more than once per year. Except as otherwise required or permitted by this Agreement or by applicable law, Franchisee shall use only the communications systems designated by Franchisor in communicating with Franchisor and other franchisees relating to the Melt n Dip Business. Franchisor shall have a proprietary interest in all communications made through any communications systems maintained or provided by Franchisor. Franchisee acknowledges that the provisions of this paragraph 7.10 are reasonable and necessary and beneficial to the **Melt n Dip** franchise system. Franchisee shall monitor and respond to all communications in a timely manner as specified in the Manual.

Franchisee agree to install 8-12 cameras including one in the kitchen, cash register, line of production, etc. and provide Franchisor access to said cameras. However, Franchisee shall not install any cameras in any rest rooms, changing rooms or any area or any place where a person can reasonably expect privacy.

#### 7.11 Equipment Maintenance.

Franchisee shall be solely responsible, at Franchisee's cost and expense, for maintaining, repairing, and replacing, when appropriate, all equipment required, recommended or permitted pursuant to this Agreement.

#### 7.12 Warranties.

Franchisee shall not represent to any customer or the public that Franchisor provides any warranty as to the quality of any product or service, unless Franchisor has specifically authorized such warranty in writing. If Franchisee offers any warranties, they shall be in writing and shall clearly state, both in the warranty and in any promotional or advertising materials, that the warranty is available and will be honored only by Franchisee. Franchisee hereby indemnifies, holds harmless and agrees to defend Franchisor, its related companies and all other **Melt n Dip** franchisees from any and all claims of whatever nature arising from any such additional warranties made by Franchisee. Franchisee shall participate in and comply with any warranty program that Franchisor may adopt from time to time.

#### 7.13 No Pirating Of Personnel.

During the term of this Agreement and for a period of two (2) years following Termination or Nonrenewal of this Agreement for any reason whatsoever, Franchisee shall not: (a) induce, or attempt to induce any employee of Franchisor, an Affiliate or of any other franchisee to leave their current employer; (b) without the prior written approval of Franchisor (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to hire or associate any employee of Franchisor, an Affiliate, or of any other franchisee; or (c) without the prior written approval of Franchisor (which may be conditioned upon the prior written approval of another franchisee and other proper conditions) hire or associate or offer to

hire or associate any former employee of Franchisor, an Affiliate, or of any other franchisee, who has, voluntarily or otherwise terminated his or her relationship with Franchisor, an Affiliate, or any other franchisee during the prior eighteen (18) calendar months. The terms of this paragraph 7.13 shall survive termination or nonrenewal of this Agreement for any reason. Any waivers of this paragraph 7.13 must be in writing and signed by the Franchisor.

#### 7.14 Marketing.

Franchisee shall, at all times, comply with the Manual in all advertising, including, but not limited to using exclusively Franchisor's toll free number (if they obtain one) when required. Franchisee shall not use television, radio or Internet advertising unless in full compliance with the Manual.

#### 7.15 Leads and Service Area.

Except as specifically permitted by the Manual, Franchisee shall not engage in marketing outside of Franchisee's Territory. There are no restrictions on where Franchisee may provide services, provided Franchisee is in full compliance with all applicable laws, ordinances and regulations, for customers who may contact Franchisee directly. Franchisor shall make a reasonable effort to channel calls received on its toll free number(s) (if they obtain one) to the franchisee in the territory where the customer needs services. Franchisor may adopt and follow non-discriminatory policies for distributing calls and leads if Franchisee does not respond or perform in compliance with the Manual which may result in another franchisee being permitted to perform work in Franchisee's Territory.

#### 7.16 New Developments.

Franchisor shall be the sole and exclusive owner of all new developments, including inventions, methods, products, ideas, formulas, research results, equipment, and otherwise, that Franchisee develops or has any role in developing that relate to the Melt n Dip Business. Franchisee shall immediately disclose any and all such new developments to Franchisor and shall execute any documents necessary, in Franchisor's opinion, to consummate the transfer of all ownership rights therein. The mutual covenants of this Agreement are sufficient consideration for such transfers. Franchisor shall not, otherwise, be required to compensate Franchisee for such new developments.

#### 7.17 Personnel.

Franchisee expressly acknowledges that Franchisor is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, the Franchisee's obligations under this Agreement and the standards and specifications required by Franchisor hereunder and in the Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and System, goodwill and brand consistency. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, employment applications and other employment forms, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer. Franchisee is solely responsible for the management of the Melt n Dip Business as an independent franchise owner/operator.

### **Article 8 - Indemnity And Insurance**

### 8.01 Indemnity.

Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, shareholders, agents, employees, landlords and related companies from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys' fees, and all other types of costs or expenses, arising directly or indirectly from the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees or agents in connection with the performance or breach of any obligation under this Agreement. Franchisor shall indemnify and hold harmless Franchisee, its officers, directors and shareholders from any losses, claims, damages, liabilities or expenses of any kind or nature, arising from the wrongful acts or omissions of Franchisor in connection with the performance or breach of any obligation under this Agreement.

### 8.02 Insurance.

Franchisee shall purchase and maintain, at Franchisee's expense, throughout the term of this Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. Franchisee shall purchase and maintain professional liability (errors and omissions) insurance with coverage of at least \$1,000,000 per occurrence/annual aggregate. Franchisee shall purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to Franchisor or with a state agency. Franchisee shall provide Franchisor with one or more certificates of insurance evidencing such coverage's and naming Franchisor as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverage's under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to Franchisor. Upon request by Franchisor, Franchisee shall provide Franchisor with a true copy of any insurance policy, including all endorsements. Every insurance policy of Franchisee required by this Agreement shall provide that coverage is primary/non-contributory. Every insurance policy shall be with an insurance company that meets Franchisor's criteria as set forth in the Manual.

## **Article 9 - Renewal**

### 9.01 Conditions Of Renewal.

After expiration of the term of this Agreement, if Franchisor has made a business decision, in Franchisor's sole discretion, to continue the **Melt n Dip** Franchise System in Franchisee's area, Franchisee will be permitted to renew Franchisee's Franchise Agreement, but only upon the following terms and conditions:

9.01.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies and must not have made more than two late payments within the last three years for which Franchisor gave written notice(s) of breach, which notice(s) were not withdrawn by Franchisor;

9.01.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee and must have substantially complied with the operating standards and other criteria contained in the Manual or otherwise communicated in writing by Franchisor;

9.01.03 Franchisee shall pay a renewal fee as established at the time by Franchisor, but which shall be not more than two thirds of the then-current Initial Fee, payable in full at the time of execution of the Franchise Agreement referred to in sub-paragraph 9.01.04;

9.01.04 Franchisee shall execute the then current form of Franchise Agreement, which may differ in material ways that are not reasonably foreseeable at this time, but may include material differences in territorial boundaries and economic terms, including the amount of royalties and National Marketing Fees or entirely new categories of fees or mandatory expense;

9.01.05 Franchisee must maintain possession of the Premises identified in Exhibit A for the renewal term or obtain substitute premises approved by Franchisor;

9.01.06 Franchisee, at Franchisee's sole cost and expense, shall remodel or refurbish the Premises and otherwise modernize and renovate the Premises, signs and equipment to be consistent with the then current image of the System and to meet Franchisor's then current specifications;

9.01.07 Franchisee shall give written Notice to Franchisor at least thirteen months, but not more than eighteen months, prior to the end of the term of this Agreement of Franchisee's desire to renew; and

9.01.08 Franchisee must not, during the preceding term, have engaged in any business dealings in relation with the Melt n Dip Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, Franchisor, any other franchisee, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee, Franchisor or of another franchisee.

## **Article 10 - Continuation**

If, following the termination or expiration of this Agreement for any reason, whether voluntary or involuntary, Franchisee continues to operate the Melt n Dip Business or occupy the Premises with the express or implied consent of Franchisor, but without a renewal franchise agreement, such continuation shall constitute a month-to-month extension of this Agreement and shall be terminable by either party upon the lesser of (a) thirty (30) days written notice or (b) such shorter notice by Franchisor as would otherwise be applicable in a termination for cause. Franchisee acknowledges and agrees that such continuation shall be good cause for termination of this Agreement. Both parties shall continue to be subject to all terms of this Agreement during any such continuation period.

## **Article 11 - Entity Franchisee**

#### 11.01 Entity Definition.

An “Entity” is any form of business organization except for a sole proprietorship and includes all kinds of corporations, limited liability companies, limited partnerships and general partnerships and any other form of business organization involving either multiple equity owners or which attempts to provide limited liability.

#### 11.02 Founding Document Restriction.

If Franchisee is an Entity or becomes an Entity or if Franchisee transfers Franchisee’s interest under this Agreement or any interest in the Melt n Dip Business to an Entity, the founding document(s) of the Entity must provide as follows:

This [insert type of Entity] shall not enter into any agreement or undertaking which would, directly or indirectly, limit any of the rights or obligations of the [insert type of Entity] or of any owner of the [insert type of entity] under the **Melt n Dip** Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any such agreement or undertaking is void.

#### 11.03 Liability Of Owner(s).

Every owner of an equity or other interest in any Entity franchisee (and any individual person who is an owner of an Entity which owns any equity interest in any Entity franchisees) shall personally guaranty this Agreement. Any change in or addition of equity or other owner(s) shall be subject to the Assignment and Death and Incapacity provisions of this Agreement.

#### 11.04 Restriction On Certificates Of Ownership.

Each and every document, if any, issued by any Entity franchisee evidencing ownership of an equity or other interest in the Entity must provide as follows:

Ownership of this [insert type of Entity] is restricted and cannot be transferred, assigned, sold or encumbered except in strict compliance with the **Melt n Dip** Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_. Any other transfer or attempted transfer is void.

#### 11.05 Additional Requirements Of Entity Franchisee.

Franchisee shall, upon Franchisor's request, provide Franchisor or its designee with true copies of such of Franchisee's Entity records and documents as Franchisor shall designate. An Entity Franchisee shall, at all times, have one individual person who shall be the designated principal who shall have authority to act on behalf of the Entity in all respects under this Agreement. The designated principal shall be the individual who is responsible for assuring compliance by the Entity with all of the terms of this Agreement. Notwithstanding the requirement of a designated principal, Franchisor shall be entitled to rely upon the acts or words of any principal, employee or agent of an Entity Franchisee whom Franchisor understands to be acting or speaking on behalf of the Entity.

### **Article 12 - Assignment Or Transfer**

### 12.01 Prior Consent.

Franchisee shall not assign, transfer, sell, sublease, sublicense or encumber (hereinafter collectively referred to as "Assign" or "Assignment"), in whole or in part this Agreement, the Franchisee, the Melt n Dip Business, any option or first right of refusal relating to this Agreement, the Franchisee or the Melt n Dip Business, the assets of the Melt n Dip Business or the leasehold of the Melt n Dip Business or represent to any person that such an Assignment has been made without Franchisor's prior written approval. For purposes of this Paragraph 12.01, the terms "Assign" or "Assignment" shall include any assignment, transfer, sale or encumbrance of any shares of stock of a Franchisee that is a corporation, any partnership interest of a Franchisee that is a partnership, any membership interest of a Franchisee that is a limited liability company, and any equity or ownership interest or rights in any other form of entity. Any attempted Assignment without Franchisor's prior written consent shall be void and a breach of this Agreement.

### 12.02 Conditions Of Assignment.

As preconditions for obtaining Franchisor's consent to an Assignment, at least the following terms and conditions must be met:

12.02.01 Franchisee must be current in payment of all fees and charges to Franchisor and any of its related companies;

12.02.02 Franchisee must not be in material breach of this Agreement or of any other agreement between Franchisor and Franchisee;

12.02.03 Franchisee must have paid in full all debts in connection with the Melt n Dip Business;

12.02.04 The assignee must have agreed to assume all of the obligations of the Melt n Dip Business;

12.02.05 The assignee must execute a disclosure form containing a waiver and release of any claim against Franchisor for any amount(s) paid to, or representation(s) made by Franchisee or any omission by Franchisee to disclose facts, material or otherwise;

12.02.06 Franchisee must execute, at Franchisor's option, a mutual termination of this Agreement and a general release, or an assignment of this Agreement and a general release, and an agreement to defend, hold harmless and indemnify Franchisor from any claim by the assignee in form specified by Franchisor, the current version(s) of which are attached as Exhibit J;

12.02.07 The assignee must pay to Franchisor a Transfer Fee in the amount of Seven Thousand, Five Hundred Dollars (\$7,500) and execute, at Franchisor's option, the then current form of Franchise Agreement or an assumption of this Agreement (in any event providing for the same royalty and National Marketing Fees as contained herein, for the balance of the term hereof);

12.02.08 The assignee must, in the sole opinion of Franchisor, successfully complete the then current initial training program at the assignee's sole cost and expense;

12.02.09 The assignee must have met the then current standards of Franchisor for experience, financial strength, reputation and character required of new or renewal Franchisees;

12.02.10 The assignee must obtain such approvals as may be required to assume occupancy and possession and the continuing obligations relating to the lease or possession of the Premises, unless a new location has been approved in writing by Franchisor; and

12.02.11 Franchisor must have been given at least thirty (30) business days written first right of refusal by Franchisee, upon the same terms as those agreed upon by Franchisee with any proposed assignee; provided, however, Franchisor may substitute cash of equivalent value for any non-cash term. In the event Franchisor waives or fails to exercise its right of first refusal, if Franchisee thereafter agrees to accept a revised offer, regardless of the nature of the revision, Franchisor shall have a new right of first refusal hereunder on the new terms.

### 12.03 Assignment To An Entity.

Notwithstanding the foregoing, if Franchisee is an individual, Franchisee may assign this Agreement to an Entity, as defined in Article 11, formed under the laws of the state where the Melt n Dip Business is located, which is wholly owned by Franchisee; provided that the individual Franchisee shall first provide written notice of the assignment to Franchisor and shall personally guarantee the performance of this Agreement. If Franchisee is an Entity, Franchisee may assign this Agreement to another Entity, formed under the laws of the state where the Melt n Dip Business is located, of the same or different form, which has exactly the same ownership, including percentages of ownership as Franchisee; provided that each of the individual equity or other owners of the new Entity shall personally guarantee the performance of the Agreement. The personal guarantee shall be in the form of Exhibit G hereto. No assignment under this paragraph shall change or limit the liability of any person or entity under this Agreement. Franchisee shall pay to Franchisor a processing fee of five hundred dollars (\$500.00) for an assignment pursuant to this paragraph 12.03.

12.04 Right of First Refusal. Before Franchisee (or any Owner) engages in a transfer, Franchisor will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Franchisor a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Franchisor's receipt of such copy, Franchisor will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, Franchisor may pay the equivalent value in cash for the purchase price). If Franchisor does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Section 12.04.

#### 12.04 Approval Process.

Franchisor may use its own discretion in approving or rejecting prospective transferees in the same manner as if it was approving or rejecting any other new prospective franchisee, taking into consideration such factors as their financial ability, character, business reputation, experience and capability to conduct the type of business involved. The approval of one Assignment does not obligate Franchisor to approve any other or subsequent Assignment. If Franchisee is an Entity, notwithstanding any statute or agreement to the contrary, the addition, withdrawal or expulsion of any equity or other owner or the transfer, encumbrance or assignment of any equity or ownership or control interest of any equity or other owner or the dissolution or reorganization of the Entity for any reason is subject to the same considerations as any other Assignment.

#### 12.05 Transfer By Franchisor.

There shall be no restriction upon Franchisor's right to encumber, transfer or assign this Agreement or the System. Following such a transfer or assignment, Franchisor shall have no further obligation or liability to Franchisee hereunder or otherwise so long as the assignee or transferee agrees to assume all of Franchisor's liabilities and obligations to Franchisee. Upon Franchisor's request, Franchisee shall execute and deliver a certificate to Franchisor, as described in Paragraph 21.05, in connection with an anticipated transfer or financing procedure by Franchisor. Franchisee agrees to accept any transferee of Franchisor, including any sub-franchisor and perform for such transferee the same as for Franchisor.

#### 12.06 No Sublicensing.

Franchisee shall not, directly or indirectly, sublicense or attempt to sublicense the Marks or the System or any part thereof to any person or entity for any purpose. Any attempted or purported sublicense shall be void.

### **Article 13 - Death Or Incapacity**

#### 13.01 Alternatives Upon Death Or Incapacity.

In the event of the death or incapacity of an individual franchisee, or of any individual equity or other owner of an Entity franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual shall, within ninety (90) days of such event:

13.01.01 Apply to Franchisor for the right to continue to operate the franchise and the Melt n Dip Business for the duration of the term of this Agreement and any renewals hereof, which right to continue to operate will be granted upon the fulfillment of all of the conditions set forth in Article 12 of this Agreement (except that no transfer fee shall be required); or

13.01.02 Sell, transfer or convey Franchisee's interest to a third party in compliance with the provisions of Article 12 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, transfer or convey shall be computed from the date of said rejection. For purposes of this paragraph, Franchisor's silence on an application to continue to operate through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

### 13.02 Effect Of Failure To Comply.

In the event of the death or incapacity of an individual franchisee, or any owner of an equity or other interest in an Entity franchisee where the provisions of this Article have not been fulfilled within the time provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate and the parties shall proceed according to and have the rights provided for in Articles 17 and 18.

### 13.03 Incapacity Defined.

For purposes of this Agreement, "incapacity" is the inability of Franchisee to operate or oversee the operation of the Melt n Dip Business on a regular basis and in the usual manner by reason of any continuing physical, mental or emotional disability, chemical dependency or other similar limitation which has continued or will more likely than not continue for a period of 60 consecutive days or more. Franchisee shall advise Franchisor in writing, immediately, upon receipt of advice from any physician or other professional that Franchisee or a principal of an Entity franchisee has an incapacity. However, Franchisee's failure or inability to advise Franchisor of Franchisee's incapacity shall not limit Franchisor's rights under this sub-paragraph. Any dispute as to the existence of an incapacity as defined herein shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Melt n Dip Business is located, with each party selecting one (1) physician, and the two (2) physicians so designated selecting the third physician. The determination of the majority of the three (3) physicians shall be binding upon the parties and all costs of making said determination shall be borne by the party against whom it is made. Notwithstanding the foregoing, if any insurance company pays to the Franchisee or Franchisee's Entity any disability benefits for 60 consecutive days, or more, of disability, the Franchisor may regard that as conclusive evidence of incapacity.

## **Article 14 - Successors And Assigns**

This Agreement shall bind and inure to the benefit of the successors, permitted transferees and assigns, personal representatives, heirs and legatees of the parties hereto.

## **Article 15 - Termination**

Franchisor may terminate this Agreement as follows:

15.01 Franchisor may terminate this Agreement upon at least thirty days' notice and opportunity to cure (or longer if required by law) if Franchisee is in breach of any term of this Agreement or of any other agreement between Franchisee and Franchisor or any affiliate of Franchisor.

15.02 Franchisor may terminate this Agreement upon at least 72 hours' notice and opportunity to cure (or longer if required by law) for occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and cure period pursuant to other provisions of this Agreement:

i. Franchisee fails to pay or deposit when due, and in the manner prescribed by Franchisor, any moneys owed to Franchisor or any of its related companies or to another **Melt n Dip** franchisee;

ii. Franchisee files a voluntary petition in bankruptcy or has an involuntary petition filed against Franchisee, Franchisee makes an assignment for the benefit of creditors, or a receiver or trustee is appointed;

iii. Franchisee violates or attempts to violate any of the Assignment provisions of this Agreement;

iv. Franchisee vacates, deserts, or otherwise abandons all or any substantial portion of the Premises or equipment, or abandons the Melt n Dip Business for more than 24 hours (whether or not Franchisee intends to abandon);

v. Franchisee sublicenses or attempts to sublicense the Marks or the System in violation of this Agreement;

vi. Franchisee is an Entity and an impasse exists between equity or other owners or there is any change in the ownership of any interest in the Entity without having first complied with the provisions of this Agreement;

vii. Franchisee fails to timely permit any audit or inspection by or on behalf of Franchisor;

viii. Franchisee violates or fails to comply with any law, rule, regulation, ordinance or order relating to the operation of the Melt n Dip Business (including any health codes, rules or regulations) or fails to obtain and continue any license, permit or bond necessary, in Franchisor's opinion, for Franchisee's operation of the Melt n Dip Business;

ix. Franchisee is convicted of or pleads guilty or "Nolo Contendere" to any felony;

x. Franchisee fails to operate the Melt n Dip Business under the Marks or fails to properly display the Marks at all times in full compliance with this Agreement and the Manual;

xi. Franchisee engages in any business dealings in relation with the Franchise, the Melt n Dip Business or the Franchisee which are unethical, dishonest or otherwise could cause harm to the Marks, the System, Franchisor, other franchisees, the goodwill associated with the Marks, or to any customer, client or vendor of Franchisee or any other franchisee or the Franchisor;

xii. Franchisee fails or refuses to timely execute and deliver a truthful certificate pursuant to paragraph 21.05;

xiii. Franchisee fails to maintain insurance or workers compensation coverage; or

xiv. Any other agreement, including any other Franchise Agreement to which Franchisee is a party, between Franchisee and Franchisor or between Franchisee and any of Franchisor's related companies is terminated for cause.

15.03 Franchisor may terminate this Agreement without giving notice or opportunity to cure upon occurrence of any one or more of the following events (each of which Franchisee acknowledges is good cause for termination and a material breach of this Agreement), notwithstanding that Franchisor may have the option to give a longer notice and a cure period pursuant to other provisions of this Agreement:

i. Upon three willful and material breaches of the same term of this Agreement occurring within a twelve-month period;

ii. Franchisee is adjudicated a bankrupt or insolvent;

iii. Franchisee makes an assignment for the benefit of creditors or similar disposition of the assets of the Melt n Dip Business;

iv. Franchisee voluntarily abandons the Melt n Dip Business; or

v. Franchisee is convicted of or pleads guilty or no contest to a charge of violating any law relating to the Melt n Dip Business.

15.04 Notwithstanding any right of Franchisor to terminate this Agreement, pursuant to this Agreement or otherwise, Franchisor may, in Franchisor's sole discretion, elect to not terminate this Agreement and to, in lieu thereof, impose limitations on Franchisee, including, but not limited to, revocation of Franchisee's Territorial rights, and revocation of Franchisee's rights to acquire or offer and sell certain products and services. Franchisor's election to not terminate this Agreement pursuant to this paragraph shall not constitute an election of remedies and Franchisor may, thereafter, terminate this Agreement on account of the same or any other event(s) of default as set forth herein.

## **Article 16 - Competition With Franchisor**

### **16.01 Competing Business Activities During Term.**

During the term of this Agreement, Franchisee shall not engage, directly or indirectly, either personally or as an employee, partner, member, manager, franchisor, franchisee, agent, consultant, shareholder, director, officer, advisor or otherwise, in any other business the same as or similar to that defined under "Melt n Dip Business" herein or which is or would directly or indirectly compete with the Melt n Dip Business or otherwise with the business of Franchisor or with any other franchisee of Franchisor. This prohibition includes, but is not limited to, any business offering and selling restaurant, food, and event catering services. Franchisee shall not operate any other business from the Premises. Franchisee shall not use nor permit to be used any Trade Secret(s) of Franchisor or the Marks or anything resembling the Marks in connection with any other business, whether or not such other business is owned, controlled by or associated with Franchisee.

### **16.02 Competing Business Activities After Term.**

16.02.01 Franchisee covenants and agrees that, for a period of twenty-four (24) months following the effective date of any termination, expiration or non-renewal ("the Termination Date"), Franchisee will not, individually or together with another, directly or indirectly, on its own behalf or on behalf of or through any other person, sole proprietorship, or Entity, do any of the following:

a. Compete with Franchisor or any franchisee of Franchisor within a twenty mile radius of the boundary of Franchisee's designated Territory, as it existed immediately before the Termination Date, in the operation of any business offering and selling **restaurant, food, and event catering services**, or any aspect of such Melt n Dip Business as it exists on the Termination Date, or any business substantially similar thereto or tending to compete for the same customers as Franchisor or its Franchisees ("Prohibited Activities);

b. Solicit, take away, or divert, and/or influence or attempt to influence any customers, franchisees, vendors, clients, and/or patrons of Franchisor or of any franchisee of Franchisor, which customers, franchisees, vendors, clients, and/or patrons were served by Franchisor or a franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or Franchisor's franchisee(s) to any other person or Entity engaged in the Prohibited Activities or anything similar to the Melt n Dip Business;

c. Solicit or attempt to hire any person who was an employee of Franchisor or of any other franchisee of Franchisor during the one (1) year period ending on the Termination Date, or attempt to influence any such person to terminate his employment with Franchisor or Franchisor's franchisee(s).

16.02.02 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, disclose or cause or permit to be disclosed, sell, or otherwise transfer to any party other than

Franchisor, including, but not limited to, a person or Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.03 Franchisee covenants and agrees that, for a period of twenty-four (24) months from the Termination Date, Franchisee will not, individually or together with another, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, member, agent, stockholder of any class, or as a partner, officer, director, trustee, franchisee, franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which does any of the following:

a. Competes with Franchisor or any franchisee of Franchisor;

b. Solicits, takes away, or diverts, and/or influences or attempts to influence any customers, clients, franchisees, vendors, and/or patrons of Franchisor or of any other franchisee of Franchisor, which customers, clients, franchisees, vendors, and/or patrons were served by Franchisor or any franchisee of Franchisor at any time during the four (4) years preceding the Termination Date, to transfer or divert their business or patronage from Franchisor or any other franchisee to any other person or Entity engaged in the Prohibited Activities or anything similar to the Melt n Dip Business;

c. Solicits or attempts to hire any person who was an employee of Franchisor or of any other franchisee of Franchisor during the two (2) year period ending on the Termination Date, or attempts to influence any such person to terminate his employment with Franchisor or any franchisee of Franchisor.

16.02.04 Franchisee covenants and agrees that, at no time will Franchisee, directly or indirectly, through others or on its own behalf, hold any ownership or have a financial or other interest in, be employed by, or otherwise have any ownership or management relationship with, any person or Entity, either as principal, broker, agent, stockholder of any class, or as a member, partner, officer, director, trustee, franchisee, Franchisor, employee, consultant, lender, guarantor, member of a board of directors or board of trustees, or in any other capacity, which, discloses or causes to be disclosed, sells, or otherwise transfers to any party other than Franchisor, including, but not limited to, a person, sole proprietorship, partnership, joint venture, firm, limited liability company, corporation, trust, or other Entity, for or not for consideration, the Trade Secrets, or any part thereof;

16.02.05 Franchisee acknowledges and agrees that the periods of time of this covenant and the geographical areas of restriction imposed by this covenant are fair and reasonable and are reasonably required for the protection of Franchisor and its franchisees. Franchisee would desire at least this same protection against competitive activities by another former franchisee whose franchise agreement was either expired, terminated or non-renewed. Franchisee agrees that, in the event a court or arbitrator should determine any part of this covenant to be excessively broad, unenforceable, and/or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof. Franchisee further agrees that, in the event that any of the provisions of this Agreement relating to the geographic area of restriction or the periods of time of the covenants shall be deemed to exceed the maximum area or periods of time which a court of competent jurisdiction would deem enforceable, the geographic area or periods of time shall, without further action on the part of any person, be deemed to be modified, amended and/or limited, to the maximum geographic area or time periods which a court of competent jurisdiction would deem valid and enforceable in any jurisdiction in which such court

shall be convened. Any such modification shall apply only in the jurisdiction of the deciding court or in the state where the arbitrator made the decision.

16.02.06 It shall not be a violation of this Article for Franchisee to have or maintain a passive investment in stock of any publicly traded corporation, provided said stock holdings shall not exceed five percent (5%) of the issued and outstanding stock of such corporation.

16.02.07 For purposes of this Agreement, all references to Franchisor shall be deemed to include: (a) any corporation or entity which acquires all, or substantially all, of the assets of Franchisor, whether by statutory merger or otherwise, (b) any corporation, partnership, or other entity directly or indirectly controlled by or under common control with Franchisor or its successor, and (c) any sub-franchisor or other assignee of Franchisor.

16.02.08 Franchisee agrees that it would be extremely difficult to prove with certainty the exact amount of damages caused to Franchisor by a violation of this Article 16 by Franchisee and therefore, Franchisee agrees that, upon proof that Franchisee violated this Article 16, Franchisor shall be entitled to liquidated damages in an amount calculated by multiplying the amount of gross revenues generated by Franchisee or a third party that benefited from the violation during the period of breach and multiplying it by 1.5. Franchisee acknowledges that this results in a reasonable estimate of what Franchisor's actual damages would be and is not a penalty.

16.02.09 Franchisee agrees that any violation of the covenants contained in this Article will cause irreparable harm to Franchisor and its other franchisees and may, as a matter of course, be restrained by process issued out of a court of competent jurisdiction, in addition to any other remedies provided by law. In the event of any action for a temporary or permanent injunction to enforce this Covenant, Franchisee hereby waives any requirement of a bond to the extent that any bond would exceed one hundred dollars. The substantially prevailing party in any such enforcement action shall be entitled to recover their attorneys fees and costs incurred therein in addition to any and all other remedies.

16.02.10 Nothing in this Article 16 shall obligate Franchisor to take action to enforce this or any other covenant against competition against any other franchisee or former franchisee. Nothing in this Article 16 shall entitle Franchisee to take any action to enforce this or any other covenant against competition against any other franchisee or former franchisee.

16.02.11 The terms of this Article 16 shall survive the termination or expiration of this Agreement for any reason.

## **Article 17 - Effect Of Termination**

### **17.01 Loss Of Rights.**

After the Termination Date, Franchisee shall have no further rights to use, in any manner, the System, the Marks, anything similar to the Marks, the telephone numbers, the telephone listings, any proprietary computer software, any trade secrets or the Manual. Franchisee shall immediately notify such persons as Franchisor shall reasonably require of Franchisee's loss of rights thereto. All sums of money due from Franchisee to Franchisor or to any other **Melt n Dip** franchisee as of the Termination Date shall become immediately due and payable. As between the parties hereto, whether or not a Lease Conditional Assignment Agreement has been signed, Franchisor or Franchisor's designee shall have the option, exercisable within sixty (60) days, to assume the lease for the Premises. If Franchisor elects to assume the lease for the Premises, pursuant to the Lease Conditional Assignment Agreement or otherwise, Franchisee agrees to cooperate in the transfer, to execute any documents which may be required for Franchisor or Franchisor's designee to assume the lease, and to otherwise take no actions which would interfere with the ability of

Franchisor or its designee to assume the said lease. Franchisee specifically agrees to execute such document(s) as may be necessary to transfer the telephone number(s) to Franchisor or Franchisor's designee. In the event Franchisee or any owner or affiliate of Franchisee owns the Premises, Franchisee agrees that Franchisor shall have the option to lease the Premises at fair market value for a term of up to ten (10) years, at Franchisor's election, such option exercisable by Franchisor within sixty (60) days following the Termination Date.

#### 17.02 Change Of Identity.

After the Termination Date, Franchisee shall immediately refrain from holding itself out to the public in any way as a Franchisee or affiliate of Franchisor or as a former Franchisee or affiliate of Franchisor. If directed by Franchisor, Franchisee shall, at Franchisee's sole cost and expense, make or cause to be made such changes in signs, telephone numbers, buildings or structures as Franchisor may direct to distinguish the Premises from its former appearance and from other **Melt n Dip** franchisees. If Franchisee fails to make such changes within ten (10) calendar days, then Franchisor shall have the right to enter upon the Premises, without liability for trespass or otherwise, and to make or cause to be made such changes at the expense of Franchisee, which expenses shall be paid by Franchisee upon demand. Franchisee shall immediately file the appropriate forms to abandon or withdraw any assumed name certificate or to change the name of its corporation or partnership to eliminate any reference to the System or the Marks. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. Franchisee shall immediately return to Franchisor the Manual, Trade Secrets, bulletins, instruction sheets, software, forms, Marks, designs, signs, printed matter and other material containing any part of the System or the Marks together with all copies thereof (including electronic or digital copies) that are or have been within Franchisee's custody or control.

#### 17.03 Changeover Procedure.

Upon termination of this Agreement, either by expiration, non-renewal, or otherwise, if Franchisor or Franchisor's designee has indicated its intention to assume Franchisee's lease for the Premises and to operate an **Melt n Dip** business from that location, the parties agree to cooperate in the changeover of the Melt n Dip Business to Franchisor, including by taking the steps set forth herein. If Franchisee fails or refuses to cooperate with Franchisor, Franchisee hereby appoints Franchisor as its Attorney in Fact to complete the changeover. In such case, the parties shall: notify the landlord of the change of tenancy pursuant to the Lease Conditional Assignment Agreement or otherwise and Franchisor shall be entitled to take control of the Premises, including by changing the locks; terminate vendor accounts at Franchisor's option; conduct an inventory of all equipment, fixtures, tenant improvements, supplies and inventory (if Franchisee elects to not participate in the inventory, Franchisor's inventory shall be presumed accurate and complete); Franchisor shall have the right to use Franchisee's equipment, furniture, fixtures and related items for up to sixty (60) days and shall pay or credit Franchisee with the fair market rental value of that use; Franchisor shall be entitled to communicate directly with Franchisee's agents, employees, customers and vendors in order to facilitate a smooth transition to ownership by Franchisor or Franchisor's designee; Franchisor or its designee shall be entitled to all Gross Revenues received after the date of termination. No action taken pursuant to this paragraph shall constitute a waiver by Franchisor of any claims against Franchisee for any reason. The parties agree that there are no circumstances justifying a stay or delay in implementation of the terms of this paragraph and the parties specifically agree that any claims, including, but not limited to, allegations of wrongful

termination, can be separately resolved and that an award of damages would be an adequate remedy.

#### 17.04 Continuing Royalties.

Franchisor shall be entitled to receive royalties on all Gross Revenues received or receivable by Franchisee as of the Termination Date. All such royalties shall be due and payable on the Termination Date.

#### 17.05 Option To Purchase Certain Assets.

Franchisor shall have and is hereby granted an exclusive option for a period of sixty (60) days from and after the Termination Date, to purchase from Franchisee all of Franchisee's right, title and interest in all or any part of the franchise, Franchisee's Melt n Dip Business and business assets and/or the Premises, if applicable, at the fair market value, except as otherwise specifically provided herein, of all assets purchased, but excluding any value for purported "goodwill" or "blue sky". Franchisee acknowledges that Franchisor already owns the "goodwill" or "blue sky", which is attached to the Marks and the Melt n Dip Business. Franchisor's notice exercising the option granted herein shall contain a list, at least by major category, of the assets Franchisor is purchasing. Franchisor shall not be obligated to assume any liabilities of Franchisee.

#### 17.06 Payment And Terms.

Franchisor shall pay to Franchisee all sums due pursuant to this Article, and any other sums required by this Agreement or by law, over a period of sixty months, or such shorter period as Franchisor, in its sole discretion, shall elect, with interest thereon at the prime interest rate as published by Bank of America or its successor, if applicable, determined as of the end of the calendar quarter immediately preceding the Termination Date.

#### 17.07 Survival Of Terms.

The terms of this Article 17 shall survive the termination, non-renewal or expiration of this Agreement for any reason.

### **Article 18 – Release From Franchisee Obligations.**

#### 18.01 Release From Continuing Obligations.

At any time, upon not less than ninety (90) days prior written notice to Franchisor, Franchisee may secure a release from Franchisee's continuing obligations under this Agreement by executing a Release From Continuing Obligations in substantially the form of Exhibit L and by electing one of the alternatives contained in the Release From Continuing Obligations. Upon receipt of a notice pursuant to this paragraph, Franchisor may, but is not obligated to, accelerate the effective date of Franchisee's termination to such date as Franchisor may select in Franchisor's sole discretion.

### **Article 19 - Arbitration of Disputes.**

#### 19.01 Agreement to Arbitrate.

Except as provided in paragraph 19.04, any controversy or claim or dispute between the parties hereto or between any party hereto and any other person arising out of or relating to this Agreement, the negotiation thereof, the offer or acceptance thereof, or the performance or breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be

entered in any court having jurisdiction thereof. This Article shall be governed by the Federal Arbitration Act. Any arbitration shall be before a panel of three arbitrators and shall take place in DuPage County, Illinois. No party shall join or attempt to join their claims in a single proceeding with the claims of any other party, person or entity even if similarly situated. The parties shall bear their own expenses, including their own attorney's fees and costs and shall share equally all expenses of the arbitrator.

#### 19.02 Conduct of Arbitration.

Unless otherwise specifically required by applicable law, demand for arbitration or proceedings in arbitration, or court proceedings shall not operate to stay, postpone, prohibit or rescind any expiration, termination or non-renewal of this Agreement as provided in this Agreement, and the parties will be limited to their remedy in damages, as determined by the court or arbitrator, for non-renewal or termination found by the arbitrator to be wrongful. Damages would be an adequate remedy for any such wrongs. The court or arbitrator shall not extend, modify or suspend any of the terms of this Agreement or the reasonable standards of business performance set by Franchisor. The arbitrators shall permit discovery between the parties pursuant to the Federal Rules of Civil Procedure.

#### 19.03 Conditions Precedent to Arbitration..

As conditions precedent to commencing an arbitration proceeding pursuant to this Agreement, the parties shall first comply with the terms of this paragraph 19.03. Failure to comply with this paragraph shall be a material breach of this Agreement and shall entitle the non-defaulting party to an award of all of their attorney's fees and costs reasonably expended in enforcing the terms of this paragraph. Such award of attorney's fees shall be made by the court enforcing this paragraph and shall be paid by the breaching party before and as a condition precedent to further proceeding in accordance with this Article. For the limited purpose of enforcing this paragraph 19.03, each party hereby waives arbitration and the matter shall be heard in DuPage County. Within not more than sixty days following the date on which the aggrieved party first discovered or reasonably should have discovered the facts of a dispute between the parties, but not more than one year after the date of the events or facts which gave rise to the dispute, the aggrieved party shall give a Notice to the other party (and any involved other persons) of the existence of the dispute, and shall set forth, in writing, a detailed description of the relevant facts together with a reasonably detailed description of the legal basis of the claim. The Notice shall include a detailed description by the aggrieved party of the remedy or outcome desired. The non-aggrieved party shall respond to the Notice within thirty days following its receipt. If the Notice and response does not resolve the dispute, the parties shall meet, in person, within sixty days following the date of the non-aggrieved party's response, in the corporate offices of the Franchisor, and attempt to informally resolve the matter. If the informal meeting does not resolve the matter, the parties shall, within sixty days following the date of the informal meeting, submit to non-binding mediation in Wheaton, IL with a mediator selected according to the rules of the American Arbitration Association. If the dispute is not resolved through mediation, then either party may commence an arbitration proceeding, but must do so within ninety days following the date that either party or the mediator has declared the mediation terminated. The demand for arbitration shall contain a certificate by the party commencing arbitration that the party has fully complied with every provision of this paragraph 19.03. Copies of the Notice and the response thereto exchanged pursuant to this paragraph shall be attached to the demand for arbitration and the issues in the arbitration shall be limited to matters contained therein.

#### 19.04 Limited Exceptions to Arbitration and Mediation.

The requirements of paragraphs 19.01, 19.02, and 19.03 shall not apply to actions for the sole purpose of collecting unpaid money, including franchise fees, royalties or Marketing Fees pursuant to this Agreement or to actions for the sole purpose of enforcing Franchisor's rights in the Marks (both for injunctive relief and damages), the Trade Secrets or the covenant against competition. Such actions and claims are not submitted to arbitration. Any such actions and claims shall be brought in the DuPage County. Any counterclaims to such actions and claims are submitted to arbitration and shall be subject to paragraphs 19.01, 19.02 and 19.03.

### **Article 20 - Representations Of Franchisee**

#### 20.01 Representations

Franchisee represents and warrants as follows:

20.01.01 Franchisee is not currently a party to or subject to any contract or agreement, including any other franchise agreement, employment agreement or any covenant not to compete which would directly or indirectly be breached by entering into this Agreement or which would directly or indirectly prohibit or restrict Franchisee's signing of this Agreement or performance thereunder;

20.01.02 Franchisee is executing this Agreement and purchasing the license herein for Franchisee's own account and not as an agent or representative of another (unless for an Entity otherwise named herein and in compliance herewith);

20.01.03 Franchisee intends to be actively involved in the Melt n Dip Business for the entire term of this Agreement and knows of no reason that he/she might become a passive owner;

20.01.04 Franchisee is basing Franchisee's decision to purchase this license, in full, upon statements and representations contained in this Agreement and the **Melt n Dip** Franchise Disclosure Document and upon facts obtained pursuant to Franchisee's own investigation. Franchisee is not relying upon any statements or any information received either directly or indirectly from Franchisor or any person acting or purporting to act on behalf of Franchisor which information or statements are not contained in this Agreement or the **Melt n Dip** Franchise Disclosure Document or otherwise in writing and signed by an officer of Franchisor. Franchisee has not received any earnings claims or financial performance information, directly or indirectly, from Franchisor excepting only such information as may be contained in Item 19 of the **Melt n Dip** Franchise Disclosure Document.

20.01.05 Franchisee has not terminated and will not terminate Franchisee's existing employment or cease any other income-producing activity until after franchisee has an approved location, has successfully completed the Initial Training, and is open for business. If Franchisee elects, notwithstanding this sub-paragraph to terminate employment or income-producing activity, Franchisee knowingly assumes the risk of loss of income and does so contrary to Franchisor's advice.

### **Article 21 - Miscellaneous Provisions**

#### 21.01 Nonwaiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

#### 21.02 Attorneys Fees.

In the event that legal action is properly commenced in court by either party to enforce this Agreement or to determine the rights of any party, as permitted by paragraph 19, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable actual attorneys fees and costs, including expert fees and fees on appeal.

#### 21.03 Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction or by an arbitration panel, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

#### 21.04 Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

#### 21.05 Estoppel Certificate

In the event that Franchisor is considering transferring, assigning or encumbrancing this Agreement, the System, or any other of Franchisor's rights or assets, or upon request by Franchisor at any time, Franchisee shall, within ten (10) calendar days after Franchisor shall request the same, execute, acknowledge and deliver to Franchisor, a written certificate that (a) this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement as so modified is in full force and effect); (b) the date to which royalties or other charges have been paid in advance, if any; (c) there are not, to Franchisee's knowledge, any uncured defaults on the part of Franchisor or Franchisee hereunder, or specifying such defaults if any are claimed; (d) setting forth the dates of commencement and expiration of the Term of this Agreement; (e) Franchisee has and knows of no basis for any claims of any kind against Franchisor (or, if Franchisee has or knows of any such claims, a detailed statement of all such claims and a statement that Franchisee has and knows of no other claims); and (f) any other matter upon which certification is requested by Franchisor or a prospective assignee or encumbrancer. Franchisor may rely upon any certificate given pursuant to this sub-paragraph as may any prospective purchaser or encumbrancer of all or any portion of Franchisor's rights hereunder. Any failure or refusal to timely execute a truthful certificate pursuant to this sub-paragraph shall be a material breach of this Agreement.

#### 21.06 Paragraph Headings.

The various paragraph headings are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

#### 21.07 Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs. All references to "Franchisee" shall include all owners, parents and subsidiaries of Franchisee if Franchisee is an entity.

#### 21.08 No Third Party Beneficiary.

Nothing in this Agreement shall be construed to give Franchisee any rights as a third party beneficiary or otherwise arising out of any similar or other agreement(s) between Franchisor and any other franchisee(s). Nothing in this Agreement shall be construed to give to any other franchisee or any other person any rights arising out of this Agreement. Any action or inaction by Franchisor with regard to any other franchisee's performance or non-performance as to any term of this or any similar agreement shall not give rise to any claims or rights in favor of Franchisee under this Agreement.

#### 21.09 Choice Of Law.

Except as otherwise specified herein, this Agreement shall be governed by and construed under the laws of the state or province in which the Melt n Dip Business is located.

#### 21.10 Notices.

All notices required or permitted by this Agreement ("Notice" or "Notices") shall be sent to the respective parties at the addresses set forth herein. The place of Notice may be modified by appropriate Notice to the other party. All Notices shall be sent by certified mail, return receipt requested, postage prepaid, personally delivered, or by facsimile, overnight delivery, or telegraph. Notices shall be deemed given at the earlier of (a) receipt by the addressee, including by facsimile or electronic mail, (b) two (2) days following deposit with the United States Postal Service or its successor, with postage prepaid, or (c) immediately upon refusal of delivery by the addressee.

#### 21.11 Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

#### 21.12 Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Franchisor. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Franchisor.

#### 21.13 Effective Date.

This Agreement shall have no force or effect unless and until signed by an officer of Franchisor. The effective date shall be the date of such corporate signature. Notwithstanding the order of signatures, this Agreement shall be deemed made and entered into in the state where the Melt n Dip Business is located.

#### 21.14 Time Of Essence.

Time is of the essence of this Agreement.

**Article 22 - Business Risk.**

22.01 No Promises.

Franchisee has been informed by Franchisor, realizes and acknowledges that the business venture contemplated by this Agreement involves business risks and its success or failure will be largely dependent upon Franchisee's abilities in operating and managing the Melt n Dip Business. Except to the extent expressly set forth in the **Melt n Dip** Franchise Disclosure Document, neither Franchisor nor anyone acting or purporting to act on behalf of Franchisor has made any promises or warranties, expressed or implied, as to Franchisee's potential sales, profits or success. As to those issues, Franchisee has made its own investigation and evaluation.

22.02 Receipt For Disclosure Document.

Franchisee has received a copy of this Agreement and the **Melt n Dip** Franchise Disclosure Document at least ten (10) days before signing this Agreement or paying any fee to Franchisor. Franchisee has received a complete copy of this Agreement and all exhibits and addenda, with all material blanks filled in, at least five (5) days before signing this Agreement. Franchisee has been encouraged and provided ample opportunity to consult an attorney or other advisor(s) of its own choosing before entering into this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day and year indicated below.

Dated: \_\_\_\_\_ [effective date]

**FRANCHISOR:**  
Melt n Dip Franchising, LLC

**FRANCHISEE:**

By \_\_\_\_\_  
Saed Khattab, Managing Director,  
4620 Forest Ave.  
Brookfield, IL 60513

By \_\_\_\_\_

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

By \_\_\_\_\_

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

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**EXHIBIT A - Location of Melt n Dip Business**

The location of Franchisee's "Melt N Dip" Melt n Dip Business Premises shall be:

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**EXHIBIT B - Territory**

Franchisee's designated Territory shall be defined as follows:

The geographic boundaries (all geographic boundaries shall be as they exist on the date of this Agreement):

A seven-mile ring from your approved location,

\_\_\_\_\_

The estimated population of the Territory is: \_\_\_\_\_

Map:

**Exhibit B-1**

Your franchise fee shall be paid as follows:

Upon the execution of this Franchise Agreement

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### **EXHIBIT C - Required Equipment**

The required equipment for the "Melt n Dip" Melt n Dip Business is as set forth in the Manual but includes the following. All equipment must comply with the specifications published in the Manual.

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**EXHIBIT E - Lease Conditional Assignment Agreement**

This Rider is attached to and is part of that certain Lease, by and between: Melt N Dip Lessor) and \_\_\_\_\_ (Lessee) dated \_\_\_\_\_ for the premises located at: \_\_\_\_\_, legally described in Annex A hereto.

**A. CONDITIONAL ASSIGNMENT:** Lessee hereby conditionally assigns all of the Lessee's right, title and interest in this lease to **Melt n Dip** (hereinafter, "Franchisor"). This assignment shall become effective only upon occurrence of both of the following conditions:

1. Termination of the **Melt n Dip** Franchise Agreement between Franchisor and Lessee as Franchisee for the operation of a **Melt n Dip** franchise within the leased premises, and
2. Exercise by Franchisor of its option to assume the obligations of and to replace Lessee as the lessee under this lease as provided in the said Franchise Agreement within fifteen (15) days after termination of said Franchise Agreement.

**B. Lessor** hereby consents to the said conditional assignment and hereby agrees that if said conditional assignment becomes effective, Franchisor shall thereafter be substituted for Lessee as the Lessee in this lease, Lessee shall be relieved of all liability accruing under this lease after the effective date of the assignment and Franchisor shall have the right to reassign this lease to a new Franchisee of Franchisor without the prior consent of Lessor. In the event of such reassignment, Franchisor shall be relieved of all liability accruing under this lease after the date of said reassignment.

**C. Lessee** agrees that at such time as Franchisor exercises its option to become the Lessee under this lease, Lessee will immediately vacate the demised premises without removing any fixtures, parts, or accessories except as authorized in the Franchise Agreement and Lessor will permit Franchisor to enter upon and take possession of the demised premises. Lessor will cooperate in all legal action necessary to remove lessee if lessee refuses to vacate premises.

**D. Lessor** is hereby authorized and directed to rely solely upon written notice by Franchisor of the termination of the said **Melt n Dip** Franchise Agreement and exercise by Franchisor of its option to become the Lessee under this lease and is hereby relieved of any and all liability to Lessee for any action it takes in so relying.

**E. DEFAULT BY LESSEE:** Lessor agrees to give Franchisor thirty (30) days prior written notice of its intention to reenter and repossess the premises and to cancel the lease on account of Lessee's default of any of the terms, conditions or provisions thereof. During the thirty (30) day period Franchisor may cure such default or otherwise exercise its rights under the conditional assignment.

**F. OPTION TO RENEW:** In the event that Lessee fails to exercise any option which he might have under the lease to renew same prior to the expiration thereof, Lessor agrees to notify Franchisor in writing of lessee's failure to renew the lease and Franchisor shall then have fifteen (15) days from the receipt of such notice to exercise any option to renew and replace Lessee as the lessee under the lease.

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day and year indicated below.

Dated: \_\_\_\_\_ [effective date]

**FRANCHISOR:**

Melt n Dip Franchising, LLC

By \_\_\_\_\_  
Saed Khattab, Managing Director,  
4620 Forest Ave.  
Brookfield, IL 60513

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

**FRANCHISEE:**

By \_\_\_\_\_

By \_\_\_\_\_

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

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**ACKNOWLEDGMENTS**

STATE OF \_\_\_\_\_ ) COUNTY OF \_\_\_\_\_ ) ss  
On this day personally appeared before me \_\_\_\_\_, to me known to  
be the individual(s) described in and who executed the within and foregoing instrument, and  
acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and  
voluntary act and deed, for the uses and purposes therein mentioned.  
GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
Notary Public  
in and for the State of \_\_\_\_ residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

\* \* \*

STATE OF \_\_\_\_\_ ) COUNTY OF \_\_\_\_\_ ) ss  
On this day personally appeared before me \_\_\_\_\_, to me known to  
be the individual(s) described in and who executed the within and foregoing instrument, and  
acknowledged that \_\_\_\_\_ signed the same as \_\_\_\_\_ free and  
voluntary act and deed, for the uses and purposes therein mentioned.  
GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

\_\_\_\_\_  
Notary Public  
in and for the State of \_\_\_\_ residing at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_

**EXHIBIT F - Assignment of Telephone Numbers**

\_\_\_\_\_ Franchisee/Assignor, in consideration of Franchisor/Assignee granting a **Melt n Dip** franchise contemporaneously herewith, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby assigns to **Melt n Dip** all telephone numbers and listings utilized or to be utilized by Franchisee/Assignor in the operation of his **Melt n Dip** Melt n Dip Business. The Assignee hereby assumes the performance of all of the Terms, Covenants, and Conditions of the agreement(s) with the telephone company with respect to such telephones, telephone numbers and telephone listings with the same force and effect as if Assignee had been originally issued such telephone, telephone numbers, telephone listings and the usage thereof. This Assignment is valid on the effective date and is irrevocable. It applies equally to any numbers first used after the effective date. The telephone company is authorized to rely upon this Assignment at any time that it is delivered to the telephone company by Franchisor/Assignee. Assignee and Assignor each agree to hold harmless and indemnify the telephone company from any claims based upon the telephone company's reliance upon this Assignment. Assignee and Assignor each agree to sign any other documents necessary in the opinion of the telephone company to give effect to this Assignment.

Dated: \_\_\_\_\_ [effective date]

**FRANCHISOR:**

Melt n Dip Franchising, LLC

By \_\_\_\_\_  
Saed Khattab, Managing Director,  
4620 Forest Ave.  
Brookfield, IL 60513

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

**FRANCHISEE:**

By \_\_\_\_\_

By \_\_\_\_\_

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

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## EXHIBIT G - Personal Guaranty

IN CONSIDERATION of and to induce the consent by Melt N Dip Franchising, LLC, an Illinois Limited Liability Company ("Franchisor") to the assignment of all right, title, and interest in and to the **Melt n Dip** Franchise Agreement dated \_\_\_\_\_ to \_\_\_\_\_, a \_\_\_\_\_ [Type of Entity and State of organization] ("Franchisee"), [or alternatively, in consideration of and to induce Franchisor's consent for the undersigned to enter into the Franchise Agreement in the Entity form], and for other good and valuable consideration, I/we, and each of us jointly, severally, absolutely and unconditionally guarantee to Franchisor:

### 1.01 Payment Of Obligations.

The punctual payment and satisfaction of each and every claim, demand, default, liability, indebtedness, right or cause of action of every nature whatsoever, including expenses, damages and fees, now or hereafter existing, due or to become due, or held by Franchisor, its subsidiaries, divisions, or related companies, together with any interest as it may accrue, and all costs, expenses and attorneys fees paid or incurred by Franchisor or its subsidiary, division, or related company in collecting or attempting to collect the obligations of the Franchisee or in enforcing or attempting to enforce this Guaranty; and

### 1.02 Continuing Performance.

The timely performance of each term, covenant, and obligation of the license set forth in the **Melt n Dip** Franchise Agreement described above. This is a continuing Guaranty which shall apply to the Franchise Agreement and any subsequent renewals, extensions, amendments or modifications thereof, and such renewals, extensions, amendments or modifications shall be conclusively presumed to be covered by this Guaranty without further notice to or acceptance by the undersigned.

### 2.01 Execution And Delivery.

The undersigned acknowledge(s) and agree(s) that possession of this Guaranty by Franchisor constitutes true and correct execution and actual and proper delivery of same to Franchisor, and the undersigned waive notice of acceptance of this Guaranty and of the incurrence by Franchisee of any liability to which it applies or may apply, and waive presentment and demand for payment thereof, protest, notice of protest and notice of dishonor or non-payment thereof, collection thereof including any notice of default in payment thereof or other notice to, or demand of payment therefore on, any party. The undersigned further waive any right to have security applied before enforcing this Guaranty, any right to require suit against the Franchisee or any other party before enforcing this Guaranty, and any right to subrogation to Franchisor's rights against the Franchisee until the Franchisee's liabilities and obligations to Franchisor are paid and satisfied in full. Payment by the undersigned shall be made at the office of Franchisor in **Brookfield, IL** or such other location as Franchisor may designate in writing.

### 3.01 Rights Of Company

Franchisor may, at its option, at any time, without the consent of or notice to the undersigned, without incurring responsibility to the undersigned and without impairing or releasing the obligations of the undersigned, upon or without any terms or conditions and in whole or in part:

3.01.01 change the manner, place or terms of payment or change or extend the time of payment of, renew, or alter any obligation, liability or right of the Franchisee under the Franchise Agreement hereby guaranteed, or any liabilities incurred directly or indirectly hereunder, and the guaranty herein made shall apply to the obligations and liabilities of the Franchisee, so changed, extended, renewed or altered;

3.01.02 exercise or refrain from exercising any rights against Franchisee or others, or otherwise act or refrain from acting;

3.01.03 settle or compromise any liabilities hereby guaranteed or hereby incurred, and may subordinate the payment of all or any part of such liabilities to the payment of any liabilities which may be due to Franchisor or others; and

3.01.04 apply any sums paid to any liability or liabilities of Franchisee to Franchisor regardless of what liability or liabilities of Franchisee remain unpaid. Franchisor may, at its option, without the consent of or notice to the undersigned, apply to the payment of the liability created by this guaranty, at any time after such liability becomes payable, any moneys, property, or other assets belonging to the undersigned in the possession, care, custody and control of Franchisor.

#### 4.01 Irrevocable.

This agreement shall not affect in any manner the right of Franchisor to terminate the Franchise Agreement pursuant to the terms thereof, and this Guaranty shall survive the termination, expiration, or cancellation of the Franchise Agreement. Franchisor may at its option, elect to take no action pursuant to this Guaranty or the Franchise Agreement without waiving any rights under either. The undersigned do further agree that it will not be necessary for Franchisor, in order to enforce the terms of this agreement against them, to first institute suit or exhaust its remedies against the Franchisee or any others. This Guaranty shall operate as a continuing Guaranty and shall be non revocable, except with the express written consent of Franchisor.

#### 4.02 Joint And Several Liability.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "undersigned" shall mean the undersigned or any one or more of them. Anyone signing this Guaranty shall be bound thereto at any time. Any married person who signs this Guaranty hereby expressly agrees that recourse may be had against his/her community and separate property for all obligations under this Guaranty.

#### 4.03 Successors And Assigns.

This Guaranty shall bind and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Franchisor and of the undersigned.

#### 4.04 Noncompetition.

The undersigned hereby agree that they shall be individually bound by the provisions of the Franchise Agreement relating to trade secrets, confidentiality, and non-competition.

4.05 Bankruptcy Or Insolvency Of Franchisee.

In the event that a petition in bankruptcy or for an arrangement or reorganization of the Franchisee under any state or federal bankruptcy law or for the appointment of a receiver for the Franchisee or any of its property is filed by or against the Franchisee, or if the Franchisee shall make an assignment for the benefit of creditors or shall become insolvent, all indebtedness and other obligations of the Franchisee shall, for purposes of this Guaranty be immediately due and payable.

WITNESS our hands at \_\_\_\_\_, on this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_

\_\_\_\_\_%owner of Franchisee

\_\_\_\_\_

\_\_\_\_\_% owner of Franchisee

**EXHIBIT I - Trade Secrets & Confidentiality Agreement – Franchisee and Employees**

This Agreement is made and entered into by and between Melt N Dip (hereinafter, "the Employer") and \_\_\_\_\_, (hereinafter, "Employee").

**WHEREAS**, Employer is engaged in the business of a **restaurant and catering** under the Marks and using the System, pursuant to a franchise agreement with **Melt n Dip** (herein, "the Melt n Dip Business") according to a unique formula and under the trade name and mark, "Melt n Dip".

**WHEREAS**, Employer has a need for a manager or key employee for the Melt n Dip Business;

**WHEREAS**, Employee is willing and able to become a manager or key employee for the Melt n Dip Business;

**WHEREAS**, Employer is willing to hire Employee or to promote Employee to the position of manager or key employee of the Melt n Dip Business, but only upon the terms and conditions set forth herein,

**NOW THEREFORE**, for and in consideration of the mutual covenants herein contained and other good and faithful consideration, the receipt and sufficiency of which is hereby acknowledged by each party, the parties hereby agree as follows:

1. Employment.

Employer agrees to employ Employee as \_\_\_\_\_, and to pay compensation as follows:

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

1. Trade Secrets

Employee agrees that all of the information provided to Employee by Employer in the course of employment relating to the Melt n Dip Business, its operation, management, policies, relationship with its Franchisor, identity of its customers, members and vendors, pricing structures and formulas, product mix, and similar information, constitutes trade secrets. Employee acknowledges that such information has been received only from Employer and that it is not generally available to the public and that it derives independent economic value from not being widely known. Employee acknowledges and agrees that certain items or information to be made available may not, if analyzed in isolation, be trade secrets; however, unless Employer specifically agrees otherwise in writing, all such items and information, when placed in the context of those things which are trade secrets if analyzed in isolation, become and are part of the trade secrets and are subject to this Agreement. Employee further acknowledges that should the information be misappropriated or transferred to any third party, the Employer and Employer’s Franchisor would suffer irreparable harm. Trade secrets does not include information on public record or readily available from a third party without consent by Employer.

2. Employer Owns All Incidents

Employer shall be entitled to all of the benefits, profits and other issues arising from or incident to all work, services, and advice of Employee relating to the Trade Secrets or arising out of discussions with Employer regarding same, and in any way communicated to Employer or becoming known to Employer during or after the term of employment.

3. Nondisclosure

Employee shall not at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any unauthorized person(s) any information regarding any trade secret(s) or any proprietary information of Employer. All such information shall be held by Employee in complete confidence. Such information is important, material, and confidential and gravely affects the effective and successful conduct of Employer's Melt n Dip Business and goodwill. Should Employee, at any time, cease to be an employee of Employer, Employee shall immediately return to the Employer the originals and all copies of all documents or other media containing or representing trade secrets. Breach of any of the terms of this paragraph shall be a material breach of this Agreement. The terms of this paragraph shall survive termination of this Agreement for any reason. Employee shall be in breach of this Agreement during any month in which Employee or any third party has possession or use of any trade secrets in violation of this Agreement.

#### 4. Remedies

Employee agrees that, in the event of alleged breach, Employer shall be entitled, in addition to all other remedies available at law or in equity, to a temporary restraining order, a preliminary injunction and other interim relief and that the maximum bond to be required of Employer for such relief shall be ten dollars (\$10.00). Employee waives any right to a higher bond. Employee agrees that any action taken by Employer pursuant to this Agreement shall not constitute an election of remedies. In addition to, and not in lieu of, an injunction, Employer shall be entitled to a judgment against Employee for the greater of (a) Employer's actual damages (if provable under the circumstances) or (b) liquidated damages calculated as Employee's average monthly gross compensation for the last six months (or portion thereof) for which Employee was employed by Employer, multiplied by the number of months during which Employee was in breach of this Agreement. The parties mutually agree that the liquidated damages agreed herein are not a penalty, but are a best good faith effort to estimate what Employer's actual damages would be in the event of a breach under circumstances where actual damages may, because of facts known at that time, not be readily susceptible of accurate calculation.

#### 5. Enforcement By Franchisor

Both Employer and Employee acknowledge and agree that this Agreement is for the benefit not only of the Employer, but also of the Employer's Franchisor, **Melt n Dip**. Employer and Employee each agree that **Melt n Dip** shall have the same right to enforce this Agreement as Employer has; provided only that as between Employer and **Melt n Dip**, they shall be entitled to only one recovery of damages or liquidated damages.

## 6. Effectiveness

This Agreement shall become effective when signed and shall be enforceable at any time thereafter.

### 6.1. Nonwaiver.

No act or omission or delay in enforcing a right by either party shall waive any right under or breach by the other of this Agreement unless such party executes and delivers a written waiver. The waiver by either party of any right under or breach of this Agreement shall not be a waiver of any subsequent or continuing right or breach.

### 6.2. Attorney's Fees.

In the event that legal action or arbitration is commenced by either party to enforce this Agreement or to determine the rights of any party, including any appeal proceeding, the substantially prevailing party, in addition to any other remedy, shall be entitled to receive its reasonable attorney's fees and costs.

### 6.3. Severability.

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby, and full effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid, unless such invalidity shall pertain to the obligation to pay fees, in which event this Agreement shall terminate.

### 6.4. Warranty Of Authority.

Each person signing this Agreement for or on behalf of any party to this Agreement warrants that he/she has full authority to sign and to legally bind the party.

### 6.5. Paragraph Headings.

The various paragraph headings are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Agreement or any portion thereof.

### 6.6. Recitals.

The recitals preceding the first numbered paragraph of this Agreement are hereby made part of this Agreement as if set forth within the numbered paragraphs.

### 6.7. Choice Of Law.

This Agreement shall be governed by and construed under the laws of the state in which the Melt n Dip Business is located.

### 6.8. Notices.

All notices required or permitted by this Agreement shall be sent to the respective parties at the addresses set forth herein. The place of notice may be modified by appropriate registered or certified mailing to the other party. All notices shall be sent by certified mail, return receipt requested, postage prepaid, or personally delivered. Notices shall be deemed given at the earlier of (a) receipt by the addressee or (b) two (2) days following deposit with the United States Postal Service or its successor.

### 6.9. Entire Agreement.

This document, together with any exhibits and addenda appended hereto, constitutes the full and complete agreement between the parties hereto with respect to the subject matter hereof. There are no verbal or other agreements that affect or modify this Agreement. Any prior representations, promises, contracts or agreements are hereby fully superseded.

### 6.10. Modification.

This Agreement shall not be modified or changed except by a written agreement executed by an officer of Employer. No approval of a deviation from the terms of this Agreement shall be valid unless signed by an officer of Employer.

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

**EMPLOYEE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Phone

**THE EMPLOYER:**

\_\_\_\_\_  
By

\_\_\_\_\_  
Its

\_\_\_\_\_  
Address

**RESTRICTIVE COVENANT AGREEMENT**  
**Franchisee agreement not to compete with Franchisor**

THIS AGREEMENT, by and between, X LLC (Franchisee), a Limited Liability Company, organized under the laws of the State of Illinois, and Mohammed Nabeel Ayyash and Omar Nabil Ayyash (Covenantors), individual residents of the State of Illinois.

**WITNESSETH:**

WHEREAS, pursuant to that certain Franchise Agreement dated \_\_\_\_\_ (the **Franchise Agreement**), Melt n Dip Franchising, LLC (**Franchisor**) granted Franchisee a franchise to operate a Melt n Dip Franchised Business (the **Franchise**), using Franchisor's unique franchise system and Franchisor's trade name and service mark Melt n Dip and other proprietary marks; and

WHEREAS, Covenantor is the owner (or spouse of the owner) of the Franchisee.

WHEREAS, Franchisor has expended substantial amounts of time and money in developing the Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without limitation, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, and procedures for the efficient operation of a Melt n Dip Franchised Business, all of which Covenantor acknowledges to be confidential and proprietary information; and

WHEREAS, in connection with the operation of the Franchise, Covenantor will have access to such confidential and proprietary information; and

WHEREAS, as a condition precedent to granting the Franchise to Franchisee, all shareholders, officers, partners, or members of Franchisee must execute the covenants contained herein;

NOW, THEREFORE, as additional consideration and inducement for granting the Franchise to Franchisee, Covenantor hereby agrees and covenants to Franchisee as follows:

**1. Confidentiality.** Covenantor acknowledges the proprietary and confidential nature of Franchisor's Operating Manual, which Franchisee has received on loan from Franchisor, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, client or referral lists, procedures for the efficient operation of a Melt n Dip Franchised Business, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise, in particular, that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee has identified or may identify as proprietary and confidential information (**Trade Secrets**). Covenantor shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, entity, or organization.

**2. Proprietary Marks.** Covenantor acknowledges Franchisor's right, title, and interest in and to the service mark Melt n Dip, Franchisor's stylized design, and certain other proprietary service marks, logos, symbols, and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the Marks). Covenantor further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Covenantor expressly covenants that he/she shall not, directly

or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation thereof during the term of the Franchise Agreement or after the expiration or termination thereof pledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining, an injunction enjoining any conduct by Covenantor prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.

**3. Non-competition.** Covenantor covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering freshly brewed coffee, coffee beans, and other retail items or any other products or services that have been offered by the Franchised Business, within twenty-five (25) miles of any Melt n Dip Company or Franchised Business. This restriction shall not apply to the beneficial ownership by Covenantor of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934.

**4. Non-solicitation.** Covenantor covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing, either directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization for a period of two (2) years, divert or attempt to divert any business or client of Franchisee's business, or of any other Franchisee of Franchisor, to any competitor or to Covenantor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system.

**5. Severability.** The parties agree that each of the covenants contained in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision, Covenantor expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Agreement.

**6. Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

**7. Construction.** The parties agree that this Agreement shall be deemed to have been entered into in and shall be governed by and construed in accordance with the laws of the State of where the Franchise is located.

**8. Jurisdiction.** The parties agree that any action based upon this Agreement brought by any party hereto against any other party hereto may be brought within the State and judicial district where the Franchised Business is located, and the parties hereby consent to the exercise of personal jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

9. **Legal Expenses.** In the event a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

10. **Franchisor Third-Party Beneficiary.** Covenantor and Franchisee acknowledge and intend that the covenants contained in this Agreement shall directly benefit Franchisor and its affiliates, who shall be a third-party beneficiary thereof, entitled to enforce the provisions thereof in Franchisor's own name without Franchisee as a party in any action filed for such purpose, and shall further be entitled to all remedies provided in Section 2 hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement or caused it to be executed by their duly authorized representative, as of the dates set forth below.

FRANCHISEE:  
X LLC

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

Signature \_\_\_\_\_

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

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

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

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

#### **EXHIBIT J - Mutual Termination of Franchise Agreement and Release**

This Mutual Termination of **Melt n Dip** Franchise Agreement and Release is entered into by and between \_\_\_\_\_ (Franchisee) and **Melt n Dip** (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated \_\_\_\_\_ (the Agreement), governing a Melt n Dip Business located at \_\_\_\_\_;

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of **Melt n Dip** Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Melt n Dip Business, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee's operation of the Melt n Dip Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of **Melt n Dip** Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: \_\_\_\_\_.

**Franchisee(s)**

**Franchisor**

Melt n Dip Franchising, LLC

\_\_\_\_\_  
Franchisee

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

## EXHIBIT K - Consent, Waiver And Release For Training

This Consent, Waiver and Release is entered into by and between \_\_\_\_\_ (Franchisee) and **Melt n Dip Franchising, LLC** (Franchisor) and shall also be for the benefit of any franchisee of **Melt n Dip** in whose office or premises Franchisee receives any part of his training under Franchisee's Franchise Agreement (Trainer).

Franchisee recognizes and acknowledges the value of receiving part of Franchisee's training (or Franchisee's employees' training, if appropriate) under the **Melt n Dip** Franchise Agreement in an actual **Melt n Dip** office owned and operated by another **Melt n Dip** franchisee. At least some of the training will be "hands-on", actually operating the Melt n Dip Business or some aspect of the Melt n Dip Business on a day-to-day basis. In some cases, Franchisee may be left solely in charge of the **Melt n Dip** office of the Trainer for some periods of time. "Franchisee" as used in this agreement shall include any employee(s) of franchisee who obtain training.

In consideration of the value of the hands-on, on-location training, Franchisee covenants and agrees:

Franchisee is not and will not be or become an employee of Trainer unless by a separate written agreement.

Franchisee covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits.

Franchisee shall not make any statement(s) or representation(s) inconsistent with this agreement. Franchisee hereby assumes the risk of injury or death arising out of Franchisee's presence on the Melt n Dip Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor or Trainer.

Franchisee hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Franchisee while on the Melt n Dip Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor and Trainer from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Franchisee's negligent or intentional acts.

Franchisee consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Franchisee understands and acknowledges that each **Melt n Dip** franchisee conducts the Melt n Dip Business slightly differently and that Franchisee is advised to consider Trainer's methods and procedures, in light of Franchisee's own study of the Manual(s), as one way of operating the Melt n Dip Business. Franchisee is solely responsible for Franchisee's conduct of Franchisee's Melt n Dip Business. If Franchisee is in doubt as to the appropriateness of a procedure or manner of operating the Melt n Dip Business, Franchisee shall obtain clarification from the Franchisor directly. Franchisee understands that it would not be a defense to a later breach of contract notice that he/she acted consistently with what Trainer did.

Trainer covenants and agrees as follows:

Trainer shall not be or become an employer of Franchisee, unless by separate written agreement.

Trainer covenants and agrees to not sue or make any claim, including under any federal, state or local statute or ordinance, for any compensation for services or for any benefits to Trainer.

Trainer shall not make any statement(s) or representation(s) inconsistent with this agreement.

Trainer hereby assumes the risk of injury or death arising out of Franchisee's presence on the Melt n Dip Business premises of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer, excepting only for intentional or grossly negligent acts of Franchisor.

Trainer hereby assumes the risk of injury or death to others arising out of any negligent or intentional acts of Trainer and agrees to defend, hold harmless and indemnify Franchisor from and against all claims, demands, damages, injuries or settlements arising out of or related to Franchisee's training on the premises of Trainer caused in whole or in part by Trainer's negligent or intentional acts.

Trainer consents to having some or all of Franchisee's training occur under the guidance and on the premises of Trainer. Franchisee's training will take approximately two weeks or until Franchisee has achieved a level of competency as determined by Franchisor.

Trainer will make best efforts to teach Franchisee the operation of the Melt n Dip Business in accordance with the current version of the Manual(s) and to remind Franchisee that, if Franchisee has questions about the proper procedure under the Manual(s) to obtain clarification from the Franchisor. If Franchisor requests it, Trainer will immediately modify the training to comply with the Manual(s).

Franchisor undertakes as follows:

Franchisor will be responsible for determining whether Franchisee has achieved a level of competency sufficient to satisfy the training requirement under the Franchise Agreement.

By signing below, the parties each hereby agree to be bound by this Consent, Waiver and Release for Training Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Trainer:

Franchisee:

\_\_\_\_\_

\_\_\_\_\_

Franchisor:

Melt n Dip Franchising, LLC

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

Saed M. Khattab

Manager, Director, President & CEO

**EXHIBIT L - Release From Continuing Obligations**

This Release From Continuing Obligations is entered into by and between \_\_\_\_\_ (Franchisee) and **Melt n Dip Franchising, LLC** (Franchisor).

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated \_\_\_\_\_ (the Agreement), governing a Melt n Dip Business located at \_\_\_\_\_;

WHEREAS Franchisee desires to be released from certain of Franchisee’s continuing obligations under the terms of the Agreement; and

WHEREAS Franchisor is willing to release Franchisee from certain continuing obligations under the terms of the Agreement, but only upon the terms and conditions herein,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Release from Continuing Obligations.

For the consideration set forth in the alternative selected by Franchisee below, Franchisor hereby releases Franchisee from Franchisee’s continuing obligations under the Agreement to the extent set forth in the alternative selected by Franchisee. Except to the extent specifically released by Franchisor according to this Release from Continuing Obligations, Franchisee shall continue to be obligated and shall continue to fully and timely perform all of Franchisee’s continuing obligations under the Agreement.

2. Election by Franchisee and Terms of Release

Franchisee, by initialing one of the following options, hereby elects to be released from certain continuing obligations under the Franchise Agreement (and to continue to fully perform otherwise) as set forth in the option:

A  
initials

A. By selecting this Option A, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets), 17 (no competition), 18 (effect of termination) and 20 (arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Franchisor \$5,000.00 (USD).

B  
initials

B. By selecting this Option B, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In consideration of this Release, Franchisee shall pay to Franchisor the sum of \$30,000.00 (USD) plus the greater of (a) 1.5 times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) 1.5 times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option B shall be due and payable upon execution of this Release of Continuing Obligations.

C  
initials

C. By selecting this Option C, Franchisee elects to be released from all continuing obligations under the Agreement except for any existing financial

obligations of Franchisee to Franchisor for franchise fees or for goods purchased, except that Franchisee shall continue to fully and timely perform according to the terms of Articles 6 (Trade Secrets) and 20 (Arbitration) of the Agreement. In addition, for so long as Franchisee is not in breach of any term of this Release of Continuing Obligations, Franchisor hereby agrees to not open or permit to be opened a company-owned or franchised **Melt n Dip** office within Franchisee's Territory as described in the Agreement, as modified to the date of this Release of Continuing Obligations, for the greater of two calendar years following this date or the balance of the Term of the Agreement had it not been terminated by this Release of Continuing Obligations. In consideration of this Release, Franchisee shall pay to Franchisor the sum of **\$25,000.00** (USD) plus the greater of (a) two times the average monthly royalty paid during the months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement or (b) two times the average monthly royalty paid during the immediately preceding twelve months Franchisee was a franchisee times the number of months remaining in the Term of the Agreement. The consideration for this Option C shall be due and payable upon execution of this Release of Continuing Obligations.

### 3. Mutual Release and Termination

3.01 Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein. The parties specifically agree to fully and timely perform pursuant to this Release From Continuing Obligations.

3.02 Except for any existing financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement specifically preserved by this Release From Continuing Obligations, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Melt n Dip Business, existing or arising at any time prior to or at the time of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3.03 Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided goods or services for Franchisee's operation of the Melt n Dip Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Release of Continuing Obligations shall be binding upon Franchisee and the heirs, legal representatives, successors and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement. Jurisdiction and Venue shall be in **Du Page County, IL**. The law of the state where the Melt n Dip Business is located (except any choice of law provisions thereof) shall govern interpretation of this Agreement. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: \_\_\_\_\_  
\_\_\_\_\_.

**Franchisee(s)**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**Franchisor**  
**Melt n Dip Franchising, LLC**

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

its: \_\_\_\_\_

**EXHIBIT M - Confidentiality Agreement – Additional Information**

[Applicable only if additional information requested by Franchisee]

This Confidentiality Agreement is entered into by and between \_\_\_\_\_ (Franchisee) and **Melt n Dip Franchising, LLC** (Franchisor).

Whereas Franchisee is considering purchasing a **Melt n Dip** Franchise;

Whereas Franchisee has requested additional information from Franchisor beyond that contained in the Franchise Disclosure Document;

Whereas the Franchisor regards the information Franchisee has requested to be proprietary, confidential information, and Trade Secrets;

Whereas, notwithstanding the foregoing, Franchisor is willing to provide certain additional information, but only upon the terms of this Confidentiality Agreement.

Therefore, the parties agree as follows, acknowledging the existence and sufficiency of consideration, and fully intending to be bound hereby.

1. Upon receipt of this Confidentiality Agreement, unaltered and fully executed by Franchisee, Franchisor will make a reasonable effort to provide to Franchisee one copy of the following information (the “Confidential Information”):

---

2. Franchisee shall be entitled to review the Confidential Information and may permit Franchisee’s advisors with a genuine need to know and who are disclosed herein, including attorneys, accountants and confidential business advisors, to review it. No person shall make any reproduction, photo, electronic or other copy of the Confidential Information or any part thereof for any purpose, including summaries. No person shall use the Confidential Information or any part thereof for any purposes except as specifically permitted pursuant to this Confidentiality Agreement. Franchisee warrants that every person, including attorneys, accountants and confidential business advisors, who reviews any portion of the Confidential Information shall be subject to this Confidentiality Agreement, has been informed of the contents of this Confidentiality Agreement before reviewing any of the Confidential Information and has indicated, in writing, a willingness to be bound by this Confidentiality Agreement.

Franchisee’s advisors whom Franchisee may permit to review the Confidential Information on Franchisee’s behalf are as follows. Franchisee shall not, directly or indirectly, permit any other person to review the Confidential Information or any part thereof:

Name	Address & Telephone	Relationship to Franchisee

[Attach and initial an additional page if necessary]

3. Franchisee agrees that, immediately upon completion of Franchisee’s review of the Confidential Information, regardless of whether Franchisee ever purchases a **Melt n Dip** franchise,

to return the original and all copies of the Confidential Information to Franchisor, including all summaries of the information contained therein.

4. No person shall ever transfer or convey the Confidential Information or any part thereof to any person not specifically authorized to review the information pursuant to this Agreement. No person shall ever use, directly or indirectly, the Confidential Information or any part of it for any purpose whatsoever except as specifically permitted by this Confidentiality Agreement.

5. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to defend, hold harmless and indemnify Franchisor and its officers, directors, attorneys, agents and assigns, from and against any claims and liability arising out of or resulting from the violation, including, but not limited to claims by any person that the information provided constituted earnings claims or financial performance information which was unlawfully provided to a prospective franchisee. The obligation to defend, indemnify and hold harmless contained in this paragraph shall specifically require Franchisee to pay any attorneys fees, costs and expert witness fees incurred by Franchisor and the other beneficiaries of this paragraph in defending any such claim or in monitoring Franchisee's defense of any such claim.

6. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisee agrees to pay to Franchisor, as liquidated damages, an amount calculated as the greater of: (a) all gross revenues of the person or entity who improperly had any of the Confidential Information during the time the person or entity retained or used any of the Confidential Information for any purpose; or (b) \$250.00 per page, or equivalent, of Confidential Information as to which this Confidentiality Agreement is violated for each day that any provision of this Confidentiality Agreement is violated. Franchisee acknowledges and agrees that calculating actual damages would be impossible and that the liquidated damages calculated pursuant to this paragraph would be a reasonable approximation of actual damages Franchisor would sustain on account of such breach and does not constitute a penalty.

7. In the event Franchisee or any person authorized or permitted by Franchisee or this Confidentiality Agreement to review or possess any of the Confidential Information violates this Confidentiality Agreement, in addition to all other remedies available to Franchisor, Franchisor shall be entitled to obtain a temporary and a permanent injunction or similar equitable relief from any court having jurisdiction thereof and any statutory or other requirement of a bond in excess of \$100.00 as a condition of obtaining such relief is hereby waived to the extent permitted by applicable law.

8. This Agreement shall be construed under the laws of the **Illinois** and jurisdiction and venue of any action brought to enforce or interpret this Agreement shall be in **DuPage County, IL**. Terms defined in the Franchise Agreement shall have the same meanings in this Agreement.

9. If any action is brought to enforce or interpret this Confidentiality Agreement, the substantially prevailing party, in addition to all other remedies, shall be entitled to an award of their attorney's fees and costs, including expert witness fees and any fees on appeal.

10. This Confidentiality Agreement is the complete agreement of the parties with regard to the Confidential Information and supersedes any prior or contemporaneous written or unwritten communications, representations or agreements.

11. Time is of the essence of this Agreement.

**DO NOT SIGN THIS CONFIDENTIALITY AGREEMENT UNTIL YOU HAVE HAD THE COMPANYABC FRANCHISE DISCLOSURE DOCUMENT FOR AT LEAST TEN BUSINESS DAYS AND UNTIL AT LEAST FIVE DAYS AFTER ALL BLANKS IN THIS CONFIDENTIALITY AGREEMENT HAVE BEEN FILLED IN.**

Dated: \_\_\_\_\_

**Franchisee(s)**

**Franchisor**

Melt N Dip Franchising, LLC

\_\_\_\_\_  
Franchisee

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

Saed M. Khattab

Managing Director, President & CEO

4620 Forest Ave

Brookfield, IL 60513

\_\_\_\_\_  
Franchisee

REMAINDER OF PAGE LEFT BLANK INTENTIONALLY.

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM**

As a duly authorized signer on the financial institution account identified below of the undersigned Franchisee, I authorize Melt n Dip Franchising, LLC (“Company”) to initiate monthly electronic fund transfer debits from the account for payments due or when applicable, apply electronic funds transfer credits to the same. Said debits may be for royalty fees, local marketing fees, interest, late fees, and any other amounts Franchisee owes to the Company or its affiliates pursuant to the Franchise Agreement between Franchisee and Company, and in amounts required by the Franchise Agreement. The dollar amount to be debited for each transfer will vary.

Currently, Melt n Dip Franchising, LLC is initiating monthly debits on the first (1<sup>st</sup>) day of every calendar month for payment of the royalty fee, local marketing fees, interest, late fees, and any other amounts then due, unless that day falls on a holiday, in which case the debit will be initiated the following business day. The dates and intervals for initiating debits for amounts due under the Franchise Agreement may be changed upon delivery of notice to Franchisee.

If any such electronic debit(s) should be returned by my financial institution as unpaid (Non-Sufficient or Uncollected Funds), I understand that Melt n Dip Franchising, LLC shall be entitled to collect interest and late fees as provided in the Franchise Agreement, and to debit same from this account once there are sufficient funds to cover it.

This authorization is to remain in full force and effect until Company has received written notification of its termination in such time and in such manner as to afford Company a reasonable opportunity to act on it, and to obtain a replacement Electronic Funds Transfer Authorization from Franchisee for a replacement account. Any such notice should be sent to the following address:

Melt n Dip Franchising, LLC  
Attn: Khalid Habbab  
4620 Forest Ave.  
Brookfield, Illinois 60513

Franchisee is responsible for, and shall pay on demand, all costs or fee charged by the financial institution holding the account relating to the handling of debits pursuant to this authorization. I understand and authorize all of the above.

FRANCHISEE:

\_\_\_\_\_

AUTHORIZING SIGNATURE: \_\_\_\_\_

PRINT NAME AND TITLE:

\_\_\_\_\_

DATE: \_\_\_\_\_

BUSINESS ADDRESS: \_\_\_\_\_

**Financial Institution Account Identifying Information:**

Enter financial institution account information in the fields below or attach a voided check.

<b>Financial Institution:</b>	<b>Branch:</b>
<b>City:</b>	<b>State &amp; Zip Code:</b>
<b>Transit / ABA # (Routing #):</b>	<b>Account #:</b>

**EXHIBIT C-1**  
**List of Current Franchisees as of 12/31/24**

**Florida**

**MELT N DIP 56, LLC**  
11301 N. 56th St., Ste. 11  
Temple Terrace, FL 33617  
813-415-2104

**Illinois**

**BAMZ Associates, LLC**  
4416 E New York St  
Aurora, IL 60504  
331-212-5182

**BRINSO LLC**  
6300 Kingery Hwy Unit 126  
Willowbrook, IL 60527  
630-522-3924

**A & H MD Limited, Inc**  
13030 S. LaGrange Rd.  
Palos Park, IL 60464  
708-671-8516

**Indiana**

**ZHJ Hospitality, LLC**  
9840 E 116<sup>th</sup> St. Ste. 100  
Fishers, IN 46037  
858-603-7379

**Michigan**

**SSBA, LLC**  
6698 Orchard Lake Rd.  
West Bloomfield, MI 48322  
248-346-4772

**M.N.D. Michigan, LLC**  
24606 Ford Rd, Ste B  
Dearborn Heights, MI 48127  
313-228-5099

**Wisconsin**

**WADHA, LLC**

7820 W. Layton Ave.  
Greenfield, WI 53220  
414-249-5008

**Franchise Agreement Signed but Outlet Not Yet Open**

Abdel Zahriyeh  
Pembroke Pines, FL  
954-394-4957

Mohammad Ayyash  
Ballwin, MO  
314-680-4762

Qahtan Alsaidi  
Clifton, NJ  
347-817-8652

**EXHIBIT C-2**  
**List of Former Franchisees as of 12/31/24**

None.

# EXHIBIT D

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**EXHIBIT E**  
**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

**EXHIBIT F  
STATE ADDENDA**

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

The Franchise Disclosure Document (“FDD”) for MELT N DIP FRANCHISING, LLC for use in the State of California is modified in accordance with the following:

1. ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA, SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF CORPORATIONS NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

3. OUR WEBSITE, <https://meltndip.com/>, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

4. THE OWNERS OF THE FRANCHISEE MUST SIGN A PERSONAL GUARANTEE TO AGREE TO BE PERSONALLY LIABLE FOR THE FRANCHISEE’S OBLIGATIONS.

5. THE FRANCHISE AGREEMENT CONTAINS PROVISIONS WHICH MAY LIMIT THE FRANCHISEE’S RIGHTS INCLUDING BUT NOT LIMITED TO: A LIMITATION OF ACTIONS, WAIVER OF PUNITIVE DAMAGES, AND CLASS ACTION WAIVER.

6. AS SECURITY FOR PAYMENT OF ALL SUMS DUE TO FRANCHISOR FROM FRANCHISEE, FRANCHISEE GRANTS A CONTINUING SECURITY INTEREST IN FRANCHISEE’S PROPERTY.

7. Item 3 of the Franchise Disclosure Document on "Litigation" is amended by the addition of the following:

Neither Company, nor any person in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

8. Item 17 of the Franchise Disclosure Document on "Renewal, Termination, Transfer and Dispute Resolution" is amended by the addition of the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires that litigation of disputes will occur in the State where Company's Principal Offices are located, with the costs being borne by the losing party. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of the State where Company's Principal Offices are located. This provision may not be enforceable under California law.

9. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

10. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

11. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

This addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between MELT N DIP FRANCHISING, LLC (Franchisor) and \_\_\_\_\_ (Franchisee) to amend said Agreement as follows:

1. Article 9 of the Franchise Agreement on Renewal and Article 15 of the Franchise Agreement on Termination by Franchisor are amended by the addition of the following language to the original language that appears therein:

"California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control."

2. Article 15 of the Franchise Agreement on Termination by Franchisor for Cause is amended by the addition of the following language to the original language that appears therein:

"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.)."

3. Section 16.02 of the Franchise Agreement on Covenant Not to Compete is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law."

4. Section 21.09 of the Franchise Agreement on Governing Law of the Agreement is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement requires application of the laws of the State where our principal offices are located. This provision may not be enforceable under California law."

5. Section 19.04 of the Franchise Agreement on Consent to Jurisdiction is amended by the addition of the following language to the original language that appears therein:

"The Franchise Agreement requires that you litigate only in courts located within the State where our principal offices are located. This provision may not be enforceable under California law."

6. Section 7.17 of the Franchise Agreement on “Employees,” which contains a liquidated damages provision, is amended by the addition of the following language to the original language that appears therein:

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

7. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Franchisor:**  
**Melt n Dip Franchising, LLC**  
**An Illinois limited liability company**

**Franchisee:**  
A \_\_\_\_\_ corporation/LLC  
**Organized in the State of \_\_\_\_\_**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Accepted: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The Franchise Disclosure Document (“FDD”) for MELT N DIP FRANCHISING, LLC for use in the State of Illinois is modified in accordance with the following:

The following are added to the Franchise Disclosure Document:

Illinois law governs the franchise agreements.

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

Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgement 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 any 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.

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

This addendum to the Franchise Agreement is agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between MELT N DIP FRANCHISING, LLC (Franchisor) and \_\_\_\_\_ (Franchisee) to amend said Agreement as follows:

1. The following provisions are added to the Franchise Agreement and replace any provisions that are in conflict with the following:

Illinois law governs the franchise agreements.

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

Franchisee's rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

2. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

*[SIGNATURE PAGE FOLLOWS.]*

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**Franchisor:**  
**Melt n Dip Franchising, LLC**  
**An Illinois limited liability company**

**Franchisee:**  
A \_\_\_\_\_ corporation/LLC  
**Organized in the State of \_\_\_\_\_**

**By:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date Accepted:** \_\_\_\_\_

**By:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date Signed:** \_\_\_\_\_

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA**

This addendum to the Franchise Agreement is by and between Melt n Dip Franchising, LLC (Franchisor) and \_\_\_\_\_ (Franchisee) to amend said Agreement as follows:

The Indiana Franchises Law, Title 23, Chapter 2.5, Sections 1 through 51 of the Indiana Code, supersedes any provisions of the Franchise Agreement if such provisions are in conflict with that law.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date below the signatures.

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

This Addendum is agreed by and between MELT N DIP FRANCHISING, LLC and \_\_\_\_\_  
(Franchisee) to amend said Agreement by including the following language:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

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

**In witness whereof**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the date below the signatures.

FRANCHISOR:

FRANCHISEE:

**MELT N DIP FRANCHISING, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT F to FRANCHISE DISCLOSURE DOCUMENT**

**MELT N DIP FRANCHISING, LLC  
ADDENDUM TO THE FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

This Addendum is to a Franchise Agreement dated \_\_\_\_\_, 20\_\_ between Melt n Dip Franchising, LLC and \_\_\_\_\_(Franchisee) to amend said Agreement as follows:

1. Section 9 of the Franchise Agreement on Renewal and Article 12 of the Franchise Agreement on Transfer by Franchisee amended by the addition of the following language to the original language that appears therein:

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 the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. Section 12.05 of the Franchise Agreement on Transfer by Franchisor shall be amended by the addition of the following language to the original language that appears herein:

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.

3. Section 21.09 of the Franchise Agreement on Governing Law/Consent to Jurisdiction shall be amended by the addition of the following language to the original language that appears therein:

The foregoing choice of law shall not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by the provisions of Article 33 of the General Business Law of the State of New York.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

*[SIGNATURE PAGE FOLLOWS.]*

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective this \_\_\_day of \_\_\_\_\_, 20\_\_.

**Franchisor:**  
**MELT N DIP FRANCHISING,**  
**LLC**  
**An Illinois limited liability company**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Accepted: \_\_\_\_\_

**Franchisee:**  
**Corporate/LLC Signature:**

\_\_\_\_\_ a \_\_\_\_\_ corporation/LLC

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Accepted: \_\_\_\_\_

**Individual Signatures:**

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

## STATE EFFECTIVE DATES

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

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

<b>State</b>	<b>Effective Date</b>
California	Pending
Illinois	Pending
Wisconsin	Pending
Indiana	Pending
New York	Pending
Michigan	Pending

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

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Melt n Dip Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Melt n Dip 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit E).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone No.
Saad M. Kattab	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905
Khalid Habbab	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905

Issuance Date: July 8, 2025

I received a disclosure document dated July 8, 2025, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C. List of Current and Former Franchisees
- D. Manual Table of Contents
- E. State Administrators and Agents for Service of Process
- F. State Addenda

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

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

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

**Keep This Copy For Your Records**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Melt n Dip Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Melt n Dip 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit E).

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Saad M. Kattab	4620 Forest Ave., Brookfield, Illinois 60513	708-581-4905
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- A. Financial Statements
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- C. List of Current and Former Franchisees
- D. Manual Table of Contents
- E. State Administrators and Agents for Service of Process
- F. State Addenda

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

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

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

**Return this copy to us at Melt n Dip Franchising, LLC,  
4620 Forest Ave., Brookfield, Illinois 60513.**