

## FRANCHISE DISCLOSURE DOCUMENT



**Daddy's Chicken Shack Franchising, LLC**  
a Delaware limited liability company  
480 East Happy Canyon Road  
Castle Rock, CO 80108  
844-4DADDYS  
info@daddysfranchising.com  
www.daddysfranchising.com

As a Daddy's Chicken Shack franchisee, you will establish and operate a quick service, fast casual dining restaurant that serves breakfast, lunch, and dinner, and features a menu of chicken sandwiches and bowls, as well as breakfast items, side items, beverages, desserts, and other related items, under the "Daddy's Chicken Shack" trade name and business system.

The total investment necessary to begin operation of a Daddy's Chicken Shack restaurant ranges from ~~\$725,750~~\$748,250 to \$1,156,750. This includes the ~~\$37,500~~\$60,000 to \$66,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive this disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Andrew Beach at 480 E. Happy Canyon Road, Castle Rock, Colorado 801008, [andrew.beach@daddysfranchising.com](mailto:andrew.beach@daddysfranchising.com) and 844-4DADDYS.

The terms of your contract will govern your franchise relationship. Do not rely on this 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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You also can 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.

Your state also may have other laws on franchising. Ask your state agencies about them.

Issuance Date: May 21, 2024

### 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 litigation or arbitration only in Colorado. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with the franchisor in Colorado than in your home state.
2. **Spousal Liability.** The franchise agreement may require your spouse (or domestic partner or other immediate family member) to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.
4. **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.
5. **Supplier Control.** You must purchase all or nearly all of the inventory and supplies necessary to operate your business from the franchisor, its affiliates, or from suppliers the franchisor designates at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
6. **Unopened Franchises.** [The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.](#)

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.

We also offer an optional program (the “Regional Developer Program”) under which a franchisee receives the right to identify and qualify Daddy’s Chicken Shack potential franchisees within a specified geographic area. We have a separate disclosure document and regional developer agreement (“Regional Developer Agreement”) pertaining to our Regional Developer Program. If you participate in the Regional Developer Program, you must enter into a Regional Developer Agreement with us. See Exhibit E for additional information regarding our existing regional developers.

#### Market and Competition

The market for restaurants generally is highly competitive and fragmented; the number, size and strength of competitors may vary widely by geographic region, especially within the full-service casual dining category. There is active competition among restaurants based upon quality of food products, customer service, management personnel, reputation, restaurant décor, location, name recognition, and price. You will compete with other restaurants offering a wide variety of menu items and alcoholic and non-alcoholic beverages and other competing concepts. Competitors may be locally owned or large, regional, or national chains. The restaurant business is also affected by changes in general economic conditions (including economic uncertainty), consumer preferences and demographics as well as negative publicity related to core menu items or food-borne illness and increase in prices of and/or reductions in the availability of commodities. Full-service industry restaurants are subject to seasonal fluctuations comparable to most restaurants (for example, during holiday seasons).

#### Industry Specific Laws and Regulations

In addition to the laws, regulations, and ordinances applicable to the businesses generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupational Safety and Health Act, you should consider that certain aspects of the restaurant and related bar business are heavily regulated by federal, state, and local laws, rules, and ordinances.

The U.S. Food and Drug Administration and the U.S. Department of Agriculture, as well as state and local departments of health and other agencies, have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation.

Some state and local authorities have adopted, or are considering adopting, laws or regulations that would affect the content of food served in restaurants, such as the level of sodium and trans fats contained in a food item. The U.S. Food and Drug Administration has issued regulations that require certain restaurants and retail food establishments to post caloric information on menus and menu boards and to provide additional written nutrition information to consumers upon request.

~~[You should consider these laws and regulations when evaluating your purchase of a franchise.](#)~~

## **ITEM 2 BUSINESS EXPERIENCE**

#### Chairman: Dave Liniger

Mr. Liniger has served as our Chairman since our inception in February 2021. He served as our Chief Executive Officer from May 2023 to March 2024. He has served as the Chairman of POS Franchising,

photocopying. The amounts you will pay for Local Advertising and Promotion will not include costs or expenses incurred by or on behalf of you in connection with: (a) salaries and expenses; (b) charitable, political, or other contributions or donations; (c) the value of discounts provided to customers; and (d) the cost of food items.

5. The Technology Fee covers your access to certain technology systems, services, platforms, and software we require you to obtain or access through us, as we deem necessary and advisable, including, for example, licenses, subscriptions, development, maintenance, and/or access to our required point-of-sale software and platform, intranet, online ordering system, streaming music software, learning management system, and a Daddy's Chicken Shack email address. We may make changes to the types, nature, and ultimate vendor of technology systems, services, platforms, and software we require you to obtain or access through us. Your precise monthly Technology Fee may change if there are changes in any aspect of the Computer System or in the technology systems, services, platforms, and software we require you to obtain or access through us, or in our costs regarding such technology systems, services, platforms, and software.
6. We currently do not have a market brand development and promotional cooperative fund ("**Local Marketing Cooperative**") in any geographical area, but we may establish Local Marketing Cooperatives in any geographical areas at our sole discretion. Item 11 contains more information about the Local Marketing Cooperative.
7. We may conduct an annual convention that our franchisees are required to attend. You will be responsible for your and any approved attendees' costs and expenses to attend the convention, including transportation, meals and lodging. We may charge a registration fee for franchisees to attend the annual convention.
8. Item 11 contains more information about Computer System, software, and other technology requirements.
9. If we terminate the Franchise Agreement due to your default, you will pay us liquidated damages in an amount equal to the product of the average yearly amount of Royalty Fees paid during the 3 years immediately preceding the termination (or such period as the Restaurant was open for business, if the Restaurant was not open for business during the entire three-year period), multiplied by the lesser of 3 or the number of years remaining in the then-current term.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure <sup>1</sup>	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee <sup>2</sup>	<del>\$22,500 to</del> 45,000	Lump Sum	Upon signing Franchise Agreement	Us
Site Review <sup>2</sup>	\$0 to \$1,500	Lump Sum	As Invoiced	Us

Type of Expenditure <sup>1</sup>	Amount	Method of Payment	When Due	To Whom Paid
Training Fee & Expenses <sup>2</sup>	\$5,750 to \$7,750	Lump Sum to us regarding Training Fee (\$5,000); Otherwise, As Agreed	Upon signing Franchise Agreement; As Agreed	Us; Third Parties
Architectural, Engineer, and Legal Counsel <sup>3</sup>	\$17,500 to \$34,000	As Agreed	As Agreed	Approved Vendors or Third Parties
Construction Management	\$13,500 to \$18,000	As Agreed	As Agreed	Vendors or Third Parties
Real Estate, Leasehold Improvements, and Construction Costs <sup>4</sup>	\$234,000 to \$455,000	As Incurred	Prior to Opening	Various
Signage, Graphics & Interior Décor Items	\$18,000 to \$21,000	As Incurred	Prior to Opening	Approved Vendors or Third Parties
Furnishings, Fixtures and Equipment <sup>5</sup>	\$296,000 to \$409,000	As Agreed	As Agreed	Approved Vendors or Third Parties
POS and Technology Systems including Initial Setup <sup>6</sup>	\$46,500 to \$58,500	As Incurred	Prior to Opening	Approved Vendors
Insurance <sup>7</sup>	\$1,500 to \$3,500	As Arranged	As Agreed	Vendors
Initial Inventory & Smallwares	\$10,500 to \$13,500	Lump Sum	Prior to Opening	Approved Vendors or Third Parties
Grand Opening Marketing <sup>2</sup>	\$10,000 to \$15,000	Various	As Incurred	Various (which may include Us)
Licenses, Fees and Deposits <sup>8</sup>	\$5,000 to \$15,000	As Incurred	As Incurred	Various
Additional Funds – Initial 3 months <sup>9</sup>	\$45,000 to \$60,000	Various	As Incurred	Various
<b>TOTAL<sup>10</sup></b>	<b><u>\$725,750</u> to <u>\$1,156,750</u></b>			

**NOTES**

- The chart above describes the estimated initial investment for a Daddy’s Chicken Shack Restaurant operated from a leased facility. We prepared these estimates based on the experience and data collected from our affiliate-owned operating experience and the franchise locations that have opened. Inflation may impact various costs, including, among others, furnishings, fixtures, signs, décor items, building costs, technology, and equipment. Except as expressly indicated otherwise, these estimates are intended to estimate the required initial cash investment up to the opening date of a Daddy’s Chicken Shack Restaurant, and potential working capital needs for the first 90 days of operations thereafter. They do not include cash needs to cover any financing incurred or other expenses. You should not plan to draw income from your Daddy’s Chicken Shack

Restaurant during the start-up and development stage of your business, the actual duration of which will vary materially from one franchisee to another. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of a Daddy's Chicken Shack Restaurant which, in turn, will depend upon factors such as public awareness of the business, the franchisee's ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. ~~Because the exact amount of reserves will vary from business to business, you should retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your Daddy's Chicken Shack Restaurant.~~ We have no obligation to refund any costs paid to us. Whether any third party will refund any costs will depend on the third party involved. ~~We recommend that you consult an attorney of your own choosing to review this Disclosure Document and the Franchise Agreement, as well as an independent accountant to review the attached financial statements, before signing the Franchise Agreement.~~

2. See Item 5 for additional information regarding the Initial Franchise Fee, Training Fee, Site Review reimbursements, and the Grand Opening Program.
3. Additionally, you will need to solicit the services of an architect approved by Daddy's Chicken Shack to prepare, for our approval, preliminary plans and specifications for site improvement and construction of your Restaurant based upon the site construction package furnished by us.
4. We expect that you will either purchase or lease the real estate for your Restaurant. Monthly rental rates could range between \$8,000 to \$20,000 per month based upon local market availability, size, condition, location of the property, and negotiations with the landlord. The figures above include the estimated cost of one month's rent. The rent will vary depending on the size and location of your Restaurant. Often, the first month's lease payment becomes due upon execution of the lease. We based the amounts on a build-to-suit or build-out lease from a third party, which includes land, building and construction costs. The lease you sign also may include percentage rent, contributions for taxes, common area maintenance fees, and payments for utilities, security deposits, and other items, which may result in higher monthly payments. Should you choose to purchase and pay separately for the construction of the building, you should adjust the total investment costs to cover the actual land and development costs. Land acquisition costs may range from an estimated low of \$1,000,000 to an estimated high of \$5,000,000. The range of the cost of construction of the Restaurant building and on-site and off-site work will vary depending on local conditions, the size and type of building that you select, and the real estate transaction that you structure. The costs of building permits and fees from any governmental agencies and utilities may vary greatly as well, depending on location.
5. This estimate is based on leasing 2,000 square feet of space for a Restaurant and applying our requirements to the space as outlined in the Manuals, which includes designated paint colors and schemes, flooring, furnishings, fixtures, kitchen display systems and equipment. The total costs of the furnishings, fixtures, kitchen display systems and equipment will depend on the vendors' pricing, circumstances at a location, a franchisee's distance from vendors, shipping charges, reimbursement of costs to technicians for lodging, meals and travel expenses and similar variables, including point-of-sale equipment, ancillary small computer hardware and software items, small wares related to kitchen equipment, and the sign and awning package, all of which a franchisee must purchase or lease.

6. You must obtain a computer and technology equipment as prescribed in the Manuals for use within your Daddy's Chicken Shack Restaurant. *See* Item 11.
7. You must carry insurance for the types of coverages and in the amounts that we specify in the Franchise Agreement and the Manuals. The amount listed above represents our best estimate of the premiums for the insurance coverage that we require during a Daddy's Chicken Shack Restaurant's first year of operation. Insurance costs vary in different locations. You may be required to obtain certain licenses or certifications to operate your Daddy's Chicken Shack Restaurant. Requirements vary by state.
8. The range given provides our best estimate of the costs a franchisee will incur for business permits, licenses, first and last month's rents, a security deposit to lease an approved location, and miscellaneous deposits, including utility deposits.
9. This is an estimate of miscellaneous expenses a franchisee will incur before operations begin and during the first three months of operating the business. Many of the initial expenses, such as advertising, payroll, insurance, and transitional living expenses, will repeat on a monthly basis, and you should therefore make sure you have sufficient additional funds to meet the franchise business operation commitments during the first 90 days of operation. ~~Costs will depend on factors like the size of the Restaurant; how closely a franchisee follows our methods and procedures; a franchisee's management skill; expenses and business acumen; financing costs; local economic conditions; the local market for Restaurants; the prevailing wage rate; competition; and the sales level reached during the initial period.~~
10. This total estimate is for expenses incurred before operations begin and during the first three months of operating the business. ~~You should review the amounts listed above carefully with a business advisor before making any decision to purchase the franchise. This is an estimate only and the actual cost can vary largely depending on the site specific conditions and requirements for each location.~~ We do not offer any financing directly or indirectly for any part of the initial investment.

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

### Required Purchases and Operation Standards

You must develop your Restaurant premises and purchase, lease, license, and install and use all equipment, food products, beverages, ingredient, supplies, fixtures, furnishings, computer, audio-visual, and point-of-sale systems, décor, signs, goods, uniforms, memorabilia, and merchandise and items intended for retail sales (whether or not bearing the Proprietary Marks), payment processing services, music services, and other products and services for your Restaurant according to our standards and specifications, contained in the Manuals or that we otherwise provide in writing, solely from the suppliers we have approved in writing (which may be us or our affiliate), unless you have first obtained our written consent to do otherwise. We may modify our standards and specifications from time to time. We will notify you of any changes to our standards and specifications.

Generally, you must purchase all goods, products, menu items, ingredients, foodstuffs, beverages, packaging materials, signage, furniture, fixtures, equipment, computer hardware and software, and small wares used to operate or furnish your Restaurant from approved suppliers who demonstrate the ability to meet our standards and specifications and whom we have approved in writing. In the operation of your

Subject	Hours of Pre-Training	Hours of Classroom Training	Hours of On-the-job Training	Location
Restaurant Operations	4	4	12	Virtual / Denver, CO Training Facility
Financial Management	2	2	4	Virtual / Denver, CO Training Facility
Technology	2	4	12	Virtual / Denver, CO Training Facility
Marketing	2	4	0	Virtual
Vendors/Suppliers	2	2	0	Virtual
Customer Service	2	100	100	Virtual / Denver, CO Training Facility
Grand Opening	2	2	0	Virtual
Reporting	2	3	2	Virtual / Denver, CO Training Facility
Emergency Procedures	1	0	1	Virtual / Denver, CO Training Facility
<b>TOTAL</b>	<b>34</b>	<b>137</b>	<b>139</b>	

Our training programs are overseen by Fred Malone, our Vice President of Franchise Operations & Training. Fred has 27 years of training, operations, and franchise support experience, and has been with Daddy’s Chicken Shack since August 2023. We may use additional or substitute instructors as needed, in our discretion. The training materials include our Manuals and other written materials that will be provided. Details of instruction and times for particular sessions may vary according to availability of staff, areas of concentration needed by trainees and other factors.

**ITEM 12  
TERRITORY**

The Franchise Agreement grants you the right to operate one Daddy’s Chicken Shack Restaurant at or from a single physical premises, selected by you and approved by us, within the Designated Area, with certain non-exclusive rights as described below. If an approved location has not been identified when you execute the Franchise Agreement, a Site Selection Addendum to the Franchise Agreement will identify the geographic area in which you may search for a site (the “**Site Selection Area**”). The exact size of the Site Selection Area will be agreed upon by you and us before the Franchise Agreement is executed. Once determined and/or approved by us, we will list the Restaurant’s approved location and Designated Area (described below) on **Exhibit A** of the Franchise Agreement.

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

You are required to operate the Restaurant only at the location we approve. You may not operate the Restaurant or offer or sell any products or services at or from any location other than the approved location identified in **Exhibit A** of the Franchise Agreement. We may offer and sell goods and services through other channels of distribution, including the Internet, within the Designated Area, under the Proprietary Marks, or under different trademarks without compensation to you. You are not permitted to provide goods or services through other channels of distribution, such as the Internet or in any form of social media, or make sales outside of your physical premises located within the Designated Area, except as otherwise described in the Franchise Agreement. No restrictions exist that prevent us from soliciting or accepting

orders from consumers inside your Designated Area in the same manner, and we will owe you no compensation if we do so. You may not relocate the Restaurant without our prior written consent. You must comply with our then-current site selection and construction standards.

Except as described below, we will grant you an area around the approved location of the Restaurant (the “**Designated Area**”). The Designated Area is the area described in **Exhibit A** to the Franchise Agreement, excluding Alternative Points of Distribution (defined below). The Designated Area will typically encompass a population of not less than 50,000 people, but the ultimate size of your Designated Area may vary from that of other franchisees based on various factors. We will determine the Designated Area based on several factors, including, among other factors, the population base; density of population; growth trends of population; apparent degree of affluence of population; the density of residential and business entities; traffic generators, driving times; and major topographical features which clearly define contiguous areas, like rivers, mountains, major freeways, and underdeveloped land areas.

We have not established conditions under which we will approve the relocation of your Daddy’s Chicken Shack Restaurant, or conditions under which we will approve your establishment of additional Restaurants. The Franchise Agreement does not grant you options, rights of first refusal, or similar rights to acquire additional Restaurants.

We may offer and sell goods and services through other channels of distribution, including the Internet, within the Designated Area, under the Proprietary Marks, or under different trademarks without compensation to you. You are not permitted to provide goods or services through other channels of distribution, such as the Internet or in any form of social media, or make sales outside of your physical premises located within the Designated Area, except as otherwise described in the Franchise Agreement.

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

As long as you are in compliance with the Franchise Agreement, we will not operate or license others to operate a Daddy’s Chicken Shack Restaurant at a physical premises located within the Designated Area (subject to the reservations and limitations described below) during the term of your Franchise Agreement. Except as expressly limited by the previous sentence, we and our affiliates retain all rights with respect to Daddy’s Chicken Shack Restaurants, other branded, co-branded, or multi-branded restaurants, the Proprietary Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, we and our affiliates retain the following rights:

1. Advertise and promote the System within and outside of the Designated Area.
2. Develop, construct, operate, sell, license, franchise, and/or authorize others to sell Daddy’s Chicken Shack menu items, foods, and other products to the public within the Designated Area, including the immediate area surrounding any Daddy’s Chicken Shack Restaurant location you submit to us for approval or any Daddy’s Chicken Shack Restaurant you establish, through restaurant outlets (whether mobile or fixed, permanent or temporary) located on military bases, institutional outlets (including, for example, college campuses, hospitals, and school lunch programs), fairs, athletic contests, or other special events, convenience stores, casinos, airports, and larger retail outlets, including (without limitation) Wal-Mart and Home Depot, toll roads, limited access highways, schools, universities, enclosed shopping malls, hotels, industrial or government facilities, amusement or theme park complexes, train stations, bus stations, or transportation facilities, and other locations owned or operated by major institutions with sites throughout the country or a

## CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
2. Neither the franchisor, nor any person or franchise broker identified in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling the person from membership in the association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. 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.*)
5. 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. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions 16600.~~
6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
7. The Franchise Agreement requires binding arbitration. The arbitration will occur in the Denver, Colorado metropolitan area, with each party paying their own costs, plus one-half the arbitrator's fees.
8. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the state of California.
9. The Franchise Agreement requires application of the laws of Colorado. This provision may not be enforceable under California Law.
10. 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.
11. You must sign a general release of claims 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).

12. Under California Corporations Code Section 31512.1, any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
- A. Representations made by the franchisor or its personnel or agents to a prospective franchisee.
  - B. Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
  - C. Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
  - D. Violations of any provision of this division.
13. 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.
14. Item 19 of the Disclosure Document is supplemented by the following language:
- The earnings claims figure does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.
15. Item 5 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to state that the initial franchise fee and all other initial payments owed by franchisees to the Franchisor under the Franchise Agreement will be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened for business.
16. [For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.](#)
- ~~16-17.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- ~~17-18.~~ OUR WEBSITE ([www.daddysfranchising.com](http://www.daddysfranchising.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).

~~18.19.~~ THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

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

{See the last page of this **Exhibit D** for your Signature.}

## HAWAII

1. Release. The language contained in Section 2.2.7 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

Franchisee and Franchisor shall execute a mutual general release, in a form prescribed by Franchisor, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to Franchisor for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law.

2. Conditions for Approval of Transfer. The language contained in Section 12.4 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

Franchisor and the transferor shall have executed a mutual general release, in a form prescribed by Franchisor, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities, excluding only such claims as each may have that arise under the Hawaii Franchise Investment Law.

3. 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.

4. Item 5 of the Disclosure Document and Section 3 of the Franchise Agreement are amended to state that the initial franchise fee and all other initial payments owed by franchisees to the Franchisor under the Franchise Agreement will be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened for business.

5. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR

AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

{See the last page of this **Exhibit D** for your Signature.}

## ILLINOIS

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the Disclosure Document and Franchise Agreement shall be modified as follows:

1. Illinois law shall apply to and govern the Franchise Agreement.
2. 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.
3. Franchisees' right upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. ~~Item 5~~ Payment of the Disclosure Document and Section 3 of the Franchise Agreement are amended to state that the initial franchise fee and all other initial payments owed by franchisees to the Franchisor under the Franchise Agreement/development fees will be deferred until the Franchisor completes/has met its pre-openings initial obligations under the Franchise Agreement and the outlet is opened for to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
6. 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.

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{ See the last page of this **Exhibit D** for your Signature. }

## INDIANA

It is unlawful for any franchise agreement between any franchisor and a franchisee who is a resident of Indiana or a non-resident who is to operate the franchise in Indiana to contain a provision that requires a franchisee not to compete with the franchisor in an area greater than the exclusive territory granted in the franchise agreement or, if no exclusive territory is granted, in an area of more than reasonable size, upon Termination of a franchise agreement. (Ind. Code § 23-2-2.7-1(9)). Accordingly, the Franchise Agreement and Item 17 of the Disclosure Document are amended to apply to the area within a 2-mile radius of the Daddy's Chicken Shack Restaurant.

The Franchise Agreement requires binding arbitration. The arbitration will occur in a state other than Indiana, with costs being borne by the non-prevailing party. The provision concerning the place where arbitration will occur is deleted from the Franchise Agreement.

The Franchise Agreement requires application of the laws of another state. This provision is deleted from the Indiana Franchise Agreement.

Item 17 of the Disclosure Document, Sections (u), (v), and (w), is amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The Franchise Agreement requires you to sign a general release of claims as a condition of renewing or reselling the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. The Franchise Agreement and Item 17 of the Disclosure Document, Sections (b) (renewal) and (k) (transfer) are amended to omit the requirement that an Indiana franchisee sign a general release of claims as a condition of renewal or resale. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

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.

## **MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document shall be modified as follows:

Item 17 of the Disclosure Document provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 *et seq.*).

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

Item 17 of the Disclosure Document is amended to state “Any claim arising under the Maryland Franchise and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Item 17(v) of the Disclosure Document is amended to state “A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

Item 5 of the Disclosure Document is amended as follows:

Based upon the Franchisor’s current financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened.

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

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Agreement shall be modified as follows:

A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claim arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any provision contained in the Franchise Agreement that requires the Franchisee to assent to a release, estoppel, or waiver of liability is not intended to nor shall it act as a release estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Section 3 of the Franchise Agreement is amended as follows:

Based upon the Franchisor's current financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened.

[Section 29.1.1 of the Franchise Agreement is deleted.](#)

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.

{ See the last page of this **Exhibit D** for your Signature. }

## MINNESOTA

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specific cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement, and that consent to transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400(J) may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Notwithstanding the foregoing, this shall not bar enforcement of an arbitration clause.

In accordance with Minnesota Rule 2860.4400(J), to the extent required by law, the Disclosure Document and Franchise Agreement are modified so that we cannot require you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release of liability imposed by Minn. Stat. Chapter 80C; provided, this shall not bar the voluntary settlement of disputes. The Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. To the extent required by Minnesota law, we will protect your right to use the primary trademark, service mark, trade name, logotype, or other commercial symbol from third parties or will indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit, or demand regarding your use of our primary trade name in accordance with the requirements of the Franchise Agreement and our standards.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. ~~5~~, [to the extent required by law](#)~~5~~, the Franchise Agreement and Item 17 of the Disclosure Document are amended to state that no action may be commenced pursuant to Minn. Stat. Sec. 80C.17 more than three years after the cause of action accrues.

Section 3 of the Franchise Agreement and Item 5 of the Disclosure Document are amended to state that the initial franchise fee and all other initial payments owed by franchisees to the Franchisor under the Franchise Agreement will be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet is opened for business.

[Item 6 and Section 3 of the Franchise Agreement are amended to state: NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \\$30 on service charges.](#)

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.

{ See the last page of this **Exhibit D** for your Signature. }