

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 Texas. 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 Texas than in your own state.
2. **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 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.

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$30,000 as the initial franchise fee. This fee is uniform and is not refundable.

All Franchise Fees are deferred until Franchisee is open for business and Franchisor has delivered all pre-opening obligations to Franchisee.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of your gross sales	Monthly, on the 2nd day of the month	See Note 1 and Note 2.
Marketing Fund Contribution	1% of your gross sales	Monthly, on the 2nd day of the month	
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, on the 2nd day of the month	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales.
Local Marketing/Required Spending	3% of your gross sales	Monthly	We require franchisee to spend at least 3% of Gross Sales each month on marketing the Business and promoting the Marketing and PR services to clients.
Replacement / Additional Training fee	Currently, \$250 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.

- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Haute in Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Haute in Franchising) changes to the Business as Haute in Franchising requires to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Haute in Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than described in this Section, and (C) the Territory will not be changed;
- (v) Franchisee and each Owner executes a general release (on Haute in Franchising's then-standard form) of any and all claims against Haute in Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 1. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

All Franchise Fees are deferred until Franchisee is open for business and Franchisor has delivered all pre-opening obligations to Franchisee.

4.2 Royalty Fee. In Franchisee's first year of operation, Franchisee shall pay Haute in Franchising a monthly royalty fee (the "Royalty Fee") equal to 8% of Gross Sales. The Royalty Fee for any given month is due on the 2nd day of the following month.

4.3 Marketing Fund Contribution.

(a) Marketing Fund Contribution. Franchisee shall pay Haute in Franchising a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Haute in Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee to Haute in Franchising's training program after opening, Haute in Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$250 per person, per day.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

- All Franchise Fees are deferred until Franchisee is open for business and Franchisor has delivered all pre-opening obligations to Franchisee.
- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between Haute in Franchising, LLC, a Texas Limited Liability Company ("Haute in Franchising") and _____, a _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

3. Franchise Fee. All Franchise Fees are deferred until Franchisee is open for business and Franchisor has delivered all pre-opening obligations to Franchisee.

4. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

HAUTE IN FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CONSENT

Omar Alnuaimi, CPA, consents to the use in the Franchise Disclosure Document issued by HAUTE IN FRANCHISING LLC ("Franchisor") on November 16, 2023, as it may be amended, of my report dated November 15, 2023, relating to the Balance Sheet as of November 10, 2023, of Franchisor.



Omar Alnuaimi, CPA

Naperville, IL
November 16, 2023