



FRANCHISE DISCLOSURE DOCUMENT

Pizza Bell Hop, LLC
a Minnesota limited liability company
8634 Central Avenue NE
Blaine, Minnesota 55434
763-582-1980
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www.pizzabellhop.com

Pizza Bell Hop, LLC is offering franchises for the operation of a business selling fresh baked pizzas and other items baked in our proprietary oven(s) within an existing business, typically a lodging facility, or eating or drinking facility, using the trademark “PIZZA BELL HOP®” and related trademarks and service marks (the “Pizza Business”).

The total investment necessary to begin operation of a PIZZA BELL HOP® franchise ranges from \$31,045 to \$75,595. This includes \$22,005 to \$38,795 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. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your sales representative at 8634 Central Avenue NE, Blaine, Minnesota 55434, telephone 763-582-1980.

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

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

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

ISSUANCE DATE: March 27, 2018. (See page entitled “Franchise Disclosure Document Effective Dates in Designated States” for State Specific Effective Dates.)

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION OR LITIGATION IN MINNESOTA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE WITH US IN MINNESOTA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MINNESOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

EFFECTIVE DATE: See page entitled "Franchise Disclosure Document Effective Dates in Designated States" for State Specific Effective Dates.

**FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES
IN DESIGNATED STATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states having franchise registration and disclosure laws as of the dates listed:

Minnesota Effective date: March ____, 2018

Wisconsin Effective date: March 27, 2018

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

To simplify the language in this Franchise Disclosure Document “Pizza Bell Hop” or “we,” “us,” or “our” means Pizza Bell Hop, LLC, the “Franchisor.” “You” or “your” means the person, corporation, partnership or other business entity that buys the franchise, the “Franchisee.” If you are a corporation, partnership or other entity, “you” includes the franchisee’s owners.

The Franchisor

We are a Minnesota limited liability company formed on November 29, 2011. Our principal business address is 8634 Central Avenue NE, Blaine, Minnesota 55434, and our phone number is 763-582-1980. We conduct business under the name Pizza Bell Hop. We have never operated a PIZZA BELL HOP® business, but since March 2015, one of our Board members has operated a franchised Pizza Bell Hop® location in a hotel he owns. We began offering franchises for this business in September 2013. As of December 31, 2017, we had 3 franchised locations. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

We have no predecessors or parent companies, and we have no affiliates that offer franchises in any line of business or that sell goods or services to our franchisees.

Our agents for service of process are disclosed on Exhibit A.

The Business

We offer franchises for the operation of a business selling fresh baked pizza and a limited number of other items baked in our proprietary oven(s) (a “Pizza Business”) that is located within an existing business, typically a lodging facility, or eating or drinking facility, that could benefit by being able to offer a fresh pizza product to its guests or customers. The franchise will operate using trademarks, trade names, service marks and logos (the “Marks”). Each Pizza Business will operate using the ingredients, recipes, food preparation techniques, packaging, standards of service, information, trade secrets, and confidential information that we have developed or may develop in the future (the “System”). We reserve the right to change or otherwise modify the System at any time in our sole discretion.

We will grant you the right to operate 1 Pizza Business at your existing business location. We must mutually agree on the area of that business from which your Pizza Business will operate. Initially, we expect your Pizza Business will only offer pizza and a limited number of other products to its customers, but we may ultimately expand the menu offerings available in your Pizza Business. Your Pizza Business must offer all mandatory products we specify.

We expect that most of the customers for your Pizza Business will be the guests and customers of your existing business. However, you may also ultimately draw customers from the general public. The market for pizzas is developed and competitive. In a hotel or motel, you will be competing with pizza delivery services, with other food service establishments that deliver to customers, and with restaurants in the vicinity of your lodging facility. If you operate in a restaurant, bar, or other business, you will compete with anyone else that offers food products, including grocery stores, convenience stores, restaurants, and take-out and delivery services.

Industry Specific Regulations

Your Pizza Business will be subject to national, state and local regulations that apply to all businesses, such as the Americans With Disabilities Act, wage and hour laws, occupational health and safety, equal employment opportunity, taxes, hazardous material communication to employees, confidentiality of customer information, and business licensing requirements. In addition, you must comply with all zoning laws and regulations applicable to the Pizza Business. For example, there are health laws that regulate the preparation and storage of food products, sanitation and operation of a food service business. If you do not have a permit that allows you to prepare and serve food in your existing business, you will need to obtain one. As a condition to obtaining that permit, you may have to complete a state qualified food safety training program, such as the National Restaurant Association Serv Safe Program. There are also local building codes governing construction of food service facilities. You may also have to comply with local, state and federal menu labeling requirements. You should investigate whether there are any other regulations and requirements that may apply in your geographic market. You should also seek the assistance of your attorney to comply with these laws.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer, Board Member – Scott Uram

Mr. Uram has been the Chief Executive Officer and member of our Board of Directors since our formation in November 2011. Since 1988, he has also been the President and sole owner of Uram Group, Inc., an insurance agency in Blaine, Minnesota. Since 2008, Mr. Uram has also been the Chief Executive Officer of WutGroup, LLC, in Blaine, Minnesota, which manufactures and sells a patented load bearing retractable cover.

Vice President of Operations, Board Member – Scott Winer

Mr. Winer has been our Vice President of Operations, and a Board member of ours since November 2011. Since 1991, he has also been the Chief Manager of Restaurant Tour, LLC; which operated two Champps Restaurants in Minnesota until they were sold in May 2014 and March 2015.

Chief Financial Officer, Vice President, Board Member – Rahul Kansara

Mr. Kansara has been on our Board of Directors since March 2015 and has been our Chief Financial Officer since February 2016. He was appointed as a Vice President in April 2016. Since 1998, Mr. Kansara has also owned multiple hotels in Wisconsin and Minnesota.

Vice President, Board Member – Brad Feltis

Mr. Feltis has been on our Board of Directors since March 2012 and was appointed as a Vice President in April 2016. Since 2005, he has also been a part-owner and physician at Pediatric Surgical Associates in Minneapolis.

Vice President, Board Member – Andrew Westerberg

Mr. Westerberg was named to our Board of Directors in March 2016 and was appointed as a Vice President in April 2016. Since 1980, he has been self-employed as a Farmers Insurance agent in Coon Rapids, Minnesota.

**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**

The Initial Franchise Fee is generally \$14,995. However, we are reducing this fee to \$1,000 for our first 5 independent franchisees (that is, people who are not members of our Board of Directors) in exchange for their agreement to provide additional information to us about their Pizza Business. As of December 31, 2017, we had only 1 independent franchisee, leaving 4 more franchises available for a reduced initial franchise fee. In all cases, you must pay this fee when you sign your Franchise Agreement. The fee is not refundable, and we do not credit this fee against any other obligation you owe to us. We waive this fee for the people who have been on our Board of Directors since 2015.

You must also purchase your customized ovens from us. Our customized ovens cost \$7,100 to \$7,900 for a single oven and between \$10,600 and \$11,900 for a customized double oven. We anticipate smaller franchisees will only purchase 1 oven when they begin operating, but mid-sized and large facilities may need a double oven, or 2 or more individual ovens. You must pay for these items at the time you order them. These payments are not refundable and they are not credited to any other obligation you may owe to us.

**ITEM 6
OTHER FEES**

Type of Fee	Amount (Note 1)	Due Date	Remarks
Royalty Fee	5% of your Gross Revenue each month.	Payable by the 10 th day of each month for the prior month.	Gross Revenue includes all revenue generated by your Pizza Business. (See Notes 2 and 3)
General Advertising and Marketing Fund Contributions	2½% of your Gross Revenue each month.	Payable by the 10 th day of each month for the prior month.	
Webpage Changes	\$25 each, in excess of 1 per month.	10 days after billing.	We will provide a webpage for your Pizza Business on our website. We will update that website with approved changes you request. This fee is only payable if you request more than 1 change in a month.
Renewal Fee	\$3,000	At least 30 days before the term of your Franchise Agreement expires.	You only pay this fee if you want to renew your franchise.

Type of Fee	Amount (Note 1)	Due Date	Remarks
Transfer Fee	\$7,500	Before you transfer the franchise.	You only pay this fee if you transfer your franchise or your interest in it.
Termination Fee	Varies	Upon termination	If the business in which your Pizza Business operates is sold, or your management of that business ceases, and the new owner or manager does not desire to continue to operate the Pizza Business, you can terminate the Franchise Agreement, but must pay us a fee equal to 24 times the average monthly Royalty Fee you had been paying us.
Audit	Cost of audit	10 days after billing	Payable only if audit shows an understatement of at least 3% of Gross Revenue for any month.
Additional Assistance	Currently, \$500 per day	10 days after billing	(See Note 4)
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Pizza Business.
Cost of Enforcement or Defense	All costs, including accounting and attorneys' fees, will vary under the circumstances.	Immediately after notice from us.	You only pay this amount if we are successful in any legal action we bring against you, or in defending any claim you bring against us.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law.	As incurred	Payable on all overdue amounts.
Insufficient Funds Fee	\$100 per check that you submit to us that is returned for insufficient funds, and \$100 each time that we are unable to collect via EFT due to insufficient funds.	As incurred	

Except as otherwise stated, all fees paid to us are non-refundable under any circumstances, and are uniform for all new franchisees. We may require you to pay fees and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this Disclosure Document or other form that we may require) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported the Gross Revenue for your Pizza Business to us for any reporting period, then we will be authorized, at our option, to debit your account for

(a) 110% of the fees transferred from your account for the last reporting period for which a report of the Gross Revenue was provided to us; or (b) the amount due based on information we retrieve from any point-of-sale system.

Notes:

- (1) If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. This does not apply to any federal or Minnesota income taxes we or our affiliates have to pay.
- (2) If you give away or discount any item from your Pizza Business when a person purchases other products or services you sell in your business, the regular retail cost of the discounted or complimentary item will be included as part of your Gross Revenue (unless the total price of the combined items is less, in which case the total price will be included in your Gross Revenue).
- (3) Revenues that are considered to be generated by your Pizza Business include all revenues from sales of (i) pizzas, flatbreads, and similar products, (ii) items baked in our proprietary oven(s), (iii) other products we designate as part of a Pizza Bell Hop business, and (iv) other items you sell under the Names and Marks.
- (4) The Initial Franchise Fee includes the Initial Training Program. If you require or request additional on-site assistance beyond what we provide, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. We may also require you to receive additional assistance if you are not meeting our requirements. If you fail our Initial Training Program, we may also send someone to your business to provide additional training. Our current rate for additional assistance is \$500 per day, per representative, plus the cost of travel, lodging and meals, but we reserve the right to adjust that rate periodically in our Operations Manual. We will waive the first day of our training fee if you want us to complete your Initial Training Program at the site of your Pizza Business, provided we have at least 3 weeks notice from you (and you pay our travel costs).

For more information as to your initial investment, see Item 7.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$14,995	\$14,995	Lump sum	Upon signing the Franchise Agreement	Us
Travel and Living Expenses While Training (Note 3)	\$250	\$2,000	As incurred	As incurred during training	Airlines, hotels, restaurants
Point-of-Sale Management System (Note 4)	\$2,500	\$3,600	Lump sum	Upon purchase	Vendor

Type of Expenditure (Note 1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Real Estate and Leasehold Improvements (Note 5)	\$0	\$8,000	Before opening	Varied times	Building contractor
Furnishings and Other Equipment (Note 6)	\$11,500	\$36,000	As agreed	Varied times	Us or vendors
Signage (Note 7)	\$300	\$3,000	Before opening	As agreed	Us or vendors
Supplies and Initial Inventory (Note 8)	\$1,500	\$5,000	Before opening and as needed	At delivery	Us
Additional Funds and Working Capital for First 3 Months (Note 9)	\$0	\$3,000	As incurred	As incurred	Vendors or third parties
TOTAL (Note 10)	\$31,045	\$75,595			

Notes:

- (1) In all cases, we are assuming that the Pizza Business is integrated into an existing business that has sold food and beverages and therefore already has water and electrical hook-ups. Our low estimate assumes you do not have a separate area from which you operate the business, and merely install a worktop prep station, freezer and oven in the facility. Our high estimate assumes a larger facility (over 100 rooms in the case of a lodging facility), in which you designate a specific area (like a breakfast buffet) from which to operate your Pizza Business. In all cases, the expenditures are nonrefundable.
- (2) We will reduce the Initial Franchise Fee to \$1,000 for our first 5 independent franchisees. See Item 5 for additional information.
- (3) You or your general manager must attend our Initial Training Program in our offices or another location we designate. While we do not charge for this training, you must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all your attendees. The low estimate assumes you live within driving distance of our office, while the high estimate assumes you send two people to the training, and they must purchase airline tickets (but we have assumed advance, discounted tickets). Your actual costs will vary depending on the distance you travel, your method of travel, and your personal circumstances.
- (4) The actual cost of the point-of-sale management system will depend on the extent of the hardware you select. It is possible for you to spend more than the high estimate if you decide to add additional options and peripherals to your point-of-sale management system.
- (5) Our estimate assumes you do not need to lease any space for your Pizza Business because you are operating from an existing facility. Our low estimate assumes you have an open area from which to operate the Pizza Business, without needing to make any leasehold improvements. Our high estimate assumes you must modify your existing premises. You can certainly exceed this estimate if you make more improvements than we require.
- (6) The low estimate for furnishings and equipment assumes a small operation (under 60 rooms for a lodging facility) for which you need to construct a worktop prep station, and purchase a refrigerated pizza table, a worktop freezer, an upright freezer, a 3-compartment sink, a single oven, oven shelf and oven cart. The high estimate assumes a dedicated area for the Pizza

Business, with sufficient volume to require you also have an upright freezer, and either a second oven or a double oven.

- (7) Our low estimate assumes you do not install any exterior signage.
- (8) Our low estimate assumes pizza ingredients, supplies and pizza boxes for 200 pizzas. Our high estimate assumes a higher volume facility, with inventory and supplies for 750 pizzas.
- (9) This amount includes estimated operating expenses you should expect to incur during the first 3 months of operations, not including any revenue generated by your Pizza Business. These figures do not include any taxes or other permitting or licensing fees that you may pay.
- (10) These figures are estimates only. In arriving at these estimates, we relied on our experience in setting up a licensed pizza business within an existing restaurant, and our first 3 franchised businesses, opened between March 2015 and December 2017. Many factors that are unique to your location can make a dramatic difference in the estimates provided. It is possible to significantly exceed costs in any of the areas above. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, the length of time you have operated your existing business, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest or debt service obligations.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All equipment, furnishings, fixtures, signs, software, inventory, supplies, packaging and ingredients you purchase for use or sale in your Pizza Business must meet our specifications. Those specifications may include standards for food preparation, branding, delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating. We may include these specifications in the manual that we provide to you, or we may issue them separately. While we do not have specifications for local advertising you create to promote your Pizza Business, we do require that you obtain our prior approval to the use of any advertising materials you prepare, and before establishing or having established any website, web page, social media and/or social networking site, profile or account, that relates to or makes reference to us, or your Pizza Business.

You can expect that the items you purchase to meet our specifications will represent over 90% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent over 80% of the total expenses of your Pizza Business.

If you want to purchase items for your Pizza Business that we have not previously approved, or items that differ from our specifications, you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

We may require you to purchase certain furnishings, equipment, fixtures, signs, software, inventory, supplies, packaging, ingredients, services and other products used or offered in your Pizza Business from suppliers we approve, in which case we will provide you with a list of approved suppliers.

These will include mandatory suppliers (persons from whom you must purchase certain items or services) and approved suppliers (for items or services that must be purchased from suppliers we approve).

We are the sole supplier of the initial supplies (pizza ingredients, pizza boxes and other supplies) you will need to initially begin operating your Pizza Business. After your initial purchase, you may acquire these items from our approved suppliers. We currently have only 1 supplier for these items. We are also the sole supplier for the customized ovens you will need to operate your Pizza Business. We may also offer for sale advertising materials you can use in your Pizza Business. These are the only products and services for which we or our affiliates are currently approved suppliers.

If you do not have a point-of-sale system in your existing business that meets our requirements, you must purchase a point-of-sale system that meets our specifications. We have a single supplier for a point-of-sale system that we recommend. That supplier is not affiliated with us, but they have preloaded all of our customized software into the system they offer. You also must purchase pizza ingredients from our designated supplier, which offers ingredients that have been customized for our pizzas.

When we have an approved supplier for a particular product or service, if you want to purchase those items from another supplier, you must notify us in writing and obtain our approval. If you seek approval of a new supplier (or if the supplier applies directly to us for approval), we will require the supplier to provide information to us about itself and about the products or services it proposes to sell to you. We do not charge any fees to review alternative suppliers. We will notify the supplier as to whether or not they were approved within 30 days after we have received all the information we require. However, we will not approve other vendors for our ovens, or pizza ingredients, unless they can provide the exact same products as our mandatory or approved suppliers. We also have the right to revoke approvals of suppliers if they or the products or services they offer no longer meet our standards. If you are using any approved supplier, and we revoke our approval, we will let you know as soon as is practicable. However, we do not issue formal criteria for approving suppliers or revoking approval of suppliers previously approved.

We did not receive any revenues from the sale of products or services to franchisees before the date of this Disclosure Document. We currently receive rebates of 7% from our approved supplier of proprietary products. While we do not currently receive any other rebates, we reserve the right to receive additional rebates or other consideration from required purchases in the future. We and our affiliates may also earn profits from items we sell directly to you by charging you more than our wholesale cost. However, in 2017, we did not have any revenues from sales or leases to our franchisees.

We do not have any purchasing or distribution cooperatives as of the date of this Disclosure Document. We have negotiated purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, including reduced minimum purchases and/or reduced prices, and favorable financing terms. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of mandatory or approved suppliers.

None of our officers own any interest in any of our mandatory or approved suppliers.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3(a)	Items 7 and 11
b. Pre-opening purchases/leases	Sections 3 and 9(d)	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Section 3	Items 7 and 11
d. Initial and ongoing training	Section 8	Item 11
e. Opening	Section 9(a)	Items 7 and 11
f. Fees	Sections 2(b), 4, 5, 6(a), 8(d), 11(b), 15(c), 18(a) and 19(b)	Items 5 and 17
g. Compliance with standards and policies/operating manual	Sections 3, 6(d) and 9	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	Sections 10, 11(c) and 13	Items 13 and 14
i. Restrictions on products/services offered	Sections 9(c) and 9(d)	Items 8, 11, and 16
j. Warranty and customer service requirements	Sections 9(e)	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Sections 9(d) and 9(g)	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 2(b) and 3(e)	Item 6
n. Insurance	Section 12	Item 7
o. Advertising	Section 6	Items 6, 7, and 11
p. Indemnification	Section 19(b)	Item 6
q. Owner's participation/management/staffing	Section 9(b)	Item 15
r. Records and reports	Section 11	Not Applicable
s. Inspections and audits	Sections 3(a) and 11(b)	Not Applicable
t. Transfer	Section 15	Item 17
u. Renewal	Section 2(b)	Item 17
v. Post-termination obligations	Sections 14(a) and 17(d)	Item 17
w. Non-competition covenants	Section 14	Items 15 and 17
x. Dispute resolution	Section 18	Item 17
y. Other: guaranty of franchise obligations (Note 1)	Personal Guaranty (which follows the Franchise Agreement)	Item 15

Notes:

- (1) Each individual who is an owner of 10% or more of any business entity that is the franchisee, and their spouse, must sign a personal guarantee of all the obligations of the franchisee. This Guarantee also includes an agreement to be bound by the confidentiality and noncompete provisions of the Franchise Agreement.

**ITEM 10
FINANCING**

We do not offer direct or indirect financing. We do not guarantee a note, lease, or obligation you might incur.

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

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

Before you open your Pizza Business, we will:

- (1) Provide you with a sample layout for the construction and decoration of the premises for your Pizza Business (Franchise Agreement – Section 3(b)).
- (2) Designate the equipment, furnishings and signage you will need for your Pizza Business (Franchise Agreement - Sections 3(c) and 3(d)).
- (3) Provide you an initial training program, consisting of approximately 8-12 hours of training, for you and your general manager (Franchise Agreement - Section 8(a)).
- (4) Provide to you an on-line refresher training program, demonstrating the proper methods of baking and serving pizzas in your Pizza Business (Franchise Agreement - Section 8(b); except that this training program will be provided after opening for the first 5 franchises under the terms of a Franchise Agreement Amendment).
- (5) Loan to you 1 or more sales/operations manuals for use in operating your Pizza Business (Franchise Agreement - Section 8(c)). The Table of Contents of our current manual is attached to this Disclosure Document as Exhibit B. The manual currently consists of 77 pages.
- (6) Sell to you the ovens you will use in operating your Pizza Business (Franchise Agreement – Section 3(c)).
- (7) Arrange for the sale to you of the initial signage for your Pizza Business (Franchise Agreement – Section 3(d)).
- (8) Offer to sell to you the initial order of boxes, ingredients and supplies necessary to begin operation of your Pizza Business (Franchise Agreement - Section 9(d)).
- (9) Provide to you a startup advertising kit, with samples of advertising and promotional items you can use in promoting your Pizza Business (Franchise Agreement - Section 6(c)).

(10) Provide to you lists of approved suppliers of ingredients for pizzas and other items to be served in your Pizza Business and packaging for these items (Franchise Agreement - Section 9(d)).

During the term of the Franchise Agreement, we will:

(1) Provide, upon your request, at reasonable times we mutually agree, additional training to you on topics you request (subject to your payment of our hourly fees for this training) (Franchise Agreement - Section 8(d)).

(2) Maintain and administer the Marketing Fund (Franchise Agreement – Section 6(b)).

Training

Initial Management Training Program

Before the opening of your Pizza Business, we will provide you an initial training program (“**Initial Training Program**”). The Initial Training Program will be conducted at our offices and/or at a business offering PIZZA BELL HOP® pizzas. The training is held as needed. There is no charge to you for this training, but you are responsible for all travel and living expenses you and your employees incur in attending the training. You or the general manager of your existing business must attend and complete this training program to our satisfaction. If you do not do so, we have the option of either terminating the Franchise Agreement, without providing any refund to you, or going to the site of your existing business, and providing the training on your premises. If we go to your premises, then you must pay us a fee of \$500 per day, plus our out-of-pocket expenses, but if we can schedule this training with you at least 3 weeks in advance, we will waive our \$500 fee for the first day of the training.

Our Initial Training Program consists of approximately 2 days of training. As of December 31, 2017, the subjects taught in the initial training program were as follows:

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours Of On-The-Job Training (Note 1)	Location
Operations	4-6	0	Our offices (Note 2)
Making and Preparing the Product	4-6	0	Our offices (Note 2)
Total Training Time	8-12	0	

Notes:

- (1) At your option, we will provide 1 day of this training in our offices, and complete the training at the site of your Pizza Business.
- (2) We have a test kitchen where we will provide this training. On occasion, if we have an existing Pizza Bell Hop business that is nearer to the site of your Pizza Business, we may offer you the opportunity to take your training at that location.

The Initial Training Program will be provided by our approved training personnel. The training programs were designed and are administered by Scott Uram and Scott Winer:

Scott Uram is the CEO and co-founder of our company. He currently owns his own insurance agency and has been the Chief Executive Officer of several companies, and was formerly a Board member of the Minnesota Restaurant Association.

Scott Winer is the Vice President of Operations and a co-founder of our company. He is currently the Immediate Past President of the Minnesota Restaurant Association and has been a Board member of that organization for over 10 years. He is also a past Board member of the Minnesota Licensed Beverage Association and founder and Chairman of the Maple Grove Merchants Association. He has worked in the restaurant industry for over 25 years, and owned several restaurants during a large portion of that time.

Our Operations Manual serves as our primary instructional material during the Initial Management Training Program.

If you have more than 1 Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements.

Advertising Programs

Marketing Fund

Once we initiate the requirement for franchisees to contribute to our Marketing Fund (which we can do on 30 days' notice to our franchisees), each franchisee must contribute 2½% of their weekly Gross Revenue to our Marketing Fund. You must contribute to this fund at the same time that you pay your Royalty Fee, based on the amount of Gross Revenue you generated the previous week. While we expect to require all our franchisees to contribute to this fund, including our directors who operate Pizza Bell Hop businesses, we waived this requirement for our franchisee who operates in an airport as all of its customers are captive customers.

We account for the contributions to this fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the fund, including salaries and overhead in administering the fund. The purpose of the fund is to develop marketing and advertising programs that benefit the PIZZA BELL HOP® brand. This means we may use monies in the fund for any purpose that promotes the PIZZA BELL HOP® name, including the creation, production and placement of commercial advertising; agency costs and commissions; creation and production of direct mail, video, audio and written advertisements; Internet and social media marketing; in-house staff assistance and related administrative costs; local and regional marketing promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, electronic and online advertising, radio or television. We do not guarantee that advertising expenditures from the Marketing Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

Initially, we anticipate producing all advertising materials in-house, with assistance from a local advertising company. It is our responsibility to determine how these monies are spent. We are not required to use monies in this fund to benefit any individual market, or on a pro rata or other basis. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. During our last fiscal year, which ended December 31, 2017, we did not collect any fees in the Marketing Fund, and therefore, had no expenditures in that period.

We may reimburse ourselves, our authorized representatives or our affiliates from the Marketing Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Marketing Fund. Any unused funds in any calendar year will be applied to the following year's funds. Any interest the Fund earns will be used for marketing expenditures before we use any principal. At your request, we will make available to you an annual accounting for the Marketing Fund that shows how the fund proceeds were spent for the previous year, but these statements will not be audited.

It is our intention to solicit input on the development of advertising and marketing programs from franchisees who must contribute to the Fund. However, this input will be advisory only, and we will have the right to make all final decisions about how these monies are spent.

Local Marketing

You are responsible to conduct your own local marketing of your Pizza Business. We do not, however, impose any minimum obligations on you for that marketing. You must submit to us any marketing or promotional materials, including advertisements, that you propose to use in your business, and you may not use those items until we have approved them. There are currently no regional or local marketing programs in existence for the System. However, we reserve the right, in our discretion, to designate any geographic area for the purposes of establishing a regional advertising and promotional program. If we do so, the franchisees in that market will determine how much to contribute to their local marketing fund (1 vote for each franchise owned). We will use funds from the Marketing Fund to match any contributions made to that local cooperative by franchisees within that market, up to a maximum of 1% of the Gross Revenues of those franchisees. We will administer these monies separately for each market, and decisions about the use of each market's funds will be determined jointly between us and the franchisees in that market. If we establish a local marketing fund in your market, at your request, we will provide an annual accounting of the revenues and expenditures of the fund, but these statements will not be audited.

Site Selection and Opening

We do not provide any site selection assistance to you. You will operate your Pizza Business within an existing business, typically a lodging facility or existing eating or drinking establishment that you own or manage. Our only approval process is to approve the specific area within your existing facility from which you will operate your Pizza Business. In approving this area, we will take into account the layout of your existing business, traffic patterns within that business, visibility of the area, and the viability of that area for the operation of a food service business with refrigeration units, freezers and ovens.

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Pizza Business will be 1 to 3 months. The factors that will affect this timing are the time it takes you to modify your existing premises, the time it takes you to complete our Initial Training Program, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, the timing of the delivery of equipment for your Pizza Business, and the time it takes you to renovate the facility. You must open your Pizza Business within 120 days after the date the Franchise Agreement becomes effective. Your failure to open your Pizza Business on or before the Projected Opening Date will be a default of your Franchise Agreement and allow us to terminate your Franchise Agreement.

Software and Computer Equipment

You must have a point-of-sale management system, with a cash drawer, card reader, and printer, to operate your Pizza Business. If you have a Micros system in your current business that is compatible with our system, you can configure that system to include our software for about \$500 or less. If you do not have such a system, then you must purchase a system that meets our requirements. If you purchase the system we recommend, the supplier will configure the system with the customized software we require for your Pizza Business. We estimate the cost of purchasing the hardware and software from our recommended supplier will be between \$2,500 and \$3,600, including shipping. You must also have access to high speed Internet and a fire wall that is PCI compliant. You must also use the MyMicros software program. If you do not already have it in your existing business, the cost for that program will be approximately \$600 per year. You will use your point-of-sale management system in a variety of ways, including to record and track sales, to manage inventory, to prepare financial reports, for coupon and survey management, and to interface with us.

We are not obligated to provide you with ongoing maintenance, repairs, upgrades or updates to your point-of-sale system. We may and we anticipate that you will be required to upgrade or update the point-of-sale system during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation. While the annual cost of maintaining, updating, and upgrading your point-of-sale system will vary significantly depending upon future technology changes and how careful you are in operating and maintaining the system. You can purchase a maintenance plan for the point-of-sale system from our supplier for \$1,600 a year. You can also obtain a help disc and access to a toll free number for assistance, at a cost of \$375 per year. We do not have any contractual obligation to upgrade or update any of your hardware or software, during the term of this franchise.

We have the right to independently access your electronic information and data, and to collect and use your electronic information and data in any manner we choose. There is no contractual limitation on our right to receive or use this information. You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems.

ITEM 12 TERRITORY

When you sign a Franchise Agreement, you will receive the right to operate 1 Pizza Business within an existing business. If you ever move that business, you must obtain our approval to move your Pizza Business. In determining whether to grant our approval, we will consider whether the new location is one to which we would grant a new franchise, and location of other PIZZA BELL HOP® businesses operating nearby. You will not receive any other options, rights of first refusal, or similar rights to acquire additional franchises.

The only exclusivity you have to your franchise is within the 4 walls of your existing business. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. In other words, there are no restrictions on our ability to locate other PIZZA BELL HOP® franchises at any other locations in your market or in the vicinity of your Pizza Business. We can do so through company-owned operations, and through the grant of franchises.

You may only serve pizzas from the premises of your existing business. You may deliver pizzas or other products from your Pizza Business, for consumption and not for resale, to customers located within a 2 block radius of your Pizza Business so long as there is not a PIZZA BELL HOP® business located closer to the place of delivery than your Pizza Business. You may not establish any temporary or

satellite locations for your Pizza Business, without our prior written consent, which we may give or withhold in our sole discretion. Except for those limitations, we will not restrict you, or any other franchisee, from soliciting or accepting orders from any consumer, wherever they are located. There are, however, no restrictions on our ability to solicit or accept orders from consumers in your market, including in other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, using the PIZZA BELL HOP® trademark or other marks.

ITEM 13 TRADEMARKS

The Franchise Agreement gives you the right to operate a pizza business under the trade names, trademarks and service marks that we establish.

The principal trademark we license to you is PIZZA BELL HOP®. It was registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”) on June 2, 2015, registration number 4,748,581.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. All affidavits required to preserve and renew these Marks have been filed. No currently effective agreement limits our right to use or license the use of our Marks.

You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. You may not use our Marks in operating your existing business, except for that portion of the business that sells the products we designate. You also may not use our Marks in a manner not authorized in writing by us.

We will protect and maintain all rights to use our Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. You must notify us immediately when you learn about an infringement of or challenge to your use of our Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of our Marks, including bringing actions against third parties regarding the use of any of our Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving our Marks. You must cooperate with us and take all actions as may be desirable in the opinion of our counsel to carry out the defense or prosecution. While we are not required to defend you against a claim based on your use of our Marks, we will either do so, or we will reimburse you for your liability as long as you properly use our Marks, including against claims of infringement or unfair competition arising out of your use of the Marks.

We may change our Marks and require you to adopt new Marks as if they were part of the Franchise Agreement at the time you signed that agreement. You must comply with these changes immediately after we notify you that we have discontinued, modified or changed one or more of our Marks. We will have no liability or obligation because of the discontinuation, modification or change. You must not directly or indirectly contest the validity of our ownership of the Marks or our right to use or license our Marks, trade secrets, confidential information or business techniques that are part of our

business. You must use the designations of ®, ™, and SM in advertising and promotions using our Marks, as we designate.

We do not know of any infringing uses that could materially affect your use of our Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We do claim copyright protection for our manuals, and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only while you are a franchisee, and only as provided in your Franchise Agreement.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets. This will be included in our manuals, and in materials we may separately provide to you. You may use these materials, in the manner we approve, in the operation of your Pizza Business during the term of your Franchise Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include any trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation.

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

While we do not require that you personally supervise your Pizza Business, we recommend that you do so. If you are not the “on premise” general manager of your existing business, then your general manager must serve as the on-premise supervisor of your Pizza Business. We do not impose any limitations on whom you can hire as your general manager, but that person must complete our Initial Training Program and all other training we reasonably designate. We do not require your general manager to have any ownership interest in your business.

If you are a legal or business entity, each individual who owns 10% or more of the equity of your business, directly or indirectly, must sign a Guaranty, assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement. (See the Franchise Agreement (Exhibit E.)) However, we do not require your general manager to sign any agreements with us.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must refrain from using or permitting the use of your Pizza Business for any other purpose or activity without first obtaining our written consent. You must sell or offer for sale only those menu items that we approve and that meet our standards and specifications. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications, including specifications for preparation and packaging of all menu items. We have the right to change the menu items that we require you to offer at any time, without limitation.

We do not limit the persons to whom you may offer the products you sell in your Pizza Business. However, you may only sell items from the premises of your existing business. You may not establish any satellite or temporary locations, without our prior written consent. You may deliver items from your Pizza Business for consumption, but not for resale, to customers located within a 2 block radius of your Pizza Business so long as there is not a PIZZA BELL HOP® business located closer to the place of delivery than your Pizza Business.

**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 Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2(a)	The initial term is 5 years.
b. Renewal or extension of the term	Section 2(b)	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 5 year period.
c. Requirements for you to renew or extend	Section 2(b)	Give written notice, sign new franchise agreement (which may contain materially different terms and conditions than your original Franchise Agreement); update your location to comply with then-current standards; sign general release; pay renewal fee.
d. Termination by you	Section 17	If we materially breach the Franchise Agreement and fail to cure the breach within 30 days after notice, you can then terminate the Franchise Agreement by giving us an additional 10 days notice. You may also terminate if you no longer own or manage the facility in which your Pizza Business is located, but you then must pay us a termination fee equal to 2 years of royalties.
e. Termination by us without cause	Not Applicable	We do not have the right to terminate the Franchise Agreement without cause.

Provision	Section in Franchise Agreement	Summary
f. Termination by us with cause	Section 17	If you do not open in 120 days or are in default under the Franchise Agreement or any other agreement you have with us or with any of our affiliates.
g. "Cause" defined – curable defaults	Section 17	Most defaults are curable and you will typically have 30 days to cure (but defaults that impair the goodwill associated with our Marks must be cured within 24 hours and you have only 10 days to cure monetary defaults to us).
h. "Cause" defined – non-curable defaults	Section 17	You are liquidated or dissolved; you abandon the business; unapproved transfers; you are convicted of, or plead guilty to an offense related to your Pizza Business, or that can impair the goodwill of that business; you submit 2 or more sales reports or other information, within a period of 12 months, which understate by 2% or more the Gross Revenues of your Pizza Business, or otherwise materially distorts information; you consistently fail to submit when due sales reports or financial statements; you made material misrepresentations on your application for the Franchise.
i. Your obligations on termination/non-renewal	Section 17(d)	Stop operating your Pizza Business, stop using our Marks, return information to us, allow us or our designees to disable the programming for all ovens used in your Pizza Business, assign to us or cancel certain registrations, listings, telephone numbers, websites and domain names, and pay all amounts you owe us.
j. Assignment of contract by us	Section 15(a)	No restriction on our right to assign.
k. "Transfer" by you – defined	Section 15(b)	Includes transfer of contract or business, or transfer of majority control of the Franchise Agreement or of your Pizza Business.
l. Our approval of transfer by franchisee	Section 15(b)	We have the right to approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met.
m. Conditions for our approval of transfer	Section 15(c)	Transferee must meet our requirements and sign a new franchise agreement on our then current form. (The new agreement may provide for different fees or territory than in your agreement, but we will not require the transferee to pay us a new initial franchise fee.) You must also pay a transfer fee and sign a release (subject to state law).
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
p. Your death or disability	Section 15(c)	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Section 14	You may not sell pizzas (or similar items) on the premises of your existing business (unless that business is a hotel and you are selling pizzas through a full-service restaurant on the premises). You also may not sell pizzas (or similar items) in any other hotel, motel or lodging facility (with the same exception).
r. Non-competition covenants after the franchise is terminated or expires	Section 14	For 2 years, you may not sell pizzas (or similar items) on the premises of your existing business (unless that business is a hotel and you are selling pizzas through a full-service restaurant on the premises and pizzas are not a featured or signature item in that restaurant), and you may not sell pizzas on the premises of any hotel, motel or lodging facility located within 5 miles of any Pizza Bell Hop® business (unless you are operating a full-service restaurant on the premises and offer pizzas through that restaurant and pizzas are not a featured item in that restaurant).
s. Modification of the agreement	Sections 8(c) and 21(j)	No modifications without consent by all parties, but our manuals are subject to change.
t. Integration/merger clause	Section 21(c)	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18	Except for certain disputes, all disputes must be mediated, and if not settled by mediation, are then subject to arbitration.
v. Choice of forum	Section 18	Mediation at a neutral location selected by the mediator. Arbitration in Minneapolis, Minnesota. Any litigation must be brought in the United States District Court for the District of Minnesota or the Hennepin County District Court, Minnesota, except as provided in state specific addendum.
w. Choice of law	Section 21(a)	Subject to state law, Minnesota law generally applies.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits us to provide information about the actual or potential financial performance of our 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) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement 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 Scott Uram at 8634 Central Avenue NE, Blaine, Minnesota 55434, 763-582-1980, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1
Systemwide Outlet Summary
For Years 2015-2017¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	0	1 ²	+1
	2016	1	2	+1
	2017	2	3	+1
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
Total Outlets	2015	0	1	+1
	2016	1	2	+1
	2017	2	3	+1

¹ All numbers are as of December 31 of each year.

² This outlet is owned by one of our Board members, who also owns a minority interest in our Company.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2015-2017¹

State	Year	Number of Transfers
All States	2015	0
	2016	0
	2017	0
Totals	2015	0
	2016	0
	2017	0

¹All numbers are as of December 31 of each year.

Table No. 3

Status of Franchised Outlets
For Years 2015-2017¹

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Minnesota	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
	2017	2	1	0	0	0	0	3
Total	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
	2017	2	1	0	0	0	0	3

¹All numbers are as of December 31 of each year.

Table No. 4

**Status of Company-Owned Outlets
For Years 2015-2017¹**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Total Outlets	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
	2017	0	0	0	0	0	0

¹ All numbers are as of December 31 of each year.

Table No. 5

**Projected Openings as of
December 31, 2017**

State	Franchise Agreements Signed as of December 31, 2017, But Outlet Not Opened	Projected New Franchised Outlets in 2018	Projected New Company-Owned Outlets in 2018
Minnesota	0	1-4	0
Each Other State	0	0-2	0
Total	0	1-6	0

* We are looking for prospective franchisees throughout the United States, and cannot know in advance where we might find prospects. Therefore, any projection of this nature is very speculative. We will add franchised outlets wherever we find qualified prospects. In total, we expect to open up to 6 new franchised outlets in the fiscal year ending December 31, 2018.

The name of each of our franchisees and the address and telephone number of each of their outlets is listed in Exhibit C. We do not have any franchisees who have had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ended December 31, 2017, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We did not have any franchisees sign confidentiality clauses with us during the last 3 fiscal years that would prevent them from speaking openly about their experiences with us.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit D is a copy of the audited financial statements of our company, for the fiscal years ended December 31, 2015, December 31, 2016, and December 31, 2017.

ITEM 22
CONTRACTS

A copy of the Franchise Agreement, Franchise Agreement Guaranty, and General Release is attached as Exhibit E.

A copy of the Franchise Agreement Amendment for our First 5 Independent Franchises is attached as Exhibit F.

Exhibit H is an Electronic Transfer of Funds Authorization.

Exhibit I is a Franchisee Questionnaire we require you to complete and sign before we will grant you a franchise.

ITEM 23
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A

PIZZA BELL HOP, LLC

**LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS**

EXHIBIT A

**LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services 407 South Calhoun Street Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-410-3800	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 212-416-8236	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of South Dakota Division of Insurance Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

PIZZA BELL HOP, LLC

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OPERATIONS MANUAL**



PIZZA
Bell Hop

Your "In House" Pizzeria

OPERATIONS

MANUAL

OPERATIONS MANUAL (77 Pages)

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EXHIBIT C

PIZZA BELL HOP, LLC LIST OF FRANCHISEES as of December 31, 2017

RS Minneapolis, LLC
2900 Pentagon Drive
St. Anthony, MN 55418
(612) 597-1885

HMSHost International, Inc.¹
Minneapolis/St. Paul International Airport
Terminal 1, Concourse B
4300 Gumack Drive
St. Paul, MN 55111
(612) 726-6390

K-1 Corporation²
420 Cottonwood Drive
Highway 14 & Highway 61
Winona, MN 55987
(507) 454-6930

¹This franchisee operates under a license agreement, but that agreement falls under the definition of a franchise under state and federal law.

²This franchise is owned by one of our directors.

EXHIBIT D

**PIZZA BELL HOP, LLC
FINANCIAL STATEMENTS**

PIZZA BELL HOP, LLC
Blaine, Minnesota

FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

PIZZA BELL HOP, LLC
FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

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GUINN, VINOPAL & ZAHRADKA, LLP

ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Pizza Bell Hop, LLC
Blaine, Minnesota

We have audited the accompanying financial statements of Pizza Bell Hop, LLC which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pizza Bell Hop, LLC as of December 31, 2017 and 2016, 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.

Guinn, Vinopal & Zahradka LLP
Guinn, Vinopal & Zahradka, LLP
New Richmond, Wisconsin
March 22, 2018

PIZZA BELL HOP, LLC
BALANCE SHEETS
December 31, 2017 and 2016

	2017	2016
Assets		
Current assets		
Cash	\$ 15,648	\$ 42,807
Accounts receivable	1,570	20,417
Total current assets	17,218	63,224
Property and equipment		
Computers and equipment	58,289	52,134
Leasehold improvements	2,667	2,667
Less: accumulated depreciation	(36,731)	(31,535)
Total property and equipment	24,225	23,266
Other assets		
Franchise development	40,000	40,000
Trademark	3,830	3,830
Organization costs	550	550
Less: accumulated amortization	(13,318)	(10,358)
Total other assets	31,062	34,022
Total assets	\$ 72,505	\$ 120,512
Liabilities and members' equity		
Current liabilities		
Accounts payable	\$ -	\$ 1,430
Payroll liabilities	14	-
Due to members	-	14,644
Total current liabilities	14	16,074
Members' equity		
Members' equity	104,438	152,572
Net loss	(31,947)	(48,134)
Total members' equity	72,491	104,438
Total liabilities and members' equity	\$ 72,505	\$ 120,512

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENTS OF INCOME
For the years ended December 31, 2017 and 2016

	2017		2016
Initial franchise fees	\$ 1,000	\$	1,000
Continuing franchise fees	5,538		1,399
Sale of goods	-		27,499
Total revenue	6,538		29,898
Cost of goods sold	-		27,173
Gross profit	6,538		2,725
Operating expenses	38,485		50,859
Net loss	\$ (31,947)	\$	(48,134)

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (31,947)	\$ (48,134)
Adjustments to reconcile net deficit to net cash used in operating activities:		
Depreciation	5,196	5,987
Amortization	2,960	2,960
Changes in operating assets and liabilities:		
Increase (decrease) in accounts payable	(1,430)	1,430
Decrease in payroll liabilities	14	(2)
Decrease in inventory	-	1,425
(Increase) decrease in accounts receivable	18,847	(20,417)
Total adjustments	<u>25,587</u>	<u>(8,617)</u>
Net cash used in operating activities	<u>(6,360)</u>	<u>(56,751)</u>
Cash flows from investing activities		
Capital expenditures	<u>(6,155)</u>	<u>(6,935)</u>
Net cash used in investing activities	<u>(6,155)</u>	<u>(6,935)</u>
Cash flows from financing activities		
Capital contributions	-	91,992
Due to member	<u>(14,644)</u>	<u>14,057</u>
Net cash provided by (used in) financing activities	<u>(14,644)</u>	<u>106,049</u>
Net increase (decrease) in cash	(27,159)	42,363
Cash at beginning	<u>42,807</u>	<u>444</u>
Cash at end	<u>\$ 15,648</u>	<u>\$ 42,807</u>

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended December 31, 2017

Date of Transaction	Membership Units	Par Value	Additional Paid-In Capital	Accumulated Deficit
Balance, December 31, 2016	87.01	166,992	143,175	(205,729)
Net loss for the period from January 1, 2017 through December 31, 2017	-	-	-	(31,947)
Balance, December 31, 2017	87.01	\$ 166,992	\$ 143,175	\$ (237,676)

See Independent Auditor's Report
See notes to accompanying financial statements

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 1 – ORGANIZATION

Pizza Bell Hop, LLC (the Company) was organized as a limited liability company under the laws of the State of Minnesota on November 29, 2011.

The Company was formed for the purpose of offering Pizza Bell Hop franchises to existing hotel, motel, restaurant owners, and other existing business owners to allow them to prepare and sell pizzas on premises. The Company's activities since inception have consisted principally of developing trademarks and menu items, raising capital, and performing research and development activities to create a proprietary pizza franchise to sell to business owners.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from sales of individual franchises is recognized when substantially all significant services to be provided by the company have been performed. The company charges an initial franchise fee at the time of opening the facility and ongoing royalty fees of 5% of the gross revenues from the sale of pizza and other Pizza Bell Hop products prepared in the Pizza Bell Hop oven. Revenue is recognized in the month the sales of pizzas by the franchisee has occurred.

Use of Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Trade receivables are carried at their estimated collectible amounts. Normal trade receivables are due 20 days after the end of the month. No allowance has been made for 2017 as the company plans to collect all amounts.

Cash equivalents – For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

See Independent Auditor's Report

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed assets and depreciation – Computers and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset, which is three to seven years. The cost of leasehold improvements is depreciated over its useful lives of 15 years. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of computers and equipment are capitalized.

Depreciation expense charged to operations was \$5,196 and \$5,987 in 2017 and 2016, respectively.

Impairment – Management reviews its investment in computers and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss was recognized for the years ended December 31, 2017 and 2016.

Advertising costs – Advertising costs are charged to expense during the year in which they are incurred. Advertising expenses for the years ended December 31, 2017 and 2016 were \$4,412 and \$1,357, respectively.

Income taxes – The Company is not a taxpaying entity; therefore no provision for income taxes has been recorded on the balance sheet. All tax effects of the Company are passed through to the members to be reported on their separate income tax returns. The Company is not currently under examination by any taxing jurisdiction. Tax years ending December 31, 2014 and after are currently open to potential audits.

Subsequent events – Management has evaluated subsequent events through March 16, 2018, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

Intangible Assets – The Company's intangible assets are composed of a trademark and organizational costs. They are amortized on a straight-line basis over fifteen years. Legal fees and other costs incurred to renew or extend the trademark are charged expense during the year in which they are incurred.

See Independent Auditor's Report

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - continued

Research and Development – Research and development expenses are charged to operations as incurred. Capitalized costs are amortized using the straight-line method over the estimated economic life, typically 15 years, of the related asset. Research and development expenses for the years ended December 31, 2017 and 2016 were \$803 and \$7,237, respectively. Salaries for those employees directly involved in research and development are included in research and development expense.

NOTE 3 – FRANCHISE AGREEMENTS

When an individual franchise is sold, the company agrees to provide certain services to the franchisee. Generally, these services include assistance in design, décor, and equipping and constructing the facility and pre-opening training and assistance. The company currently has two franchise agreements and one license agreement.

NOTE 4 – MEMBERS' EQUITY

The two majority equity members, each owning 34.0021 units, were the founders of the company and did not pay for their membership units. The value of their membership units is not booked in the financial statements. Their membership percentage was calculated on an agreed upon valuation based on later sales of membership units.

See Independent Auditor's Report



GUINN, VINOPAL & ZAHRADKA, LLP

ACCOUNTANTS

CONSENT

Guinn, Vinopal & Zahradka, LLP consents to the use in the Franchise Disclosure Document issued by Pizza Bell Hop, LLC ("Franchisor") on March 22, 2018, as it may be amended, of our report dated March 22, 2018, relating to the financial statements of Franchisor for the period ending December 31, 2017.

Guinn, Vinopal & Zahradka, LLP

Guinn, Vinopal & Zahradka, LLP

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PIZZA BELL HOP, LLC
Blaine, Minnesota

FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015

PIZZA BELL HOP, LLC
FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015

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GUINN, VINOPAL & ZAHRADKA, LLP

ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Pizza Bell Hop, LLC
Blaine, Minnesota

We have audited the accompanying financial statements of Pizza Bell Hop, LLC which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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tin@gvzllp.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pizza Bell Hop, LLC as of December 31, 2016 and 2015, 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.

Guinn, Vinopal & Zahradka, LLP

Guinn, Vinopal & Zahradka, LLP
New Richmond, Wisconsin
March 10, 2017

PIZZA BELL HOP, LLC
BALANCE SHEETS
December 31, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash	\$ 42,807	\$ 444
Inventory	-	1,425
Accounts receivable	20,417	-
Total current assets	63,224	1,869
Property and equipment		
Computers and equipment	52,134	45,199
Leasehold improvements	2,667	2,667
Less: accumulated depreciation	(31,535)	(25,548)
Total property and equipment	23,266	22,318
Other assets		
Franchise development	40,000	40,000
Trademark	3,830	3,830
Organization costs	550	550
Less: accumulated amortization	(10,358)	(7,398)
Total other assets	34,022	36,982
Total assets	\$ 120,512	\$ 61,169
Liabilities and members' equity		
Current liabilities		
Accounts payable	\$ 1,430	\$ -
Payroll liabilities	-	2
Due to members	14,644	587
Total current liabilities	16,074	589
Members' equity		
Members' equity	152,572	97,933
Net loss	(48,134)	(37,353)
Total members' equity	104,438	60,580
Total liabilities and members' equity	\$ 120,512	\$ 61,169

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENTS OF INCOME
For the years ended December 31, 2016 and 2015

	2016	2015
Initial franchise fees	\$ 1,000	\$ -
Continuing franchise fees	1,399	-
Sale of goods	27,499	-
Total revenue	29,898	-
Cost of goods sold	27,173	-
Gross profit	2,725	-
Operating expenses		
Professional fees	23,681	15,663
Depreciation expense	5,987	8,542
Damaged product	3,764	-
Amortization expense	2,960	2,960
Food supplies	2,952	3,019
Meals and entertainment	2,070	-
Travel	2,045	252
Supplies	1,453	-
Advertising	1,357	1,038
Accounting	937	-
Insurance	911	886
Postage and delivery	888	-
Utilities	720	1,364
License and permits	700	-
Computer and internet supplies	282	991
Office expenses	122	-
Miscellaneous expenses	30	293
Payroll expenses	-	406
Telephone	-	109
Total operating expenses	50,859	35,523
Net ordinary loss	(48,134)	(35,523)
Other expense		
Interest expense	-	1,830
Total other expense	-	1,830
Net loss	\$ (48,134)	\$ (37,353)

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net loss	\$ (48,134)	\$ (37,353)
Adjustments to reconcile net deficit to net cash used in operating activities:		
Depreciation	5,987	8,542
Amortization	2,960	2,960
Changes in operating assets and liabilities:		
Increase (decrease) in accounts payable	1,430	(2,830)
Decrease in payroll liabilities	(2)	(7)
(Increase) decrease in inventory	1,425	(1,425)
(Increase) decrease in accounts receivable	(20,417)	-
Total adjustments	<u>(8,617)</u>	<u>7,240</u>
Net cash used in operating activities	<u>(56,751)</u>	<u>(30,113)</u>
Cash flows from investing activities		
Capital expenditures	<u>(6,935)</u>	<u>(2,749)</u>
Net cash used in investing activities	<u>(6,935)</u>	<u>(2,749)</u>
Cash flows from financing activities		
Capital contributions	91,992	78,375
Due to member	14,057	(3,451)
Note payable - member	-	(43,000)
Net cash provided by financing activities	<u>106,049</u>	<u>31,924</u>
Net increase (decrease) in cash	42,363	(938)
Cash at beginning	<u>444</u>	<u>1,382</u>
Cash at end	<u>\$ 42,807</u>	<u>\$ 444</u>

See Independent Auditor's Report
See accompanying notes to financial statements

PIZZA BELL HOP, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended December 31, 2016

	Date of Transaction	Membership Units	Par Value	Additional Paid-In Capital	Accumulated Deficit
Balance, December 31, 2015		79.01	95,000	123,175	(157,595)
Sale of ownership for cash 2016 (\$10,000 per membership unit)		2.00	20,000		
Sale of ownership for cash 2016 (\$8,666 per membership unit)		6.00	51,992		
Additional paid-in capital for the period 2016		-	-	20,000	-
Net loss for the period from January 1, 2016 through December 31, 2016		-	-	-	(48,134)
Balance, December 31, 2016		87.01	\$ 166,992	\$ 143,175	\$ (205,729)

See Independent Auditor's Report
See notes to accompanying financial statements

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015

NOTE 1 – ORGANIZATION

Pizza Bell Hop, LLC (the Company) was organized as a limited liability company under the laws of the State of Minnesota on November 29, 2011.

The Company was formed for the purpose of offering Pizza Bell Hop franchises to existing hotel, motel, restaurant owners, and other existing business owners to allow them to prepare and sell pizzas on premises. The Company's activities since inception have consisted principally of developing trademarks and menu items, raising capital, and performing research and development activities to create a proprietary pizza franchise to sell to business owners.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue from sales of individual franchises is recognized when substantially all significant services to be provided by the company have been performed. The company charges an initial franchise fee at the time of opening the facility and ongoing royalty fees of 5% of the gross revenues from the sale of pizza and other Pizza Bell Hop products prepared in the Pizza Bell Hop oven. Revenue is recognized in the month the sales of pizzas by the franchisee has occurred.

Use of Estimates – The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable – Trade receivables are carried at their estimated collectible amounts. Normal trade receivables are due 20 days after the end of the month. No allowance has been made for 2016 as the company plans to collect all amounts.

Cash equivalents – For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

See Independent Auditor's Report

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - continued

Fixed assets and depreciation – Computers and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful life of each asset, which is three to seven years. The cost of leasehold improvements is depreciated over its useful lives of 15 years. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of computers and equipment are capitalized.

Depreciation expense charged to operations was \$5,987 and \$8,542 in 2016 and 2015, respectively.

Impairment – Management reviews its investment in computers and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss was recognized for the years ended December 31, 2016 and 2015.

Advertising costs – Advertising costs are charged to expense during the year in which they are incurred. Advertising expenses for the years ended December 31, 2016 and 2015 were \$1,357 and \$1,038, respectively.

Income taxes – The Company is not a taxpaying entity; therefore no provision for income taxes has been recorded on the balance sheet. All tax effects of the Company are passed through to the members to be reported on their separate income tax returns. The Company is not currently under examination by any taxing jurisdiction. Tax years ending December 31, 2013 and after are currently open to potential audits.

Subsequent events – Management has evaluated subsequent events through March 10, 2017, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

Members Equity – The Company sold two additional membership units for \$20,000 to a new LLC member in 2016 and sold six additional membership units for \$51,992 to an existing LLC member.

Interest expense – the amount of interest cost incurred and paid was zero in 2016 and \$1,830 in 2015, all which was charged to operations.

See Independent Auditor's Report

PIZZA BELL HOP, LLC
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible Assets – The Company’s intangible assets are composed of a trademark and organizational costs. They are amortized on a straight-line basis over fifteen years. Legal fees and other costs incurred to renew or extend the trademark are charged expense during the year in which they are incurred.

Research and Development – Research and development expenses are charged to operations as incurred. Capitalized costs are amortized using the straight-line method over the estimated economic life, typically 15 years, of the related asset. Research and development expenses for the years ended December 31, 2016 and 2015 were \$3,467 and \$3,677, respectively. Salaries for those employees directly involved in research and development are included in research and development expense.

NOTE 3 – FRANCHISE AGREEMENTS

When an individual franchise is sold, the company agrees to provide certain services to the franchisee. Generally, these services include assistance in design, décor, and equipping and constructing the facility and pre-opening training and assistance. The company currently has two franchise agreements with two different companies.

NOTE 4 – RELATED PARTIES

The Company owes \$14,644 to members at December 31, 2016. The members paid expenses related to general operating expenses.

NOTE 5 – MEMBERS’ EQUITY

The two majority equity members, each owning 34.0021 units, were the founders of the company and did not pay for their membership units. The value of their membership units is not booked in the financial statements. Their membership percentage was calculated on an agreed upon valuation based on later sales of membership units.

See Independent Auditor’s Report

EXHIBIT E

PIZZA BELL HOP, LLC

**FRANCHISE AGREEMENT, GUARANTY,
GENERAL RELEASE AND STATE SPECIFIC
ADDENDA**

PIZZA BELL HOP® FRANCHISE AGREEMENT

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PIZZA BELL HOP® FRANCHISE AGREEMENT

THIS AGREEMENT is made the ____ day of _____, 20 __, by and between Pizza Bell Hop, LLC, a Minnesota limited liability company (“Franchisor”), and _____ (“Franchisee”).

INTRODUCTION

Franchisor has developed certain policies, procedures and techniques for preparing and selling fresh baked pizzas and other products within an existing business. Franchisor desires to grant to qualified existing businesses a franchise to use the concepts, recipes, procedures and methods of promotion developed by Franchisor to sell pizzas and other products developed by Franchisor within the confines of their existing business. Franchisee has made application to Franchisor for a franchise and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1.) DEFINITIONS

The terms and phrases specified below shall have, for purposes of this Agreement, the following meanings:

- (a) “Competitive Business” shall mean any business that prepares pizza, flatbread or similar items on the premises of a hotel, motel, inn or lodging facility and businesses that license others to do so; provided, however, that a full service restaurant operated within a hotel, motel, inn or lodging facility will not be considered a Competitive Business if pizza, flatbread and similar items are not featured or signature items on the menu of that restaurant.
- (b) “Franchise” shall mean the right granted to Franchisee by Franchisor to use the System of Operation and to use the Names and Marks selected, used, and promoted by Franchisor in preparing and selling pizzas within an existing business establishment owned or managed by Franchisee.
- (c) “Franchised Business” shall mean the business franchised under this Agreement to operate utilizing the System of Operation and the Names and Marks. The term “Franchised Business” shall not include any other portion of the Host Business.
- (d) “Franchised Premises” shall mean the portion of the Host Business in which pizzas are baked and served to customers or guests, including any portion of the Host Business designated in the Rider as the premises in which the Franchised Business is operated.
- (e) “Gross Revenues” shall mean the total amount of revenues, income, receipts and other fees received from all business activities taking place by or through the Franchised Business, and all other services and products, if any, sold under the Names and Marks, or otherwise related to the Franchised Business; provided, however, that if the Franchised Business is located within a

Host Business, then Gross Revenues shall be limited to the total amount of revenues, income, receipts and other fees received from sales of (i) pizzas, flatbreads and similar products, (ii) items baked in Franchisor's proprietary oven(s), (iii) other products we designate as part of a Pizza Bell Hop business, and (iv) other items you sell under the Names and Marks. Gross Revenues shall include the fair market value of goods delivered and services rendered to Franchisee, or its designee, in consideration for products provided in or from the Franchised Business, or sold under the Names and Marks. If Franchisee provides pizzas or other products from the Franchised Business at a free or discounted rate to persons purchasing products or services from the Host Business, and the customer would not have received the free or discounted product without purchasing another product or service from the Host Business, Gross Revenues shall include the full retail price of any such complimentary or discounted items, or the total price of the combined purchase, if lower.

- (i) By way of example, and without limiting the foregoing, if a guest of a hotel was provided a certificate for a free or discounted pizza when they rent a guestroom in the hotel, the full retail price of that pizza would be included in Gross Revenues (as the combined price of the pizza and guest room would be higher).
- (ii) By way of example, and without limiting the foregoing, if a guest of a hotel was offered slices of pizza as part of a "Happy Hour" buffet to which they were entitled as a guest of the hotel, the full retail price of the pizza that was consumed at the buffet would be included in Gross Revenues (as the combined price of the pizza and guest room would be higher).
- (iii) By way of example, and without limiting the foregoing, if a restaurant ordinarily sold a small pizza for Eight Dollars (\$8), but sold a small pizza with two (2) beers for Twelve Dollars (\$12), Eight Dollars (\$8) of that price would be included in Gross Revenues, even if two (2) beers would normally sell for more than Four Dollars (\$4).
- (iv) By way of example, and without limiting the foregoing, if a restaurant ordinarily sold a small pizza for Eight Dollars (\$8), and a soft drink for Two Dollars (\$2), but it offered a small pizza and soft drink for Seven Dollars (\$7), the combined purchase of Seven Dollars (\$7) would be included in Gross Revenues.

There shall be excluded from "Gross Revenues" amounts collected and remitted by Franchisee to any governmental taxing authority in satisfaction of sales or occupation taxes.

(f) "Host Business" shall mean the existing business operated on the premises in which the Franchised Business is operated.

(g) The term "including" shall mean "including, but not limited to."

(h) "Names and Marks" shall mean the commercial trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System of Operation.

(i) “Restricted Area” shall mean an area within a radius of five (5) miles from the Host Business, and a radius of within five (5) miles from the operation of any other business operating under the Names and Marks.

(j) “System of Operation” shall mean the concepts, recipes, methods and procedures, business plans and methods of promotion by Franchisor to be used in connection with the operation of a business baking and selling pizzas and other products authorized by Franchisor to customers or guests. The “System of Operation” includes standards, specifications, methods, procedures, techniques, and management systems, all of which may be changed, improved and further developed from time to time by Franchisor.

(k) “Term of the Franchise” shall mean the initial term of the Franchise.

2.) GRANT OF FRANCHISE AND RENEWAL OF FRANCHISE

(a) Initial Term - Subject to the provisions of this Agreement, Franchisor grants to Franchisee a Franchise for an initial term of five (5) years, commencing on the date of this Agreement, to utilize the System of Operation and to use the Names and Marks of Franchisor in the conduct of a business preparing and selling pizzas and other products authorized to be offered under the Names and Marks, to customers and guests of the Host Business.

(b) Renewal - If, upon expiration of the Term of the Franchise, the Premises of the Host Business continues to meet the current minimum standards established by Franchisor for new businesses to whom Franchisor will grant a franchise for the operation of a business under the Names and Marks, and if Franchisee has complied with all provisions of this Agreement, has operated the Franchised Business utilizing and conforming to the System of Operation, has utilized exclusively the Names and Marks in the operation of the Franchised Premises, and has upgraded the Franchised Business to meet Franchisor’s then current standards, Franchisee may renew the Franchise for an additional term of five (5) years.

(i) To renew the Franchise, Franchisee must execute Franchisor’s then current form of franchise agreement offered to prospective new franchisees and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of franchises to prospective new franchisees, and a general release. No initial fee shall be charged in connection with the renewal of the Franchise, but Franchisee shall pay a renewal fee of Three Thousand Dollars (\$3,000). This right of renewal does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of franchise agreements utilized by Franchisor upon renewal are likely to be substantially different than the terms presently offered by Franchisor. Franchisee shall give Franchisor at least two hundred ten (210) days prior written notice of its election to renew the Franchise. Failure or refusal by Franchisee to execute all agreements and documents within thirty (30) days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the Franchise.

(ii) If Franchisee does not sign a new franchise agreement prior to expiration of the Term of the Franchise, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (i) have expired as of the date of

its stated expiration, with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary: (x) all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired; and (y) all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

3.) LOCATION; CONSTRUCTION OF FRANCHISED PREMISES

(a) Location - The Franchised Business shall be operated within the Host Business, at the address specified in the Rider to this Agreement (the "Rider"). If there is a description in the Rider of the specific location of the Franchised Business within the Host Business, the Franchised Business may only be operated in that specifically designated area, unless otherwise approved by Franchisor. Unless Franchisor provides its prior written consent, Franchisee shall not use such area to operate any business other than the Franchised Business.

- (i) Franchisee acknowledges that Franchisor currently grants franchises only to existing businesses, and therefore, Franchisor does not provide any site selection assistance, and has made no representation as to the viability of the operation of the Franchised Business within the Host Business.
- (ii) Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on and inspect the premises of the Franchised Business. If the Host Business is a hotel, motel or similar facility, Franchisee shall provide complimentary lodging to a representative of Franchisor in connection with Franchisor's inspection of the premises; provided, however, that Franchisee shall not be required to provide such lodging on nights when the facility is otherwise in a "sold out" capacity, or more than three (3) nights in any year.

(b) Construction of Franchised Premises - If there is an area within the Host Business designated in the Rider for the operation of the Franchised Business, Franchisor shall provide to Franchisee a sample layout for the construction and decoration of the Franchised Premises. To the extent Franchisee wants to modify such plans, or conform them to the specific area in which the Franchised Business will be operated, it shall do so at its expense, and must obtain Franchisor's consent to the actual layout and decoration of the Franchised Business prior to commencement of construction. Following obtainment of such approval, it shall be the obligation of Franchisee, at its expense, to construct and decorate the Franchised Premises in accordance with all applicable local, state and federal laws, ordinances and building codes and with the plans approved by Franchisor, and to obtain all necessary permits for such construction. Franchisee will make no changes to such layout without Franchisor's prior written consent.

(c) Equipment and Furnishings - Franchisee will purchase, and install, equipment and furnishings specified by Franchisor for use in the Franchised Business. All such items shall be purchased from sources designated by Franchisor, which may be Franchisor, or an affiliate of Franchisor.

- (i) Franchisor will make available for sale to Franchisee the ovens to be used in the operation of the Franchised Business. Franchisee may not use these ovens in the operation of the Host Business or for any other purpose.
- (ii) If the Host Business has a point-of-sale system that is compatible with Franchisor's point-of-sale system, Franchisee may use its existing point-of-sale system in the Franchised Business, but must acquire additional software, and/or program the existing system, to be compatible with Franchisor's system. If the Host Business does not have such a point-of-sale system, then Franchisee may acquire the point-of-sale system designated by Franchisor, but in all events, must acquire a point-of-sale system meeting the specifications recommended by Franchisor, which may include specifications for functionality, reporting, and compatibility with the system recommended by Franchisor. In all cases, it shall be the obligation of Franchisee to make all required updates to its point-of-sale system and software.
- (iii) Franchisee shall maintain all equipment used in the Franchised Business in excellent working condition. As such items become obsolete or mechanically impaired to the extent they require replacement, Franchisee shall replace such items with either the same or substantially similar types and kinds of equipment as are being installed in other, similar businesses franchised by Franchisor at the time replacement becomes necessary.

(d) Signage - Franchisee shall prominently display, at its expense, both within the Franchised Premises but also within the Host Business, and on the exterior of the Host Business, such signage concerning the Franchised Business, as shall be designated by Franchisor; provided, however, if the Host Business is operated pursuant to a franchise or license agreement with a restaurant or hotel franchisor, Franchisor will not impose any requirements for signage outside the Franchised Premises that are inconsistent with the requirements of such other franchisor. All such signage shall be purchased from Franchisor or its designated signage suppliers.

(e) Maintenance of Premises - The Franchised Premises must at all times be tastefully decorated in a manner designed to enhance the goodwill associated with the Names and Marks, and must meet any standards prescribed from time to time by Franchisor. Franchisee will maintain the Franchised Premises and the Host Business in an attractive, clean and sanitary condition.

(f) No Designated Market Area or Territory - Franchisee acknowledges that Franchisee is granted no market area or territory in which to operate the Franchised Business, and Franchisor and its affiliates may engage in any activity outside the Host Business, including operating, or allowing others to operate, similar or identical businesses, under the Names and Marks, and otherwise, whether or not such businesses may compete for customers with the Franchised Business.

4.) INITIAL FRANCHISE FEE

In consideration for the grant of the Franchise to Franchisee, Franchisee shall pay to Franchisor an Initial Franchise Fee of Fourteen Thousand Nine Hundred Ninety-five Dollars (\$14,995). This fee shall be payable upon execution of this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor upon Franchisor's execution of this Agreement, and shall not be refundable.

5.) ROYALTIES

(a) Monthly Royalty Fee – Each month during the Term of the Franchise, Franchisee shall pay to Franchisor a monthly nonrefundable royalty fee (the “Royalty Fee”) equal to five percent (5%) of the Gross Revenues of the Franchised Business for the prior calendar month.

(b) Taxes - If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under Sections 4, 5(a) or 6(a), Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any federal or Minnesota income taxes imposed upon Franchisor).

6.) MARKETING AND PROMOTION

(a) Marketing Fund Contribution – Upon thirty (30) days’ prior notice to Franchisee, Franchisor may implement a “Marketing Fund Contribution” requirement. If Franchisor implements this requirement, Franchisee shall thereafter, for each month during the remaining Term of the Franchise, pay to Franchisor a monthly “Marketing Fund Contribution” equal to two and one-half percent (2 1/2%) of the previous calendar month’s Gross Revenues of the Franchised Business.

(b) Use of Marketing Fund - Reasonable disbursements from the Marketing Fund shall be made solely for the payment of expenses incurred by Franchisor in connection with the general promotion of the Names and Marks, including: (i) development and production of advertising and promotional materials; (ii) the cost of formulating, developing and implementing advertising and marketing campaigns, including Internet advertising, social media, and Internet search engine campaigns; (iii) the cost of formulating, developing and implementing promotional and public relations programs; (iv) reimbursement of Local Marketing, as may be determined by Franchisor in its sole discretion; (v) contributions to local marketing cooperatives as described below; (vi) market research; and (vii) the reasonable cost of administering the Marketing Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor’s employees engaged in administration of the Marketing Fund, and overhead allocated to advertising activities. All interest, if any, earned by the Marketing Fund shall be used for the payment of the foregoing expenses in connection with promotion of the Names and Marks, before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency. Disbursements from the Marketing Fund shall not be made for the production or placement of advertising that is principally for the purpose of marketing franchise licenses. Franchisor reserves the right to dissolve the System Marketing Fund but will not do so until all the monies in the Marketing Fund have been expended or until monies have been rebated to the then-existing unit franchisees operating under the Names and Marks on a pro-rata basis based upon their contributions to the Marketing Fund during the preceding twelve (12) months.

(c) Local Marketing - At its own expense, Franchisee shall conduct local marketing campaigns and promotional programs designed primarily to promote the Franchised Business, including marketing and promotional programs within the Host Business (“Local Marketing”).

- (i) Prior to commencement of operation of the Franchised Business, Franchisor will provide to Franchisee a start-up advertising kit, with samples of advertising and promotional items that can be used by Franchisee in the promotion of the Franchised Business.
 - (ii) Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. Disbursements shall not be made from the Marketing Fund for the payment or reimbursement of expenses incurred in connection with Local Marketing.
 - (iii) Franchisor may, in its sole discretion, organize local marketing cooperatives consisting of those of its franchisees located within the same advertising market area. If Franchisor does organize a local cooperative within Franchisee's advertising market area, Franchisee will participate in such local cooperative. All advertising undertaken by the local cooperative must be approved by Franchisor, but Franchisor will then use funds from the Marketing Fund to match any contributions made to that local cooperative by franchisees within a market area, up to a maximum of one percent (1%) of the Gross Revenues of such franchisees.
- (d) Website; Internet -
- (i) Franchisor shall at all times maintain a website for the marketing of businesses operated under the Names and Marks (the "Franchisor Website"). At its discretion, Franchisor may provide Franchisee a webpage on the Franchisor Website for the advertisement of the Franchised Business on the Internet. The webpage provided by Franchisor shall be a template. Franchisor shall be responsible for customizing this page for Franchisee, after receipt of all information provided by Franchisee to customize the template. Any requests to change any of such information must be provided to Franchisor, and Franchisor shall make such changes after approving such changes and receipt of all information requested by Franchisor. The webpage may contain only such information as Franchisor may approve from time to time. If Franchisee requests more than one change in a calendar month, Franchisor may impose a fee of Twenty-five Dollars (\$25) for each additional change requested in a month.
 - (ii) Franchisor shall not be liable to Franchisee for any failure of Franchisor to fulfill its obligations with respect to the Franchisor Website or Franchisee's webpage contained thereon, that are caused as a result of power outages, system failures, viruses, or any other cause that is not within the exclusive control of Franchisor.
 - (iii) Franchisee shall advertise its Franchised Business on the Internet only on the webpage provided to Franchisee by Franchisor; provided, however, that if Franchisee maintains a website or webpage for the Host Business, it may use the Names and Marks on such website to indicate the availability of pizza at the Host Business, and may include such other information as has been approved in advance by Franchisor. At no time shall Franchisee be authorized to establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other electronic medium or method of communication,

including a website, home page, HTML document, Internet site, web page, or social media or social networking site, profile, account or username relating to or making reference to Franchisor or the Franchised Business (each, a “Social Media Site”), unless otherwise approved by Franchisor.

- (iv) Franchisee will comply with all directives from Franchisor with respect to any Social Media Site approved by Franchisor, including those related to materials posted on the Social Media Site, links to and from the Social Media Site, the use of the Names and Marks on the Social Media Site, and security for the Social Media Site. In addition, any Social Media Site approved by Franchisor must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements that Franchisor may specify from time to time. Franchisee must also maintain any Social Media Site approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete or modify any Social Media Site, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Site, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Names and Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile or page reference (a “Franchisor Social Media Site”).

7.) DUE DATES/METHOD OF PAYMENT/LATE PAYMENT CHARGES

(a) Payment of Royalty Fees and Marketing Contributions - On or before the 10th day of each month throughout the Term of the Franchise, Franchisee shall report to Franchisor the true and correct Gross Revenues of the Franchised Business during the preceding month. Accompanying each report shall be a payment of all Royalty Fees and Marketing Fund Contributions due with respect to such Gross Revenues.

(b) At the option of Franchisor, upon thirty (30) days’ prior notice to Franchisee, Franchisee shall be required to remit Royalty Fees, Marketing Fund Contributions, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other similar means. Franchisee shall comply with all procedures specified by Franchisor in this Section and in the Confidential Manual(s) with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section.

- (i) If Franchisor initiates a requirement for electronic funds transfers, Franchisee hereby authorizes Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Marketing Fund Contributions, and any other amounts payable to Franchisor or its affiliates under this Agreement. Franchisee shall make the funds available to Franchisor for withdrawal by electronic transfer no later than 11:00 a.m. central time on the 10th day of each month, or if that day is not a banking business day, then by 11:00 a.m. central time on the next banking business day.

- (ii) If, at any time, Franchisor determines that Franchisee has under-paid Royalty Fees, Marketing Fund Contributions, or other amounts payable to Franchisor or its affiliates, Franchisor shall be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount in accordance with the foregoing procedure, plus late payment charges as provided for in this Agreement. Any overpayment shall be credited to Franchisee's account through a credit effective as of the first reporting date after Franchisee and Franchisor determine that such credit is due. If the amount debited is less than the actual amount owed, Franchisee shall pay the remaining amount owing, plus a late payment charge thereon as set forth in this Agreement. If Franchisor is unable for any reason to debit the full amount permitted under this Agreement, Franchisee shall remit the remaining amount owing within five (5) business days from notice by Franchisor, plus a late payment charge thereon as set forth in this Agreement.
- (iii) Franchisee shall at all times maintain a minimum balance in the designated checking or savings account for payments of Royalty Fees, Marketing Fund Contributions, and any other amounts payable by Franchisee to Franchisor or its affiliates in an amount specified by Franchisor.

(c) Late Payment Charges - All fees or payments of any type whatsoever owed by Franchisee to Franchisor or its affiliates that are not received when due will be subject to the imposition of late payment charges equal to the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month.

(d) No Setoff - Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee.

(e) Timing of Payment - All amounts owed to Franchisor or its affiliate, other than Royalty Fees and Marketing Fund Contributions, shall be due and payable to Franchisor within ten (10) days following Franchisee's receipt of an invoice therefor.

(f) Fees - Franchisor may at any time in its sole discretion, upon notice to Franchisee, modify any prices or other amounts charged by Franchisor or an affiliate for products or services, other than the Royalty Fee and Marketing Fund Contributions. In addition, if Franchisee ever issues a check that is not collectible, or Franchisee does not have sufficient funds in its account to honor an electronic funds transfer, Franchisee shall pay to Franchisor an insufficient funds fee as established from time to time by Franchisor.

8.) FRANCHISOR TRAINING AND ASSISTANCE

(a) Initial Training - Franchisor shall provide, at a suitable location of its choice, an initial training program consisting of approximately eight to twelve (8-12) hours of training for Franchisee and an employee of Franchisee (Franchisee's general manager if Franchisee is not the manager of the Host Business) (the "Initial Training Program"). The Initial Training Program will be provided without charge, but travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee. Franchisee and its manager, if any, are required to attend and satisfactorily complete the Initial Training Program within sixty (60) days of Franchisee's execution of this Agreement, unless otherwise approved by Franchisor; provided, however, that

the training must be completed prior to commencement of operation of the Franchised Business and will not be offered until Franchisee has demonstrated that it has completed a state qualified food safety training program.

- (i) If Franchisee and its manager, if any, attend the Initial Training Program, but fail to successfully complete it, Franchisor may, in lieu of terminating this Agreement, send one of its representatives to the Host Business to provide additional training to Franchisee. If Franchisor does so, Franchisee shall pay Franchisor a fee of Five Hundred Dollars (\$500) per day for such training, plus any travel expenses incurred by Franchisor in providing the training.
 - (ii) At Franchisee's option, if the Initial Training Program extends beyond one (1) day, Franchisor will provide the remainder of the Initial Training Program on the premises of the Host Business, within two (2) weeks prior to or following commencement of operation of the Franchised Business. If Franchisee arranges this training at least three (3) weeks in advance, and pays Franchisor's travel expenses incurred in providing the training, Franchisor will waive its daily fee for such training.
 - (iii) Unless otherwise approved by Franchisor, all additional or replacement managers of the Franchised Business must successfully complete the Initial Training Program. Franchisor will charge its current hourly or per day rate for such additional training and Franchisee must pay the charges for such training prior to the manager beginning such training. If Franchisor agrees to provide this training on the premises of the Franchised Business, Franchisee shall also pay all travel expenses incurred by Franchisor in providing this training.
 - (iv) If Franchisee successfully completed the Initial Training Program in connection with the opening of a business to be operated under the Names and Marks under another franchise agreement with Franchisor, Franchisor is not required to provide the Initial Training Program under this Agreement, but may require Franchisee or its manager to complete the Initial Training Program.
- (b) On-Line Training Program - Franchisor may provide an on-line refresher training program to Franchisee, demonstrating the proper methods of baking and serving pizzas in the Franchised Business. If Franchisor offers this program, Franchisee shall require all of its employees who are involved in operating the Franchised Business to complete the training program. In any event, Franchisee will assure such employees are competent to bake and serve pizzas in accordance with Franchisor's standards before allowing any such person to bake or serve pizzas to customers or guests of the Franchised Business.
- (c) Confidential Manual(s) - Franchisor shall loan to Franchisee one or more sales/operations manuals for use in operating the Franchised Business (the "Confidential Manual(s)"). The Confidential Manual(s) may, at Franchisor's option, be provided on-line or in hard copy. In either event, the Confidential Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor and shall always be kept in safekeeping. Franchisor, from time to time, may add to or modify the Confidential Manual(s) to supplement or to improve the System of Operation and the contents and methods of promotion franchised hereunder.

(d) Additional Training - Franchisor shall provide, upon the request of Franchisee, at reasonable times determined by the parties, additional training to Franchisee on topics requested by Franchisee and agreed to by Franchisor. Such training shall be held at a location determined by Franchisor or may be provided electronically. Franchisor shall charge such hourly fees as it shall establish from time to time for such training and such fees must be paid prior to the time such training begins.

(e) Level of Performance; Delegation - Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, that Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties.

(f) Notice of Deficiencies - If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee or its employees in regard to the purchase of items needed to commence operations, training, or any other matter affecting the establishment of the Franchised Business, Franchisee shall so notify Franchisor in writing within thirty (30) days following the opening of the Franchised Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

9.) OPERATION OF THE FRANCHISED BUSINESS

(a) Commencement of Operation - Franchisee shall commence operation of the Franchised Business within five (5) business days following completion of the installation of equipment for the Franchised Business and completion of construction and decoration of the Franchised Premises, but in any event, within one hundred (120) days following the date of this Agreement. Franchisee shall thereafter operate the Franchised Business continuously, during all hours in which the Host Business is operated; provided, however, that in the case of a hotel, motel or other lodging facility, the Franchised Business need only be operated during times the front desk is open.

(b) Full Time Basis; Involvement - If Franchisee (or the majority owner of Franchisee if Franchisee is an entity) is not involved on a full-time basis in the operation of the Franchised Business, Franchisee shall have a general manager, who has successfully completed Franchisor's Initial Training Program, operate the Franchised Business. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Franchised Business.

(c) Sales Limitations - Franchisee acknowledges that the Franchised Business is to be operated only on the Franchised Premises. Franchisee may not open any location, temporary or permanent, outside the Host Business, from which it sells any products approved for sale in the Franchised Business, or any other products under the Names and Marks, without the prior written consent of Franchisor, which Franchisor may withhold in its sole discretion. Franchisee shall not deliver any products from the Franchised Business to any location outside the Host Business, unless such location is within a two (2) block radius of the Franchised Business, and then only so long as there is not another Pizza Bell Hop[®] business located closer to the place of delivery than the Franchised Business.

(d) Items Sold in the Franchised Business - Franchisee may only offer for sale in the Franchised Business, those items approved by Franchisor. All pizzas and other items approved for sale in the Franchised Business shall be prepared in the manner specified by Franchisor, using only ingredients approved by Franchisor, and served only in boxes or other packaging approved by Franchisor.

- (i) Prior to the initial opening of the Franchised Business, Franchisee shall purchase from Franchisor's approved suppliers, an initial order of boxes, ingredients and supplies necessary to begin operation of the Franchised Business, as determined by Franchisor, and thereafter shall at all times maintain in stock all boxes, ingredients and supplies necessary to meet the demands of its customers.
- (ii) Franchisor may provide to Franchisee lists of approved suppliers of ingredients for pizzas and other items to be served in the Franchised Business, and packaging for such items. If Franchisor does so with respect to any item, Franchisee must acquire the item from an approved supplier. The approved source of supply for any item may be Franchisor, or an affiliate of Franchisor, or an independent third party. In some cases, these suppliers may be the only source of supply for an item. Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for purchase any item or service, unless the failure is the result of factors within Franchisor's reasonable control. Unless otherwise specified by Franchisor, Franchisee shall not be restricted from using sources of supply other than those previously approved by Franchisor, if the other sources supply items of the same quality and specifications as those supplied by the approved suppliers. Franchisor reserves the right to require Franchisee to obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Franchised Business and any other information Franchisor requires. In such event, Franchisor shall have sixty (60) days from its receipt of all such information to approve such supplier. Any supplier not approved in such time period shall be deemed disapproved. Franchisor does not maintain any written criteria for approval of a supplier.

(e) Maintenance of High Quality Service - Franchisee shall utilize its best efforts, skill and diligence to ensure that Franchisee and Franchisee's employees and agents establish and maintain high quality service to all customers, guests and others doing business with the Franchised Business. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Names and Marks. If Franchisee fails to meet any of Franchisor's standards, specifications or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its employees to assure that such standards of quality and service are maintained. Franchisee shall pay to Franchisor all of Franchisor's actual costs for such person so assigned, including wages, travel and living expenses.

(f) Personnel - Franchisee is responsible for recruiting, hiring, and training staff needed to operate the Franchised Business. The people who work in the Franchised Business will be the agents and employees of Franchisee, and not the agents and employees of Franchisor. Franchisee shall be solely responsible for determining who to retain to work in the Franchised

Business, how many people to retain, how to compensate these people, terms of employment and working conditions, scheduling, when and how to discipline the people hired, and when and how to terminate the people hired. Franchisor will not have any duty or obligation to operate the Franchised Business, to direct the employees of the Franchised Business, or to oversee Franchisee's employment policies or practices. Franchisor will have no involvement in any employee administrative functions of the Franchised Business, such as handling payroll, providing workers' compensation insurance, or providing uniforms or materials required for the work. Franchisee is expected at all times to provide such items and to comply with all applicable employment laws.

(g) Compliance With Specifications and Procedures - Franchisee acknowledges that the Confidential Manual(s) are designed to protect Franchisor's standards and systems, and the Names and Marks, and not to control the day-to-day operation of the business. Franchisee shall comply with all rules, regulations, and directives contained in this Agreement, as well as all mandatory standards, specifications and procedures contained in the Confidential Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations and directives.

(h) Computer Equipment and Software - Franchisee shall purchase and maintain such point-of-sale hardware and software as may be specified by Franchisor for use in the Franchised Business. Franchisee will at all times accurately record all sales made in or through the Franchised Business on such point-of-sale system, and otherwise utilize the system as directed by Franchisor. Franchisee shall also take such action as necessary to assure Franchisor has access to such information on a daily basis, and the ability to poll such information each day.

(i) Provision of Information - Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(j) Taxes - Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(k) Franchisee Control - Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring and supervising all personnel, purchases (or leases) and maintenance of equipment, preparing Franchisee's own marketing plans and funding and implementing those marketing plans.

10.) NAMES AND MARKS

(a) Display of Names and Marks - Franchisee shall operate under, and prominently display, the Names and Marks in the operation of the Franchised Business in the manner specified by

Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. Franchisee may not use all or part of the Names and Marks as part of the name of any corporation, partnership, or limited liability company. Franchisee may not use all or part of any of the Names and Marks, or any similar name, word, symbol or variant thereof, in a domain name, account name, profile or URL, except as specifically approved by Franchisor.

- (i) If Franchisor deems it advisable, Franchisee shall file for and maintain a “Certificate of Trade Name” in the county, or other appropriate jurisdiction, in which the Franchised Business is located.
- (ii) Franchisee shall not use any of the Names and Marks in combination with other words, letters, prefixes, suffixes, logos or designs, other than in the manner authorized by Franchisor.

(b) Change of Names and Marks - From time to time, Franchisor may elect to discontinue the use of certain Names and Marks and to commence use of new Names and Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Names and Marks in the Franchised Business and commencing the use of new Names and Marks therein.

(c) Ownership of Marks and Goodwill - Franchisee acknowledges that Franchisor owns the Names and Marks. Franchisee’s right to use the Names and Marks is derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor. Franchisee waives any right to challenge Franchisor’s entitlement or ownership of the Names and Marks.

(d) Cessation of Use - Franchisee agrees that, upon the termination or expiration of the Term of the Franchise for any reason whatsoever, Franchisee shall forthwith discontinue the use of the Names and Marks, and thereafter shall no longer use, or have the right to use, the Names and Marks.

(e) Notification of Infringement - Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee’s use of present and future Names and Marks and shall not communicate with any other person in connection with any such infringement, challenge or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any Trademark Office or other administrative proceeding arising out of any such infringement, challenge or claim relating to any of the Names and Marks.

11.) FINANCIAL INFORMATION, REPORTS, INSPECTIONS AND AUDITS

(a) Books and Records; Financial Reports - Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with sales information from the Franchised Business and such other financial and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor, including monthly and/or annual financial reports specified by Franchisor. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisee,

and if Franchisee is a limited liability company, corporation or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city, if any, income and sales tax returns, if any.

(b) Audit Rights - Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records and sales and income tax returns of Franchisee, and if Franchisee is a limited liability company, corporation or partnership, the owners of Franchisee. If any audit discloses that Franchisee has failed to pay to Franchisor all Royalty Fees or Marketing Fund Contributions owed Franchisor based upon an understatement of Gross Revenues, Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the Royalty Fees, Marketing Fund Contributions and other amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1 1/2%) per month. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenues of the Franchised Business for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, room and board, and compensation of persons employed by Franchisor to make the audit.

(c) Ownership of Information - All information Franchisor obtains from Franchisee about the Franchised Business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property. Franchisee may use information that it acquires from third parties in operating the Franchised Business, such as customer data, at any time during the Term of the Franchise to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the Confidential Information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional and national requirements applicable to the Franchised Business.

12.) INSURANCE

(a) Type of Coverage - At all times during the Term of the Franchise, Franchisee shall maintain in force, at its sole expense, general comprehensive public liability insurance against claims for bodily and personal injury, death and property damage caused by, or incurred in conjunction with, the operation of, or conduct of business by, Franchisee; general casualty insurance (including the perils of fire, broad form extended coverage, vandalism and malicious mischief) on the premises of the Franchised Business and its equipment; workers' compensation insurance, and such other types of insurance and all in such amounts as may be specified by Franchisor from time to time.

- (i) The insurance coverage shall be maintained under one (1) or more policies of insurance containing the amounts and types of coverage from time to time prescribed by Franchisor and insured by insurance companies rated B+ or better by A. M. Best Company, Inc.
- (ii) All public liability insurance policies shall name Franchisor as an additional insured and shall provide that Franchisor receive ten (10) days' prior written notice of termination, expiration, reduction or cancellation of any such policy.

(iii) Franchisee shall submit to Franchisor, annually, a copy of the certificate of or other evidence of the renewal or extension of each such insurance policy.

(b) Failure to Obtain - If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

13.) CONFIDENTIALITY AND IMPROVEMENTS BY FRANCHISEE

(a) Maintenance of Confidence - Franchisee acknowledges that all of the information it has now or obtains in the future concerning the System of Operation and the concepts and methods of promotion franchised hereunder is derived from Franchisor pursuant to this Agreement, and that such information will be treated in confidence. Franchisee agrees never to, directly or indirectly, engage in or abet the misappropriation (as the term "misappropriation" is defined in the Minnesota Uniform Trade Secrets Act), or the disclosure, divulgence, or distribution of all or any part of the System of Operation and the concepts and methods of promoting franchises hereunder.

(b) Improvements - If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System of Operation (including new treatment techniques), new trade names, trade and service marks or other commercial symbols related to the Franchised Business, or any advertising, promotion or marketing ideas related to the Franchised Business ("Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and all other franchisees of Franchisor without any obligation to Franchisee for royalties or similar fees. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

14.) RESTRICTIVE COVENANTS

(a) Covenants - Franchisee acknowledges Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance and trade secrets in direct competition with Franchisor. Franchisee therefore agrees that it shall not:

(i) During the Term of the Franchise, either directly or indirectly: (a) sell pizzas, flatbreads or similar items on the premises of the Host Business, other than through the Franchised Business, except that if the Host Business is a hotel that has a full service restaurant, Franchisee may allow the operator of that restaurant to sell pizzas in that restaurant so long as it does not use any of the Names and Marks in doing so, does not use any of the recipes or specific ingredients authorized for use in the Franchised Business, and does not use any of the ovens

from the Franchised Business in preparing such pizzas, and pizzas are not a featured or signature item in the restaurant; or (b) operate, own, manage, or be employed by or consult with, any Competitive Business other than one operated under a valid franchise agreement with Franchisor.

- (ii) Interfere with the business activities of Franchisor or any affiliate or any other franchisee of Franchisor with respect to any of the foregoing.
- (iii) For a period of two (2) years following the expiration, termination or assignment of this Agreement, either directly or indirectly: (a) sell pizzas, flatbreads or similar items in the Host Business, unless the Host Business is a full service restaurant, or has a full service restaurant on its premises, in which case Franchisee may sell pizzas in that full service restaurant during the hours the entire restaurant is open for business, provided it does not use any of the Names and Marks, any recipes used in the operation of the Franchised Business, or any of the spice blends, cheese blends, sauce, or crusts used to make pizzas in the operation of the Franchised Business, and pizzas are not a featured or signature item in the restaurant; or (b) operate, own, manage, be employed by or consult with any Competitive Business, other than one operated under a valid franchise agreement with Franchisor, that is located or doing business in the Restricted Area; or (c) interfere with the business activities of Franchisor or any affiliate or any other franchisee of Franchisor.
- (iv) In the event of the violation of Section 14(a)(ii) above by Franchisee following expiration, termination or assignment of this Agreement, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

(b) Franchisee Acknowledgments - Franchisee agrees that the restrictions contained in this Section 14 are reasonable and necessary to protect the interests of Franchisor and other franchisees of Franchisor. Franchisee further acknowledges that because of the narrow scope of the limitations, the foregoing restrictions do not unduly restrict Franchisee's ability to engage in gainful employment, including the operation of the Host Business in a manner similar to that in which it operated prior to the execution of this Agreement, but for the sale of pizzas. If Franchisee violates these restrictions, then in addition to damages incurred by Franchisor for which Franchisee shall be liable, Franchisor shall be entitled to injunctive relief to prevent the continuation of such breach.

15.) ASSIGNMENT

(a) By Franchisor - This Agreement is fully assignable by Franchisor, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

(b) General Prohibition on Franchisee Assignment - No Franchisee, partner (if Franchisee is a partnership), shareholder (if Franchisee is a corporation), or member (if Franchisee is a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, or encumber to any person, firm, corporation, or company, its interest in this Agreement or its interest in the Franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company

which, directly or indirectly, owns any interest in the Franchise, or its interest in the Franchised Business or the assets of the Franchised Business. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

(c) Conditions to Franchisee Assignment - Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

- (i) the transferee shall be of good moral character and reputation and shall have a good credit rating, financial capabilities and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;
- (ii) the transferee, including all shareholders, members and partners of the transferee, shall jointly and severally execute a new franchise agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, except that all pre-opening obligations of the parties, other than the transferee's obligation to complete the then current initial training to Franchisor's satisfaction, shall be waived, including the obligation of the transferee to pay a new initial franchise fee;
- (iii) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a Seven Thousand Five Hundred Dollar (\$7,500) transfer fee;
- (iv) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (i) release any claims it has against Franchisor and its affiliates; (ii) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; (iii) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions; and (iv) indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;
- (v) if the transferee is a corporation, limited liability company or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and
- (vi) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation or limited liability company, by the death or incapacity of one controlling more than fifty-percent (50%) or more of the voting interest of Franchisee), the provisions of this Section 15(c) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers or sells its interest in the Franchise within ninety (90) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred or sold, and not Franchisee's heir or personal

representative, must comply with the provisions of this Section 15(c) as transferee.

Notwithstanding the foregoing, if a transfer is proposed as part of a transaction that will include the sale of all or substantially all of the assets of the Host Business, or a controlling interest in the Host Business, and Franchisor does not approve the Transfer, Franchisee may nevertheless notify Franchisor that it intends to complete the transfer (and shall be required to pay the transfer fee set forth above), but Franchisor shall have the right, ending the later of sixty (60) days following receipt of such notice and sixty (60) days following completion of the Transfer, to elect to terminate this Agreement. If Franchisor so elects, it shall provide not less than fifteen (15) days notice of such termination to Franchisee or its transferee.

16.) PRE-TERMINATION OPTIONS OF FRANCHISOR

(a) Rights in Addition to Termination - Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates or fails to comply with any term of this Agreement or any other agreement between Franchisor and Franchisee or an affiliate of Franchisor and Franchisee, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

- (i) Remove any listing of the Franchised Business from the Franchisor Website and any Franchisor Social Media Site;
- (ii) Remove any listing of the Franchised Business from any advertising initiated by Franchisor, whether from the Marketing Fund or otherwise, and from all promotion materials produced by Franchisor; and
- (iii) Prohibit Franchisee from attending any meetings or seminars held or sponsored by Franchisor or taking place on the premises of Franchisor.

(b) Continuation of Franchisor Options - Franchisor's actions, as outlined in this Section 16, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. The taking of any of the actions permitted in this Section shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement or otherwise.

17.) TERMINATION

(a) By Franchisee - Franchisee may terminate this Agreement and the Franchise granted hereunder, as follows:

- (i) Effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor; and
- (ii) If the Host Business is sold (or if Franchisee is merely the manager of the Host Business, and that management relationship terminates), and the new owner or manager of the Host Business does not desire to continue to operate the

Franchised Business, and provided that the new owner or operator is not affiliated with Franchisee, and the Host Business is not owned or managed by any family member of any partner, shareholder or member of Franchisee, Franchisee may terminate this Agreement, effective upon termination of Franchisee's ownership or management of the Host Business, provided Franchisee delivers notice of termination to Franchisor, at least ten (10) days prior to the termination of Franchisee's interest in the ownership or management of the Host Business, and such notice is accompanied by a termination payment equal to the average Monthly Royalty Fee paid or owed by Franchisee to Franchisor for the twelve (12) months preceding the date of such notice, multiplied by twenty-four (24) , or such fewer number of full or partial months as is remaining in the Term of the Franchise. If the ownership or management of the Host Business is transferred and Franchisee does not elect to terminate this Agreement as set forth in this Section 17(a)(ii), then Franchisee must comply with the assignment provisions set forth in Sections 15(b) and (c) of this Agreement.

(b) By Franchisor - In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

- (i) Voluntarily abandons the franchise relationship;
- (ii) Pleads guilty to, or is convicted in a court of competent jurisdiction of, an offense related to the Franchised Business or that could affect the goodwill of the Franchised Business;
- (iii) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Names and Marks after Franchisee has received written notice to cure at least twenty-four (24) hours in advance of the notice of termination;
- (iv) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due;
- (v) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated a bankrupt or insolvent;
- (vi) Fails to comply with any federal, state, or local law or regulation applicable to the operation of the Franchised Business, including those laws or regulations governing health, safety and/or sanitation;
- (vii) Makes an unauthorized assignment or transfer of this Agreement, the Franchised Business, or the Franchise;
- (viii) Submits to Franchisor, two (2) or more sales reports, financial statements, other information or supporting records in any period of twelve (12) consecutive months, which understates by two percent (2%) or more the Gross Revenues of

the Franchised Business, or otherwise materially distorts any other material information;

- (ix) Consistently fails to submit when due sales reports or financial statements to Franchisor;
- (x) Fails to pay when due Royalty Fees, Marketing Fund Contributions, or other payments due to Franchisor and such failure continues for ten (10) days after notice to Franchisee;
- (xi) Consistently fails to remit when due payments to suppliers or other creditors of the Franchised Business, and such failure continues for thirty (30) days after notice to Franchisee;
- (xii) Has made material misrepresentations on its application for the Franchise;
- (xiii) Is in breach of any other agreement with Franchisor or any of its affiliates and such failure continues for thirty (30) days after notice to Franchisee; or
- (xiv) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

(c) Compliance with Applicable Law - The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

(d) Actions Upon Expiration or Termination - Franchisee agrees, upon expiration, termination or assignment of the Franchise:

- (i) To immediately return to Franchisor all copies of all Confidential Manual(s) that have been loaned to it by Franchisor and any material marked as property of Franchisor or as confidential;
- (ii) To immediately pay to Franchisor such Royalty Fees, Marketing Fund Contributions, and other charges as have or will thereafter become due hereunder and are then unpaid and all amounts due for printed materials, forms, advertising material, samples, supplies, products and services supplied by Franchisor;
- (iii) To immediately destroy all supplies, signage and promotional materials previously used in the Franchised Business that contain any of the Names and Marks;
- (iv) To immediately cause all exterior signs, if any, using the Names and Marks to be removed. If Franchisee fails to remove such signage (or any interior signage

displaying any of the Names and Marks), Franchisor shall be entitled to remove and destroy the signage, without prior notice to Franchisee, and Franchisee shall be obligated to reimburse Franchisor for all costs associated with such sign removal and destruction;

- (v) To permit Franchisor or its designee to enter upon the premises of the Host Business and disable the programming of all ovens used in the operation of the Franchised Business;
- (vi) Within five (5) business days following the expiration, assignment or termination of the Franchise, to take such action as may be required to properly cancel all assumed name or equivalent registrations relating to the use of the Names and Marks, and notify the telephone company, any domain name registrar, any internet service provider, and all listing agencies of the termination or expiration of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers and classified and other directory listings associated with any Franchisor Social Media Site, or that include any portion of the Names and Marks, and authorize the telephone company, domain name registrars, internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Names and Marks, or any word, phrase or symbol confusingly similar to any of the Names and Marks, including any Franchisor Social Media Site, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration; and
- (vii) To not indicate directly or indirectly, in any manner, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of Franchisor's system, or as otherwise associated with Franchisor, or use, in any manner or for any purpose, any of the System of Operation, concepts and methods of promotion, or Names and Marks, or any other indicia of a business operated under the Names and Marks.

(e) Survival of Provisions - All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of the Franchise, including the non-competition, confidentiality and indemnification provisions herein, shall continue in full force and effect subsequent to and notwithstanding the termination of this Agreement until they are satisfied in full or by their nature expire.

18.) ENFORCEMENT

(a) Injunctive Relief; Attorneys' Fees - Either party may apply for injunctive or other equitable relief to: (i) enforce its right to terminate this Agreement for the causes in Section 17; and (ii) prevent or remedy a breach of this Agreement if such breach could materially impair the

goodwill of such party's business, including to enforce the obligations of a party to be performed following the termination of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(b) Mediation - Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief as specifically permitted above, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any action or proceeding against the other.

- (i) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence legal action or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 18(b)(i), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall either be a retired judge, or a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.
- (ii) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Franchised Business or the principal office of Franchisor, except that if the principal offices of Franchisor and Franchisee are both located within two hundred (200) miles of Minneapolis, Minnesota, then the mediation shall be held in Minneapolis, Minnesota.

- (iii) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this Section 18(b) (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 18(b)), then upon petition of any party named as a defendant in such litigation, the court or arbitrator shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 18(b).

(c) Arbitration - Except insofar as either party elects to enforce this Agreement by judicial process and injunction as hereinabove provided, all disputes and claims arising out of or relating to this Agreement or any provision hereof, or to any specification, standard or operating procedure or other obligation of Franchisor or to the breach thereof (including, without limitation, any claim that this Agreement, any provision thereof, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor is illegal, unenforceable or voidable under any law, ordinance or ruling) shall be settled by arbitration at the office of the American Arbitration Association located in Minneapolis, Minnesota, in accordance with the United States Arbitration Act (9 U.S.C. § 1 et seq.), if applicable, and the rules of the American Arbitration Association (relating to the arbitration of disputes arising under franchise license agreements, if any, otherwise, the general rules of commercial arbitration).

- (i) Any arbitrator appointed to arbitrate a dispute under this Agreement shall have at least ten (10) years' experience in franchise matters and shall have the right to award or include in any award the specific performance of this Agreement.
- (ii) The arbitrator will be instructed that he or she must follow the substantive law and the other requirements, waivers and limitations of this Agreement. The arbitrator shall have no authority to add, delete or modify in any manner, the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for arbitration and response to that demand. The arbitrator may not award any relief that was not specifically requested by the parties prior to the start of the arbitration hearing. The arbitrator shall file a reasoned brief with his or her award.
- (iii) If there is any dispute as to whether a particular claim or matter is subject to arbitration, and the matter relates to an issue for which either party seeks an injunction in accordance with the provisions of Section 18(a), the arbitrability of such claim shall be determined by the court that would otherwise hear the motion to issue the injunction. In the case of a dispute as to the arbitrability of any other claim brought by either party against the other, the decision as to whether or not the claim is subject to arbitration shall be made by the arbitrator appointed in accordance with this Agreement.

- (iv) Any award from the arbitrator may be appealed under the Optional Rules of the American Arbitration Association.
 - (v) Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. The award shall be binding, final, and nonappealable except as permitted under the United States Arbitration Act or for failure of the arbitrator to meet the requirements of this Section 18(c). Unless this Agreement is terminated in accordance with the provisions of Section 17, during the pendency of the arbitration proceeding, Franchisee and Franchisor shall fully perform this Agreement.
 - (vi) If, after Franchisor or Franchisee institutes an arbitration proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision is nonarbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or to proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.
 - (vii) All arbitration proceedings will be individual proceedings between Franchisor and Franchisee, and will not be conducted on a "class basis," or include any of Franchisor's other franchisees as named parties unless Franchisor and Franchisee each agree.
 - (viii) Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.
- (d) Waiver of Certain Damages - Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special or exemplary damages against the other and any affiliates, owners, employees or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.
- (e) Venue - Franchisor and Franchisee (and Franchisee's owners and guarantors) each agree that if litigation is permitted to be commenced with respect to this Agreement or the relationship between the parties, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Minnesota. Such actions shall be exclusively venued in the District Courts of Minnesota, County of Hennepin, or the United States for the District of Minnesota, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Minnesota would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Minnesota as the exclusive venue

for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or the county in which the Franchised Business is located).

(f) WAIVER OF JURY TRIAL - TO THE EXTENT EITHER PARTY MAY PROCEED BY JUDICIAL PROCESS, EACH OF THE PARTIES WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, AND ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR OTHER CAUSES OF ACTION, IN CONNECTION WITH ANY LEGAL ACTION.

(g) Waiver of Collateral Estoppel - The parties agree they should each be able to settle, mediate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

(h) Waiver of Class Action Rights - Franchisee waives its right to bring, join or participate in, and is barred from bringing, joining or participating in, any class action suit. The parties agree that any proceeding shall be conducted on an individual, not a class-wide, basis and that any proceeding between Franchisor and Franchisee (or any owner or guarantor of Franchisee) may not be consolidated with another proceeding between Franchisor and any other entity or person. Franchisee further agrees that the foregoing shall not limit the ability of Franchisee to obtain a remedy for any particular claim that it may assert against Franchisor.

19.) INDEPENDENT CONTRACTORS/INDEMNIFICATION

(a) Independent Contractor - Franchisee is a franchisee of Franchisor. Franchisee shall be conspicuously identified at the premises of the Franchised Business, and in all dealings with customers, prospective customers, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor. Neither Franchisor nor Franchisee shall be obligated by any agreement, representation or warranty made by the other, nor shall Franchisor be obligated for damages to any person or property directly or indirectly arising out of the operation of the Franchised Business or Franchisee's business conducted hereunder or the Host Business, or caused by Franchisee's negligence, willful action or failure to act.

(b) Franchisee Indemnification - Franchisee agrees to indemnify Franchisor against, and to reimburse Franchisor for, all obligations and damages for which Franchisor is liable and for all costs reasonably incurred by Franchisor in the defense of any such claim brought against it, or in any such action in which it is named as a party, arising out of any act or omission of Franchisee, or as a result of any activities occurring at, by or through the Franchised Business or the Host

Business. Such indemnification shall include, without limitation, reasonable attorneys' fees, costs of investigation or proof of facts, court costs, other litigation expenses and travel and living expenses (collectively, "Costs"). Franchisor shall have the right to defend any such claim against it.

(c) Franchisor Indemnification - Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, any obligation or liability for damages payable to persons other than Franchisee or its owners attributable to agreements, representations or warranties of Franchisor, or caused by the negligent or willful action of Franchisor, and for Costs reasonably incurred by Franchisee in the defense of any claim brought against it as a result of the foregoing or in any such action in which it is named as a party. Franchisor shall have the right to participate in and to control any litigation or proceeding which might result in liability of or expense to Franchisee subject to indemnification by Franchisor.

20.) FRANCHISEE REPRESENTATIONS

To induce Franchisor to accept Franchisee's application for a Franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

(a) Standards for Service - Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System of Operation;

(b) Disclosure Document - Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents;

(c) Business Risks - Franchisee acknowledges that it has the entire control and direction of the Franchised Business, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Franchised Business, the Franchised Business will fail and Franchisee shall be solely responsible for any such failure.

(d) Franchisee Advisors - Franchisee acknowledges that it has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement; and

(e) Independent Investigation - Franchisee acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to profits which Franchisee might be expected to realize, nor has anyone made any other representation to induce Franchisee to accept the Franchise granted hereunder and to execute this Agreement, which is not expressly set forth herein.

21.) MISCELLANEOUS

(a) Governing Law - Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Minnesota. The parties agree, however, that if Franchisee is not a resident of Minnesota, and the Franchised Business is not located in Minnesota, then they hereby waive the provisions of The Minnesota Franchises Law, Minnesota Statutes, Section 80C.01, et seq. and the regulations promulgated thereunder.

(b) Binding Effect - This Agreement is binding upon the parties hereto, their respective heirs, assigns and successors in interest.

(c) Entire Agreement - The introduction, recitals and Rider hereto are a part of this Agreement, which constitutes the entire agreement of the parties, and at the time of this Agreement, there are no other oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement, other than any Guarantees.

(d) Headings; Franchisee References; Liability - The Section headings are for convenience only and do not define, limit or construe the contents thereof. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Franchisee", all of Franchisee's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, or the termination of the "Term of the Franchise", shall be deemed to include the expiration of this Agreement without renewal.

(e) Construction - Franchisor and Franchisee agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision shall have the meaning which renders it valid and enforceable. The language of each provision of this Agreement shall be construed simply according to its fair meaning and not strictly against Franchisor or Franchisee.

(f) Except as otherwise expressly stated in this Agreement, any consent or approval required to be obtained from the Franchisor, or decision to be made by the Franchisor, may be granted or made by the Franchisor in its sole and exclusive business judgment, which may take into account the Franchisor's assessment of, among other things, the long-term interests of the Franchisor, the System of Operation, and the Marks, without regard to its effect on any individual franchisee or individual Pizza Bell Hop[®] business. The Franchisor's judgment shall prevail, even in cases where other alternatives may be reasonable, so long as the Franchisor is intending to benefit or is acting in a way that could benefit the System of Operation, enhance the value of the Marks, increase customer satisfaction, or minimize possible consumer, brand or location confusion. If the Franchisor's activities or decisions are supported by its business judgment, no court or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her or its judgment for the Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both the Franchisor and its franchisees taken together, require that the Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System of Operation.

(g) Invalid Provisions - It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

(h) Waivers - Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines or is of the opinion that there has been a misrepresentation, violation of law, deficiency or breach by the other party, then the alleged misrepresentation, violation of law, deficiency or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future, provided, however, that (i) this waiver shall not apply to any breach hereunder based upon an underreporting of Gross Revenues, and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

(i) Remedies Cumulative - All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

(j) Modifications - No modification of this Agreement shall be valid unless such modification is in writing and signed by Franchisee and Franchisor; provided, however, Franchisor may unilaterally modify or otherwise change the Confidential Manual(s).

(k) Notices - All written notices permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered: (i) when delivered by hand; (ii) three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid; or (iii) one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in the case of delivery under clauses (ii) or (iii), addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

(l) Patriot Act Representations - Franchisee represents and warrants that to its actual and constructive knowledge: (i) neither it (including its directors, officers and managers), nor any of its affiliates, or any funding source for the Franchised Business, are identified on the list at the

United States Treasury's Office of Foreign Assets Control; (ii) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither it nor any of its affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

(m) Variations - Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation.

[THIS AGREEMENT CONTINUES WITH A RIDER, WHICH IS A PART OF
THIS AGREEMENT.]

RIDER TO PIZZA BELL HOP® FRANCHISE AGREEMENT

THIS RIDER is a part of the Franchise Agreement dated the _____ day of _____, 20____, by and between Pizza Bell Hop, LLC (“Franchisor”) and _____ (“Franchisee”).

1.) The Location of the Host Business is: _____

2.) The area of the Host Business in which the Franchised Business shall be located is: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date indicated below.

FRANCHISEE:

FRANCHISOR:
PIZZA BELL HOP, LLC

By: _____
Its: _____

GUARANTY

IN CONSIDERATION of the grant by Pizza Bell Hop, LLC (“Franchisor”) of a franchise to a franchisee that is organized as an entity, pursuant to the Franchise Agreement to which this Guaranty is attached (the “Franchise Agreement”), and for other good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned hereby jointly and severally guarantee to Franchisor and to the affiliates of Franchisor, and to their successors and assigns, the payment of all fees required to be paid to Franchisor or its affiliates by the party named as Franchisee in the Franchise Agreement (“Franchisee”), whether such fees are provided for in the Franchise Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor (“Other Agreements”), and the performance by Franchisee of all its obligations under all such agreements. The undersigned further specifically agree to remain individually bound by all covenants, obligations and commitments of Franchisee contained in the Franchise Agreement and Other Agreements to the same extent as if each of the undersigned had individually been named as Franchisee in such agreements, and the undersigned had individually executed such agreements as the Franchisee.

The undersigned understand and agree that any modification of the Franchise Agreement or Other Agreements, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor or its affiliates to enforce any of its rights under any such agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected or diminished. Notice to the undersigned of any such modification, waiver, extension or forbearance or the terms thereof is hereby waived. The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor’s business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the Franchise Agreement and Other Agreements to the same extent as if each of the undersigned had individually executed the Franchise Agreement and Other Agreements as the Franchisee.

This Guaranty shall be enforceable upon ten (10) days’ written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the Franchise Agreement or Other Agreements and any addendum or addenda thereto.

The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the Franchise Agreement and Other Agreements, in whole or in part, that Franchisor or its affiliates, or their assignees may make.

This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

Dated: _____

Dated: _____

GENERAL RELEASE

In consideration of the agreement of PIZZA BELL HOP, LLC (“Franchisor”) to allow _____ (“Franchisee”) to [RENEW OR TRANSFER] its Franchise Agreement dated _____ between Franchisee and Franchisor (“Agreement”), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from the beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates. ***[FOR TRANSFERS:*** Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee’s interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.]

FRANCHISEE:

Dated: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Pizza Bell Hop, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pizza Bell Hop franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Nothing in the 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.

2. We will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement.

3. Section 10 is revised to include the following:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.”

4. Sections 2 and 15 are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

5. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date first set forth above.

Franchisor:
PIZZA BELL HOP, LLC

Franchisee:

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

EXHIBIT F

PIZZA BELL HOP, LLC

**FRANCHISE AGREEMENT AMENDMENT FOR
FIRST 5 INDEPENDENT FRANCHISES**

AMENDMENT TO FRANCHISE AGREEMENT

This Amendment is made this _____ day of _____, 20___, by and between Pizza Bell Hop, LLC, a Minnesota limited liability company (“Franchisor”) and _____ (“Franchisee”).

Of even date herewith, Franchisor and Franchisee have entered into a Franchise Agreement for the grant to Franchisee of a Pizza Bell Hop franchise to be operated as part of Franchisee’s Host Business (the “Franchise Agreement”). However, as Franchisee is one of the first five (5) independent franchisees of Franchisor, the parties have agreed to modify certain provisions of the Franchise Agreement as set forth herein.

1. Initial Franchise Fee – The Initial Franchise Fee due upon execution of the Franchise Agreement is hereby reduced to One Thousand Dollars (\$1,000).

2. Provision of Information – In consideration of Franchisor reducing the Initial Franchise Fee hereunder, Franchisee acknowledges that Franchisor may require Franchisee to provide more detailed information concerning the operation of the Franchised Business during its first year of operation than will otherwise be required of future franchisees. Franchisee will cooperate in timely providing all such requested information to Franchisor. If at any time Franchisee fails to do so, then it shall remit to Franchisor the difference between the Initial Franchise Fee provided for in Section 1 above, and the Initial Franchise Fee provided for in Section 4 of the Franchise Agreement.

3. Interpretation and Ratification – This Amendment shall be deemed an amendment to, and a part of the Franchise Agreement. All capitalized terms used herein that are not otherwise defined shall have the meaning ascribed thereto in the Franchise Agreement. Except as specifically modified by this Amendment, each of the parties hereby ratifies and reaffirms their respective obligations under the Franchise Agreement.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Amendment as of the date first above written.

FRANCHISEE:

FRANCHISOR:
PIZZA BELL HOP, LLC

By: _____
Its: _____

EXHIBIT G

PIZZA BELL HOP, LLC

**STATE SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT**

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE MINNESOTA FRANCHISE LAW

Notwithstanding anything to the contrary in the Pizza Bell Hop, LLC Franchise Disclosure Document, the following provisions shall supersede any inconsistent provisions and apply to all Pizza Bell Hop franchises offered and sold in the state of Minnesota:

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Minn. Stat. Section 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the FDD 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.

2. We will comply with Minn. Stat. Section 80C.14, subs. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement.

3. Item 13 is revised to include the following language:

“To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.”

4. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

5. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

6. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Minnesota Statutes, Chapter 80C are met independently without reference to this Addendum.

**FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES
IN DESIGNATED STATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states having franchise registration and disclosure laws as of the dates listed:

Minnesota	Effective date: April 5, 2018
Wisconsin	Effective date: March 27, 2018

STATE SPECIFIC ADDENDUM
AS
REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary in the Pizza Bell Hop, LLC Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all Pizza Bell Hop franchises offered and sold in the state of Wisconsin:

“The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.”

EXHIBIT H

PIZZA BELL HOP, LLC

**ELECTRONIC TRANSFER OF FUNDS
AUTHORIZATION**

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: _____
Location: _____
Date: _____

Attention: Accounting

The undersigned hereby has entered into a Franchise Agreement with Pizza Bell Hop, LLC (the "Franchise Agreement"), and authorizes Pizza Bell Hop, LLC or any of its affiliated entities (collectively, "Pizza Bell Hop Entities"), to initiate weekly and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing royalty fees, general advertising contributions, and other amounts that become due and payable by the undersigned to Pizza Bell Hop Entities pursuant to the Franchise Agreement or any other agreement between the undersigned and a Pizza Bell Hop Entity. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Pizza Bell Hop, LLC.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely yours,

Account Name

Bank Name

Customer Street Address

Branch

City State Zip Code

Bank Street Address

Customer Telephone Number

City State Zip Code

Customer's Account Number

Bank Telephone Number

Bank's Account Number

Bank Routing/ABA Number

EXHIBIT I

**PIZZA BELL HOP, LLC
FRANCHISEE QUESTIONNAIRE**

FRANCHISE QUESTIONNAIRE

The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our Franchise Agreement and all attachments to it?

Yes _____ No _____

2. Do you understand all of the information contained in our Franchise Agreement and all attachments provided to you?

Yes _____ No _____

If you answered "no," what parts of the Franchise Agreement and any attachments do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

Yes _____ No _____

4. Have you had the FDD in your possession for at least 14 days?

Yes _____ No _____

5. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If you answered "no," what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

6. Have you discussed the benefits and risks of purchasing a Pizza Bell Hop franchise (the "Business") with an attorney, accountant or other professional advisor?

Yes _____ No _____

If you answered "no," do you wish to have more time to do so?

Yes _____ No _____

7. Do you understand that the success or failure of your Business will depend in large part upon your skills and abilities, your location, competition from others and other economic and business factors?
- Yes _____ No _____
8. Has any employee or other person speaking on our behalf made any statement or promise to you concerning the revenues or profits of an existing Pizza Bell Hop business, or the revenues or profits you can expect in operating the Business?
- Yes _____ No _____
9. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?
- Yes _____ No _____
10. If you have answered "Yes" to any one of questions 8 or 9, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

Your responses to these questions are important to us and we will rely on them.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISE APPLICANT:

Dated: _____

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 Pizza Bell Hop, 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.

If Pizza Bell Hop, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The franchisor is Pizza Bell Hop, LLC, 8634 Central Avenue NE, Blaine, Minnesota 55434. Its telephone number is 763-582-1980.

The name, principal business address and telephone number of each franchise seller offering the franchise

ISSUANCE DATE: March 27, 2018

Pizza Bell Hop, LLC authorizes the respective parties identified on Exhibit A to receive service of process for us in the particular state, except in the State of Minnesota, where any of our officers are authorized to receive service of process on our behalf.

I have received a Disclosure Document with an Issuance Date of March 27, 2018 that included the following Exhibits:

- EXHIBIT A: LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
- EXHIBIT B: TABLE OF CONTENTS OF OPERATIONS MANUAL
- EXHIBIT C: LIST OF FRANCHISEES
- EXHIBIT D: FINANCIAL STATEMENTS
- EXHIBIT E: FRANCHISE AGREEMENT, GUARANTY, GENERAL RELEASE AND STATE SPECIFIC ADDENDA
- EXHIBIT F: FRANCHISE AGREEMENT AMENDMENT FOR FIRST 5 INDEPENDENT FRANCHISES
- EXHIBIT G: STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT
- EXHIBIT H: ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION
- EXHIBIT I: FRANCHISEE QUESTIONNAIRE

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Pizza Bell Hop, LLC, at 8634 Central Avenue NE, Blaine, Minnesota 55434. The second copy of the Receipt is for your records.

Date Disclosure Document Received:

Prospective Franchisee's Signature

Date Receipt Signed:

Print Name

Address: _____

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 Pizza Bell Hop, 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.

If Pizza Bell Hop, 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, DC 20580, and the appropriate state agency identified on Exhibit A.

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Date Disclosure Document Received:

Prospective Franchisee's Signature

Date Receipt Signed:

Print Name

Address: _____
