

FRANCHISE OFFERING CIRCULAR - EXHIBIT A
FRANCHISE AGREEMENT

**HYATS, L.L.C.
FRANCHISE AGREEMENT**

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HYATS FRANCHISE AGREEMENT

This Franchise Agreement is effective _____, 200__ by and between HYATS, L.L.C. ("HYATS"), a Utah limited liability company, whose principal address is 4833 North Edgewood Drive, Provo, Utah 84604, and _____ ("FRANCHISEE"), an individual a corporation a limited liability company a partnership a trust [other] _____, whose principal address is _____.

INTRODUCTION

A. HYATS has developed systems ("HYATS' Systems") for the operation of two unique fast-food franchise restaurants – the HOGI YOGI® system for serving sandwiches, frozen yogurt, smoothie drinks, and related items, and the TERIYAKI STIX® system for serving Japanese-style fast food and related items. Both Systems utilize distinctive trade dress, training programs, manuals, recipes, food preparation procedures, business policies, operations, procedures and techniques all of which are proprietary to HYATS.

B. HYATS' Systems include the use and promotion of "HYATS' Proprietary Marks." HYATS claims both common law and federally registered rights to its Proprietary Marks which include the HOGI YOGI® and TERIYAKI STIX® trade names and service marks together with certain other trade names, trademarks and service marks, many of which are registered or pending registration, all of which may be changed and improved by HYATS from time to time.

C. HYATS sells "Franchise Licenses" for specific "Approved Locations" to qualified entities and individuals which permit the licensees to own and operate either a HOGI YOGI® Franchise Restaurant, a TERIYAKI STIX® Franchise Restaurant, or, a combination HOGI YOGI® and TERIYAKI STIX® Franchise Restaurant, utilizing HYATS' Systems and Proprietary Marks, all upon terms and conditions more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HYATS and FRANCHISEE agree as follows:

1. GRANT OF FRANCHISE LICENSE.

1.1 Licensure. HYATS hereby grants to FRANCHISEE, and FRANCHISEE hereby accepts from HYATS, a Franchise License authorizing FRANCHISEE to own and operate (initial and check one):

_____ a HOGI YOGI® Franchise Restaurant,

_____ a TERIYAKI STIX® Franchise Restaurant, or,

_____ a combination HOGI YOGI® and TERIYAKI STIX® Franchise Restaurant; and,

to use HYATS' Systems and Proprietary Marks, according to the terms and conditions set forth herein.

1.2 Conditional License. The Franchise License granted herein is conditioned upon and subject to HYATS' acceptance and approval of FRANCHISEE's achievement, completion or performance of each of the following requirements for licensure:

(a) FRANCHISEE must submit for HYATS' approval, in a format provided by HYATS, a Business Plan for acquisition, design, construction, setup and operation of the proposed restaurant.

(b) Each Franchise License is specifically limited to its particular Approved Location. Pursuant to Section 3.1 herein, FRANCHISEE must submit for HYATS' approval a proposed restaurant location, together with certain critical information required by HYATS, within one hundred twenty (120) days of execution of this Franchise Agreement. HYATS shall either approve or disapprove the proposed location within thirty (30) days following receipt of the proposal and information.

(c) Pursuant to Sections 3.2 and 3.3 herein, if FRANCHISEE intends to lease the Approved Location under a lease, sublease or other written agreement of occupancy, FRANCHISEE must, prior to its execution, submit such lease, sublease or other agreement to HYATS for its review as part of the information required to accompany the proposal required by Section 3.1 herein; and, before FRANCHISEE enters into any lease, sublease or agreement of occupancy for the Approved Location, the lease or agreement must include the provisions for assignment contained in Exhibit 2 attached hereto.

(d) Pursuant to Section 3.4 herein, FRANCHISEE must submit defined premises dimensions, for HYATS' use to generate a suggested Floor Plan. HYATS and FRANCHISEE's architect must then agree on a final Floor Plan before it is submitted for building permits.

(e) Pursuant to Section 4.1 herein, FRANCHISEE or FRANCHISEE's "Authorized Manager" must complete the Initial Training Program, to HYATS' satisfaction, prior to opening FRANCHISEE's Franchise Restaurant.

(f) FRANCHISEE must promptly complete to HYATS' satisfaction, all of the start-up obligations described in Section 9.1 herein.

Should for any reason whatsoever, any of the foregoing requirements for licensure not be timely achieved, completed or performed by FRANCHISEE, or approved by HYATS, the Franchise License granted herein may be terminated by HYATS, in its absolute discretion, and FRANCHISEE's Franchise Fee will be reimbursed in whole or in part as provided in Section 5.2 herein.

2. TERM OF FRANCHISE LICENSE; RENEWAL OPTIONS.

2.1 Term. The term of this Franchise Agreement and the Franchise License granted herein shall commence on the effective date and expire _____, 200_, unless terminated earlier as provided herein.

2.2 Renewal Option and Manner of Exercise. So long as none of the events set forth in (a) or (b) of Section 2.3 have occurred, and subject to the condition precedent in Section 2.4, FRANCHISEE shall have the right and option to renew this Franchise License, at no charge, for additional five (5) year "Renewal Terms," exercisable one such Renewal Term at a time; provided that:

(a) FRANCHISEE provides HYATS written notice of the exercise of such option to renew no earlier than twelve (12) months, and no later than six (6) months, prior to the expiration of the term of this Franchise License or any subsequent Renewal Term.

(b) FRANCHISEE executes a new Franchise Agreement in the form which HYATS is, at the time of such renewal, offering to new franchisees or franchisees who are similarly renewing their Franchise Licenses. The updated Franchise Agreement may contain terms (both general and location specific) different from those contained in this Franchise Agreement.

(c) FRANCHISEE, or FRANCHISEE's Authorized Manager, at FRANCHISEE's expense, attends and satisfactorily completes such retraining or refresher training program as HYATS may (in its sole discretion) require, at such time and place prior to expiration of the Franchise License.

2.3 Conditions Precluding Renewal. FRANCHISEE shall not be entitled to renew the Franchise License if, at the time FRANCHISEE attempts the exercise of any such option to renew, or on the date of the commencement of any Renewal Term, any one of the following events has occurred:

(a) FRANCHISEE is in default of this Franchise Agreement or has breached any provision hereof and failed to cure such breach within the curative period, if any, provided herein.

(b) The continuance of FRANCHISEE's Franchise License is determined to be unlawful by a regulatory body having jurisdiction over the same or by a court of competent jurisdiction.

HYATS agrees that if it determines FRANCHISEE is not entitled to exercise an option to renew due to the occurrence of any of the events set forth in (a) or (b) above, it will so notify FRANCHISEE within thirty (30) days of receipt of FRANCHISEE's notice of the exercise of an option to renew. If the notice of an option to renew has been received by HYATS and, thereafter, HYATS is made aware of the occurrence of any event set forth in (a) or (b) above, then HYATS will so notify FRANCHISEE that FRANCHISEE is not entitled to renew within thirty (30) days of HYATS becoming aware of such an occurrence. Nothing herein contained shall modify or diminish HYATS' rights, as set forth below, to terminate this Franchise Agreement and the Franchise License granted herein if FRANCHISEE is in default hereunder, whether before, during or after FRANCHISEE exercises the option to renew.

2.4 Refurbishing of Location. As a condition precedent to any renewal of FRANCHISEE's Franchise License, FRANCHISEE must submit, in writing for HYATS pre-approval, detailed plans for repairing, updating and refurbishing the Approved Location (see below), including equipment and signs, pursuant to HYATS' then current specifications for new or renovated Franchise Restaurants. No renewal effectuates unless and until HYATS has, in writing, approved FRANCHISEE's plans. HYATS shall have absolute discretion over whether or not FRANCHISEE's proposed repairs, updates, and refurbishment are adequate and appropriate. Then, provided FRANCHISEE's plans have been approved by HYATS, and immediately upon the commencement of such renewal term, FRANCHISEE, at FRANCHISEE's own expense and to the satisfaction of HYATS, shall repair, update and refurbish the Approved Location.

3. LOCATION OF FRANCHISEE'S FRANCHISE RESTAURANT.

3.1 Approved Location. FRANCHISEE shall operate FRANCHISEE's Franchise Restaurant exclusively from a single "Approved Location" selected by FRANCHISEE, approved and designated by HYATS in Exhibit 1 attached hereto. If no Approved Location is designated in Exhibit 1 of the Franchise Agreement at the time of its making, FRANCHISEE shall submit in writing a proposed restaurant location for HYATS' approval within one hundred twenty (120) days of execution of this Franchise Agreement. FRANCHISEE's proposal shall be in the form and accompanied by certain critical information required by HYATS. HYATS shall either approve or disapprove the location proposed by FRANCHISEE within thirty (30) days following receipt of the proposal and information. HYATS may use its own business judgment in reasonably determining whether to approve a location. Once a proposed location has been approved, FRANCHISEE shall not change the Approved Location without the express written consent of HYATS. The spacing of Franchise Restaurants is in the sole discretion of HYATS and its decisions shall be binding on FRANCHISEE.

3.2 Lease Review. If FRANCHISEE intends to occupy the proposed location under a lease, sublease or other written agreement of occupancy from the owner thereof, FRANCHISEE shall, prior to the execution thereof, submit such lease, sublease or other agreement to HYATS as part of the information required to accompany the proposal required by Section 3.1 above.

3.3 Lease Provisions. Before FRANCHISEE enters into any lease, sublease or agreement of occupancy for the Approved Location, FRANCHISEE must include in such lease, sublease or agreement, the provisions for assignment contained in Exhibit 2 attached hereto. If FRANCHISEE has already entered into a lease, sublease or other agreement for the Approved Location at the time this Franchise Agreement is executed, FRANCHISEE must obtain and deliver to HYATS a separate written agreement by the owner to the same effect.

3.4 Approved Floor Plan. FRANCHISEE must submit, with its restaurant location proposal, defined premises dimensions, for HYATS' use to generate a suggested "Floor Plan" showing a proposed layout of the restaurant, equipment, and furnishings and necessary decor. HYATS shall, within thirty (30) days of approving a location proposed by FRANCHISEE, provide FRANCHISEE (or FRANCHISEE's architect) a suggested Floor Plan for the Approved Location. HYATS and FRANCHISEE's architect must then agree on a final Floor Plan before it is submitted for building permits. A copy of the final agreed-to Floor Plan shall be attached hereto as Exhibit 3.

3.5 Lease Assignment or First Right of Refusal. In the event that FRANCHISEE's Franchise Restaurant ceases to do business as authorized by HYATS, FRANCHISEE must immediately offer to HYATS an assignment of FRANCHISEE's lease on the Approved Location in which said Franchise Restaurant is being operated and on the same terms and conditions under which FRANCHISEE entered into the lease. HYATS shall have forty-five (45) days to accept or reject the assignment of lease. In the event that HYATS accepts the lease assignment, FRANCHISEE shall immediately, upon written notice of said acceptance, execute all necessary documents to effectuate said assignment. If HYATS does not exercise its right to the lease assignment with the forty-five (45) day period, FRANCHISEE may assign it to any entity which is not in direct or indirect competition with HYATS.

If FRANCHISEE owns the premises, or any portion thereof, in which a HYATS Franchise Restaurant is operated, FRANCHISEE agrees to not lease or allow any enterprise which is in direct or indirect competition with HYATS to operate at the location. If FRANCHISEE determines to lease the premises, HYATS shall be given a first-right-of-refusal to lease the location from FRANCHISEE on the same terms and conditions under which it has been offered to a bona fide third party. If HYATS does not exercise its right within forty-five (45) days from the date of notice, FRANCHISEE may lease the location to any non-competitive third party on the exact same terms and conditions as it was offered to HYATS.

If FRANCHISEE owns the premises, or any portion thereof, in which a HYATS Franchise Restaurant is operated, and decides to sell the premises, FRANCHISEE shall first offer the premises to HYATS on the same terms and conditions upon which they are being offered to a bona fide third party. HYATS shall have forty-five (45) days, from the date of notice, in which to accept or reject the offer to purchase said premises. If HYATS exercises its first-right-of-refusal to purchase the premises, HYATS shall be given a reasonable time in which to arrange financing. If HYATS does not exercise its right within forty-five (45) days from the date of notice, FRANCHISEE may sell to any non-competitive third party on the exact same terms and conditions as the premises were offered to HYATS.

If any terms are changed in an offer to a third party to lease or purchase the Approved Location, HYATS shall have forty-five (45) additional days from the date of notice of said change to accept the

offer on the same terms and conditions as set forth above. If more than one hundred eighty (180) days have passed since the notice of HYATS' first-right-of-refusal was first received by HYATS, FRANCHISEE must again give HYATS a first-right-of-refusal to lease or purchase as set forth above for any offers by bona fide third parties. These first-right-of-refusal provisions shall remain enforceable for a period of six (6) months following the termination of FRANCHISEE's Franchise License.

4. TRAINING, SERVICES AND MATERIALS TO BE PROVIDED BY HYATS.

4.1 Training Program. HYATS will provide the following training to FRANCHISEE:

(a) HYATS shall provide an "Initial Training Program" at its headquarters, or at such other place as HYATS shall designate for the benefit of FRANCHISEE or FRANCHISEE's Authorized Manager. The Initial Training Program shall include information, instruction, and training of how to use HYATS' Systems in the operation of HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurants. The Initial Training Program may include courses taught by persons other than employees of HYATS. FRANCHISEE or FRANCHISEE's Authorized Manager must attend the Initial Training Program, participate in all courses and activities provided during the training period, and complete the Initial Training Program, all to the satisfaction of HYATS, no more than sixty (60) days prior to opening FRANCHISEE's Restaurant.

(b) The cost of the Initial Training Program for one FRANCHISEE, or FRANCHISEE's Authorized Manager, including the materials and tuition for classes, is included in the Franchise Fee (see Section 5.1 herein) or the Ownership Change Fee (see Sub-section 16.2 (f)). However, FRANCHISEE shall pay all other costs incurred in attending the Initial Training Program including, Authorized Manager's compensation, travel, meals and lodging expenses. At FRANCHISEE's request, HYATS will provide the Initial Training Program to more than one Manager of FRANCHISEE upon an agreement between HYATS and FRANCHISEE as to the price, terms and conditions of such training. FRANCHISEE shall not be compensated by HYATS in any way for FRANCHISEE's or Manager's time spent in the Initial Training Program, or for expenses incurred in connection therewith.

(c) If HYATS, in its discretion, determines to hold additional training seminars, FRANCHISEE agrees that FRANCHISEE or FRANCHISEE's Authorized Manager will attend such additional training seminars. There shall be no charge to FRANCHISEE for these seminars, although FRANCHISEE shall pay all costs of attending the additional training seminars, including travel, meals and lodging expenses. HYATS is not required to compensate FRANCHISEE in any way for FRANCHISEE's time spent in additional training seminars.

4.2 Materials and Services. HYATS shall provide FRANCHISEE the following materials and services:

(a) A copy of HYATS' Manuals which will be lent to FRANCHISEE, prior to the opening of FRANCHISEE's HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurant, and for the term of FRANCHISEE's Franchise License. The Manuals contain specifications, standards, operating procedures, proprietary information, and rules prescribed or recommended by HYATS and may be modified in whole or in part by HYATS at any time, such modifications are effective when provided to FRANCHISEE; and

(b) Periodic information advising FRANCHISEE of new developments and techniques in HYATS' Systems.

5. FRANCHISE FEES TO HYATS.

5.1 Franchise Fee. The "Franchise Fee" is _____ (\$), for the Franchise License granted herein, for HYATS' Initial Training of one FRANCHISEE or FRANCHISEE's Authorized Manager, as well as HYATS' administrative overhead expenses incurred in communicating with FRANCHISEE, reviewing FRANCHISEE's proposed business plan, proposed location, etc., and, for assistance, materials and services received by FRANCHISEE from HYATS. Immediately, upon the execution of the Franchise Agreement, FRANCHISEE shall pay the Franchise Fee by delivery of the same to HYATS, in cash or cash equivalent.

5.2 Termination Refund. If HYATS terminates FRANCHISEE's Franchise License for FRANCHISEE's failure to achieve, complete or perform any of the conditions for licensure stated in Section 1.2, HYATS will refund in whole or in part FRANCHISEE's Franchise Fee as follows:

(a) HYATS will refund to FRANCHISEE one hundred percent (100%) of the Franchise Fee if the Franchise License is terminated prior to FRANCHISEE submitting a proposed restaurant location for HYATS' consideration and approval.

(b) HYATS will refund to FRANCHISEE seventy-five percent (75%) of the Franchise Fee if the Franchise License is terminated after FRANCHISEE's proposed restaurant location has been approved by HYATS but before FRANCHISEE or FRANCHISEE's Authorized Manager has commenced the Initial Training Program.

(c) None of the Franchise Fee will be refunded after FRANCHISEE or FRANCHISEE's Authorized Manager has commenced the Initial Training Program.

5.3 Continuing Franchise Fee. In addition to the Franchise Fee, FRANCHISEE shall pay to HYATS a "Continuing Franchise Fee" equal to six percent (6%) of gross revenues earned, derived and/or received in any manner and whether in cash, or its equivalent, notes, property, trade or otherwise by FRANCHISEE during the term of this Franchise Agreement, from operation of FRANCHISEE's Franchise Restaurant or services rendered in connection therewith, excluding only sales tax, if any, on products sold. The Continuing Franchise Fee is fully earned by and payable to HYATS immediately upon FRANCHISEE's receipt of such revenue, whether cash, or other property.

6. BUSINESS PROMOTION OBLIGATIONS OF FRANCHISEE.

6.1 Initial Business Promotion. FRANCHISEE must submit, in writing for HYATS pre-approval, detailed plans for "Initial Business Promotion" or "grand opening" promotion of FRANCHISEE's Franchise Restaurant. Upon HYATS' approval, FRANCHISEE must spend an amount equal to at least ten percent (10%) of the annualized premises lease (sublease or agreement of occupancy) rental rate (including FRANCHISEE's proportionate share of property taxes and common area maintenance charges) for FRANCHISEE's Approved Location, but in no case less than Three Thousand Dollars (\$3,000), for Initial Business Promotion or grand opening promotion of FRANCHISEE's Franchise Restaurant. If FRANCHISEE owns the premises, the amount Franchisee must spend toward Initial Business Promotion will be predicated upon the annualized rental rate equivalency for similar premises near the Approved Location as agreed in advance by HYATS. Initial Business Promotion shall begin no earlier than thirty (30) days prior to, and continue until and be completed no later than thirty (30) days following, opening of the Franchise Restaurant. Initial Business Promotion shall not

include labor costs or the costs of incentive programs, the cost of honoring coupons, charitable, political or other contributions or donations or specialty items.

6.2 HYATS' Business Promotion Fund. FRANCHISEE shall pay to HYATS (at HYATS' discretion) up to six percent (6%) of gross revenues (excluding only sales tax) to HYATS' "Business Promotion Fund" for advertising, research and development, and public relations related expenses designed to promote the business of HYATS and its Franchise Restaurants. Business Promotion Funds paid by FRANCHISEE to HYATS are not refundable to, nor assignable or sellable by FRANCHISEE. HYATS shall have complete discretion as to the establishment and operation of such Business Promotion Fund.

7. INSURANCE OBLIGATIONS OF FRANCHISEE.

7.1 Liability Insurance. FRANCHISEE shall at all times during the term of the Franchise Agreement maintain in force, at FRANCHISEE's sole cost and expense, comprehensive public liability insurance and products liability insurance against any loss, liability or expense whatsoever from personal injury, theft, death, property damage, or other casualty loss arising out of or occurring upon or in connection with the operation of FRANCHISEE's Franchise Restaurant and specifically insuring any indemnity herein given HYATS by FRANCHISEE. Such insurance coverage shall be maintained under one or more occurrence-basis-claim policies of insurance containing a comprehensive general liability limit in the minimum amount of One Million Dollars (\$1,000,000). Such policies shall not be subject to deductibles in excess of One Thousand Dollars (\$1,000), unless previously approved by HYATS. FRANCHISEE shall also carry such worker's compensation insurance as may be required by applicable law.

7.2 Property Insurance. FRANCHISEE shall insure all equipment, furnishings, fixtures, improvements and betterments thereto and FRANCHISEE's inventory, on a full-replacement basis, against loss or damage by all hazards covered by an "all risk" policy or policies, including without limitation and specifically, damage by water and consequential loss, refrigeration breakdown, etc. In addition, FRANCHISEE shall provide and keep in force "business interruption" insurance with "all risk" coverage, including water damage and consequential loss, sufficient to cover at least rental of the Approved Location, previous profit margins, maintenance of competent personnel, and other fixed expenses.

7.3 Builder's Risk Insurance. During the construction and/or renovation of the Approved Location, FRANCHISEE shall maintain builder's risk insurance in an amount not less than one hundred percent (100%) of the actual replacement value thereof.

7.4 Other Insurance. FRANCHISEE shall provide and keep in force such other insurance in reasonable amounts for such risks as at the time are commonly insured against with respect to premises similarly situated.

7.5 Conditions. All insurance policies required to be carried hereunder shall name HYATS as an additional insured and shall provide that HYATS receive thirty (30) days prior written notice of termination, expiration, reduction or cancellation of any such policy. HYATS may reasonably require FRANCHISEE to increase the minimum protection limits annually to reflect inflation or higher damage awards in liability litigation. FRANCHISEE shall submit to HYATS, prior to opening FRANCHISEE's Franchise Restaurant, and thereafter annually, a copy of all policies together with proof of payment therefor. Notwithstanding the existence of such insurance, FRANCHISEE is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of FRANCHISEE's Franchise Restaurant and for all claims or demands for damages to

property or for injury, illness or death of persons directly or indirectly resulting therefrom; and FRANCHISEE is to defend, indemnify and save HYATS harmless of, from and with respect to any such claims, loss or damage, which indemnity shall survive expiration or termination of this Franchise Agreement.

8. ACCOUNTING, REPORTING, PAYMENTS AND FUNDS TRANSFER.

8.1 Accounting. FRANCHISEE must use HYATS' system of record keeping in accordance with HYATS Systems and Manuals. FRANCHISEE must change its method of record keeping if and whenever HYATS should determine and recommend such a change for HYATS' Systems. FRANCHISEE shall maintain and preserve accurate books, records and tax returns, including related supporting materials, such as cash register tapes and computerized data for FRANCHISEE's Franchise License and Restaurant for a period of at least three (3) years.

8.2 Inspections and Audits by HYATS. FRANCHISEE shall allow HYATS to make inspections of FRANCHISEE's Franchise Restaurant to ascertain adherence to HYATS' operational and marketing standards, procedures and policies, and will make FRANCHISEE's books, records and tax returns available for inspection, audit and copying by HYATS during normal business hours. In the event an audit of FRANCHISEE's books and records discloses that the FRANCHISEE has underpaid or failed to pay Continuing Franchise Fees to HYATS by more than three percent (3%) of the amount of such fees owed HYATS on a monthly basis, HYATS may, in addition to any other remedy available under this Franchise Agreement or by law, require FRANCHISEE to pay the audit fees (including related expenses for the audit such as travel and lodging) and any expenses, including attorneys' fees, incurred by HYATS in collecting the past due Continuing Franchise Fees. Such audit costs and related charges shall be in addition to the interest and/or late charges that are owing for delinquent Continuing Franchise Fees, as specified in Section 5.3 above.

8.3 Reporting. FRANCHISEE shall submit to HYATS, as often as required by and on any form or in any format specified by HYATS, reports concerning gross revenues and other operational data, profit and loss statements, state and local sales taxes, payroll taxes, property taxes, worker's compensation insurance. HYATS reserves the right to change the method(s) of reporting at any time following thirty (30) days written notice to FRANCHISEE. HYATS requires FRANCHISEE to participate in a computerized reporting system covering sales and other items. HYATS computerized reporting system requires FRANCHISEE to have a computer, use software provided by HYATS, and provide HYATS access to FRANCHISEE's sales and accounting data via a pre-designated internet service provider.

8.4 Payments; Late Payments; Funds Transfer. FRANCHISEE shall pay the Continuing Franchise Fees and Business Promotion Fees to HYATS however, whenever and wherever HYATS may designate that they should be paid. FRANCHISEE hereby agrees that HYATS may charge a late payment fee of One Hundred Dollars (\$100) for each incident of Continuing Franchise Fees or Business Promotion Fees not timely paid when due. In addition to late fees, HYATS may charge FRANCHISEE interest at the rate of one and a half percent (1.5%) per month upon all unpaid fees. HYATS may require FRANCHISEE to participate in a credit/debit card system covering sales. FRANCHISEE must participate in any electronic funds transfer program authorizing HYATS to utilize a pre-authorized bank draft system for payment of Continuing Franchise Fees, Business Promotion Fees, and other amounts owed by FRANCHISEE to HYATS (see Exhibit 4 attached hereto). FRANCHISEE must immediately inform HYATS if FRANCHISEE changes banks or accounts.

9. OPERATING OBLIGATIONS, COVENANTS AND DUTIES OF FRANCHISEE.

9.1 Start-Up Obligations. FRANCHISEE must promptly complete to HYATS' satisfaction, and, FRANCHISEE's Franchise Restaurant may not open for business unless and until FRANCHISEE has satisfactorily completed, all of the following start-up obligations, at FRANCHISEE's own cost and expense, which obligations shall also be continuing obligations throughout the term of this Franchise Agreement:

(a) FRANCHISEE shall construct or acquire, and fully equip (in accordance with specifications and recommendations of HYATS) FRANCHISEE's Franchise Restaurant at the Approved Location. HYATS may designate, in its sole discretion, the source of equipment used in the operation of FRANCHISEE's HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurant.

(b) FRANCHISEE shall install signs which must conform to the standards and specifications established by HYATS and which must be approved in writing in advance as to art work, lettering, color scheme, size, construction and overall appearance by HYATS. Any exception to HYATS' sign requirements necessitated because of local sign ordinances or other reasons must first be approved in writing by HYATS.

(c) FRANCHISEE shall purchase adequate supplies of business cards, stationery, promotional materials and related items, which display HYATS' Proprietary Marks and other information, all of which comply with the standards and specifications established by HYATS.

(d) FRANCHISEE or FRANCHISEE's Authorized Manager shall attend and complete the Initial Training Program required by Section 4.1 herein to the satisfaction of HYATS.

(e) FRANCHISEE shall provide HYATS with satisfactory evidence that FRANCHISEE's Franchise Restaurant has successfully passed all necessary fire, health, and/or safety inspections by the appropriate municipal, county and state agencies and authorities, and requisite for lawful operation of FRANCHISEE's Franchise Restaurant.

(f) FRANCHISEE shall provide HYATS with satisfactory evidence that FRANCHISEE has obtained and posted all necessary business licenses, food and beverage permits, or other similar approvals requisite for lawful operation of FRANCHISEE's Franchise Restaurant.

(g) FRANCHISEE shall provide HYATS with satisfactory evidence that FRANCHISEE has obtained all insurance and worker's compensation coverage required by Section 7 herein.

(h) FRANCHISEE shall provide HYATS with an "Initial Marketing Plan," and, said plan must be agreed upon and approved in writing by HYATS.

(i) FRANCHISEE shall provide HYATS with satisfactory evidence that all employees of FRANCHISEE's Franchise Restaurant, have attended and successfully completed the initial employee training as directed in HYATS' Manuals.

Failure, for any reason whatsoever, by the FRANCHISEE to promptly complete to HYATS' satisfaction all of the foregoing start-up obligations, shall be a material breach of this Franchise Agreement, and allow the Franchise License granted herein to be terminated by HYATS, pursuant to Section 1.2.

9.2 Duties of FRANCHISEE. Throughout the term of this Franchise Agreement, FRANCHISEE shall undertake and diligently pursue all of the following obligations at FRANCHISEE's cost and expense:

(a) Operate FRANCHISEE's Franchise Restaurant, at the Approved Location, in conformity with the standards, specifications, methods, techniques and procedures of HYATS' Systems, as modified by HYATS from time to time.

(b) Sell only such products and services as shall be designated by HYATS from time to time at prices determined by FRANCHISEE; not offer or sell any products or services not authorized by HYATS; and, not use the Approved Location for any business or other purpose than the operation of FRANCHISEE's Franchise Restaurant without HYATS' prior written consent.

(c) Notify HYATS in writing of the name, address and telephone number of any person(s) hired by FRANCHISEE to manage the operation of FRANCHISEE's Franchise Restaurant.

(d) Continuously provide HYATS with any information, methods, forms, business practices, ideas or suggestions which FRANCHISEE is using in the operation of FRANCHISEE's Franchise Restaurant or which FRANCHISEE believes would improve HYATS' Systems. FRANCHISEE agrees that all information, methods, forms, business practices, customer lists, supplier lists and other information regarding suppliers, ideas and suggestions provided by FRANCHISEE to HYATS as required under this Section, or otherwise in this Franchise Agreement, shall be the property of HYATS and may be used by HYATS and other Franchisees of HYATS without any compensation to FRANCHISEE or approval therefrom.

9.3 Ongoing Obligations of FRANCHISEE. In addition to the above-referenced obligations and duties and concurrent with the opening of FRANCHISEE's Franchise Restaurant and continuing throughout the term of this Franchise Agreement, FRANCHISEE shall undertake and diligently pursue all of the following obligations at FRANCHISEE's expense:

(a) FRANCHISEE, or FRANCHISEE's Authorized Manager, or in the event FRANCHISEE is a corporation, limited liability company, partnership or trust, the person or persons listed in Section 18, shall actively, on a full-time basis, participate in the management and daily operations of FRANCHISEE's Franchise Restaurant and related business. It is agreed that whatever obligations are imposed by this Franchise Agreement on FRANCHISEE with regard to the operation of FRANCHISEE's Franchise Restaurant shall also be imposed upon such Authorized Manager. FRANCHISEE shall not change the Authorized Manager without the prior written consent of HYATS.

(b) FRANCHISEE shall supervise all persons working for, with or at the direction of FRANCHISEE in connection with FRANCHISEE's Franchise Restaurant to assure compliance by such persons with the terms of this Franchise Agreement, HYATS' Systems and Manuals.

(c) FRANCHISEE shall diligently, faithfully and continuously operate FRANCHISEE's Franchise Restaurant at the Approved Location, which shall be open every day of the week during regular business hours as set by HYATS. FRANCHISEE has the option to not be open on Sunday upon written approval from HYATS.

(d) FRANCHISEE shall ensure that FRANCHISEE's Franchise Restaurant is operated and FRANCHISEE's agents and employees are trained and supervised in a manner which complies with HYATS' Systems and Manuals, laws, regulations, ordinances and professional and ethical standards in order to preserve, maintain and enhance the value of HYATS' Proprietary Marks and HYATS' Systems and the reputation and goodwill developed by HYATS and its franchisees.

(e) FRANCHISEE shall maintain the Approved Location, facilities, fixtures, equipment, signs and all other material used in FRANCHISEE's Franchise Restaurant in first-class condition and in strict compliance with HYATS' Systems and Manuals.

(f) FRANCHISEE shall include conspicuously the statement "*Each HOGI YOGI® / TERIYAKI STIX® Franchise Restaurant is Independently Owned and Operated*" on all business cards, stationery, promotional and advertising materials, signs and all other printed materials used by FRANCHISEE in the promotion and operation of FRANCHISEE's Franchise Restaurant.

(g) FRANCHISEE shall maintain, and supply copies to HYATS of all permits, certificates and licenses, necessary or appropriate for the lawful operation of FRANCHISEE's Franchise Restaurant, or required to maintain it in good standing and in compliance with applicable laws and regulations.

(h) FRANCHISEE shall pay promptly when due all taxes, accounts, liabilities and indebtedness of any kind incurred by FRANCHISEE in the conduct of FRANCHISEE's Franchise Restaurant.

(i) FRANCHISEE shall have the right to develop materials, other than those provided by HYATS, for Local Business Promotion; provided, however, that FRANCHISEE is required to obtain the written approval of HYATS prior to using such materials.

(j) FRANCHISEE shall pay for, indemnify and hold harmless HYATS, its members, managers and employees and all other franchisees of HYATS from all expenses, costs, debts, fines, suits, proceedings, claims (regardless of outcome), losses, damages, liabilities or actions of any kind or nature (including, but not limited to, court costs and attorneys' fees) arising out of a breach or default of this Franchise Agreement (or HYATS' Systems), or any other action or inaction, by FRANCHISEE or FRANCHISEE's agents, employees or representatives. FRANCHISEE further agrees that if HYATS is made a party to a lawsuit or other legal action in connection with the activities of FRANCHISEE, then at the option of HYATS, HYATS may tender the defense and/or prosecution of the case to FRANCHISEE who shall be responsible for diligently pursuing the case or action at FRANCHISEE's expense, or HYATS may hire counsel directly to protect its respective interest and bill FRANCHISEE for all costs and attorneys' fees incurred in connection therewith. The indemnity herein given shall survive any termination or expiration of the Franchise Agreement.

(k) At the request of HYATS, FRANCHISEE shall provide copies of FRANCHISEE's tax returns certified by the Internal Revenue Service for reporting periods designated by HYATS.

(l) FRANCHISEE shall use and display HYATS' Proprietary Marks and copyrighted materials of HYATS exclusively for the purpose of operating FRANCHISEE's Franchise Restaurant in the manner approved and directed in writing by HYATS.

10. RESTRICTIONS ON SOURCES.

10.1 Specifications and Standards. HYATS sets specifications and requires high standards of appearance, cleanliness, nutrition, quality and utility as applicable for equipment, fixtures, furnishings, signs, food products, paper goods, and supplies to ensure efficiency and uniformity in all aspects of HYATS' franchise operations. These specifications and standards are more fully set forth in HYATS' Manuals and may be changed or modified from time to time by amendment to the Manuals or by other notice to all HYATS franchisees.

10.2 Source Restrictions. FRANCHISEE is required to purchase exclusively from HYATS, or its designated sources, all paper products, supplies and other items used in the operation of HOGI YOGI® and TERIYAKI STIX® Franchise Restaurants that incorporate any of HYATS' Proprietary Marks or logos. FRANCHISEE is required to purchase exclusively from HYATS, or its designated sources, all yogurt, teriyaki sauces and certain fruit juice concentrates used in the operation of FRANCHISEE's Franchise Restaurant. FRANCHISEE must purchase and use in the operation of FRANCHISEE's Franchise Restaurant, only those brands, types and/or models of equipment, fixtures, furnishings, signs, food products, paper goods, and supplies from manufacturers, suppliers or distributors approved and designated by HYATS, which may include HYATS, or from such other suppliers who can meet HYATS' specifications and standards. FRANCHISEE understands and acknowledges that HYATS often derives income from its approved manufacturers, suppliers and distributors on account of purchases made by its franchisees. Generally such income consists of payments based on a percentage of the amount paid for items purchased by HYATS' franchisees.

If FRANCHISEE desires to obtain equipment, fixtures, furnishings, signs, food products, paper goods, and supplies from manufacturers, suppliers or distributors other than those currently approved by HYATS, FRANCHISEE must, prior to any such purchase, request in writing HYATS' approval of FRANCHISEE's proposed new source. To obtain HYATS' written approval, proposed sources must meet HYATS' specifications and standards and adequately demonstrate to HYATS their ability and capacity to supply FRANCHISEE's needs in the quality and quantity, at the time, and with the reliability necessary for efficient restaurant operations. All proposed and previously non-designated manufacturers, suppliers, and distributors, as a condition precedent to approval, must agree to permit agents or representatives of HYATS to regularly inspect their facilities. If HYATS rejects FRANCHISEE's proposed new source, HYATS must notify FRANCHISEE in writing within sixty (60) days of its reasons for such rejection.

10.3 Smoothie Machines. To ensure efficiency in preparation, cleanliness, and uniformity of appearance, nutrition and quality of smoothie drinks, HYATS requires FRANCHISEE to use exclusively in FRANCHISEE's Franchise Restaurant the "Smoothie Machine" provided by HYATS. HYATS grants FRANCHISEE the right to possess and use HYATS' smoothie machine pursuant to a Conditional Use Agreement (see Exhibit 5 attached hereto) which is co-terminus with this Franchise Agreement. FRANCHISEE agrees to pay HYATS an annual repair or replacement warranty fee pursuant to the terms of the Conditional Use Agreement (see subparagraph 2.d. of Exhibit 5).

11. TRADE SECRETS AND CONFIDENTIALITY.

11.1 Acknowledgment of Proprietary Nature of the System.

(a) FRANCHISEE acknowledges that HYATS has expended, and continues to expend, considerable time and money in the development and refinement of HYATS' unique and confidential Systems and in the preparation of HYATS' Manuals. FRANCHISEE hereby acknowledges that although HYATS' Systems (including HYATS' Manuals) contain information which in isolated form could be construed as being in the public domain, they also contain substantial proprietary and confidential information, and, in its complete form is unique, and the combined methods, information, procedures and theories which make up HYATS' Systems, or are contained in HYATS' Manuals is proprietary and confidential information. FRANCHISEE acknowledges and agrees that HYATS' formulations for yogurt, teriyaki sauces, breads and certain fruit juice concentrates, as well as its other secret recipes are confidential trade secrets of HYATS.

(b) FRANCHISEE hereby acknowledges that FRANCHISEE has not developed or been engaged in any program or system similar to HYATS' Systems and that HYATS' Systems were unknown to FRANCHISEE prior to the execution of this Franchise Agreement (unless FRANCHISEE was previously a HYATS franchisee or associated with a HYATS franchisee). FRANCHISEE is, therefore, desirous of learning and using HYATS' Systems and has requested that HYATS provide FRANCHISEE with confidential and secret information and know-how of HYATS' Systems for use by FRANCHISEE in establishing and operating FRANCHISEE's Franchise Restaurant.

11.2 Manuals on Loan. FRANCHISEE acknowledges that HYATS' Systems are the property of HYATS and that HYATS' Manuals and any documents containing information about HYATS' Systems are lent to FRANCHISEE pursuant to this Franchise Agreement for use in FRANCHISEE's Franchise Restaurant and for no other purpose and shall be immediately returned to HYATS upon termination or expiration of the Franchise License granted herein.

11.3 Confidentiality. FRANCHISEE acknowledges that all information delivered to FRANCHISEE by HYATS pursuant to, or in connection with, this Franchise Agreement, and the Franchise License granted herein, unless the information is otherwise publicly available in its final and complete form, constitutes trade secrets and proprietary and confidential information and know-how of HYATS. FRANCHISEE agrees to safely keep and to maintain in confidence and not to disclose to anyone any part of HYATS' Systems or Manuals or any information and know-how related thereto, except for limited verbal disclosures to such employees or agents of FRANCHISEE who need such limited disclosure in order to assist FRANCHISEE in the performance of FRANCHISEE's obligations under this Franchise Agreement, but only after obtaining the prior written consent of HYATS to such disclosure and only after such employee or agent executes a Confidentiality Agreement in a form provided by HYATS. FRANCHISEE further agrees to never duplicate, copy, record, make other versions of, translate, make oral presentations to others, or publish all or any portion of HYATS' Systems or Manuals.

FRANCHISEE shall take all reasonable or appropriate steps to protect the confidentiality of HYATS' Systems, including, but not limited to:

(a) Maintaining the proprietary HYATS Manuals at all times in a secure place at FRANCHISEE's Franchise Restaurant or FRANCHISEE's personal residence and to which only FRANCHISEE has access. FRANCHISEE shall not disclose the contents thereof to any person without the prior written permission of HYATS. FRANCHISEE shall not permit the removal of the proprietary HYATS Manuals from FRANCHISEE's Franchise Restaurant or personal residence without the prior written consent of HYATS; and,

(b) Requiring all of FRANCHISEE's employees, agents or representatives to execute a Confidentiality Agreement with HYATS, in a form to be supplied by HYATS, whereby such employee, agent or representative agrees to maintain the strict confidentiality of HYATS' Manuals and Systems. The original executed copy of each such agreement will be immediately forwarded to HYATS. FRANCHISEE shall diligently enforce the terms of such agreement. FRANCHISEE shall promptly notify HYATS in the event of any actual or suspected violation of the confidentiality of HYATS' Manuals or HYATS' Systems or the unauthorized use of HYATS' Proprietary Marks.

11.4 Property of HYATS. FRANCHISEE acknowledges that HYATS' Proprietary Marks, HYATS' Systems, HYATS' Manuals and other information, and all items delivered to FRANCHISEE by HYATS pursuant to this Franchise Agreement or in furtherance of the Franchise License are the sole and exclusive property of HYATS, and that FRANCHISEE's right to use the same is contingent upon

FRANCHISEE's continued full and timely performance under this Franchise Agreement. FRANCHISEE acknowledges FRANCHISEE acquires no rights, interests or claims to any of said property, except for the FRANCHISEE's right to use the same under the Franchise License granted by this Franchise Agreement for the term thereof and strictly in the manner prescribed.

FRANCHISEE agrees that at no time during the term of this Franchise Agreement or the Franchise License granted herein, nor at any time after their expiration or termination, shall FRANCHISEE contest HYATS' sole and exclusive rights to HYATS' Proprietary Marks, HYATS' Systems, HYATS' Manuals or any other information and intellectual property and items provided to FRANCHISEE, or which FRANCHISEE obtains access to, under this Franchise Agreement, nor shall FRANCHISEE claim any interest in such property.

FRANCHISEE agrees that at no time during the term of this Franchise Agreement or the Franchise License granted herein, nor at any time after their expiration or termination, shall FRANCHISEE adopt or employ any names, marks, insignias or symbols in any business or venture that are or may be confusingly similar to HYATS' Proprietary Marks licensed to FRANCHISEE under this Franchise Agreement. Furthermore, FRANCHISEE shall cooperate with and assist HYATS in connection with any legal action brought by or against either HYATS or FRANCHISEE regarding the protection and preservation of HYATS' Proprietary Marks, HYATS' Systems, HYATS' Manuals and all other information and intellectual property licensed under this Franchise Agreement.

11.5 No Warranty. No representation or warranty, express or implied, is made by HYATS to the effect that the use of HYATS' Systems does not constitute an infringement upon the patent, copyright or other proprietary rights of other persons. HYATS does state, however, that unless otherwise disclosed to FRANCHISEE in writing, no claim or action alleging such an infringement has ever been brought against it. FRANCHISEE hereby agrees that HYATS shall have no liability in the event that HYATS' Systems are held to not be secret or confidential, or in the event that any such infringement occurs because of FRANCHISEE's use of HYATS' Systems.

No representation or warranty, express or implied, is made by HYATS that no part of HYATS' Systems are in violation of a law, rule or regulation of any federal, state or local agency or organization, and FRANCHISEE hereby agrees that HYATS shall have no liability in the event that any part of HYATS' Systems are held to be in violation of a law, rule or regulation of any federal, state or local agency or organization.

11.6 Change of Proprietary Marks. FRANCHISEE acknowledges and agrees that HYATS shall have the right to change, modify or discontinue its Proprietary Marks or logos and adopt substitute marks or logos for use in the area of the Approved Location without any prior notice to FRANCHISEE. Except in cases of alleged infringement on the rights of a third party, FRANCHISEE shall not be required to implement such change for a period up to four (4) months from such change.

12. REPRESENTATIONS AND WARRANTIES BY FRANCHISEE. FRANCHISEE represents and warrants to HYATS that the following statements are true and accurate:

(a) FRANCHISEE understands and acknowledges the importance of the high uniform standards of quality, appearance and service imposed by HYATS in order to maintain the value of HYATS' Proprietary Marks and Systems and the necessity of operating FRANCHISEE's Franchise Restaurant in compliance with HYATS' standards. FRANCHISEE represents that FRANCHISEE has the capability to meet those standards and will meet them from the date hereof and so long as this Franchise Agreement is in force.

(b) If FRANCHISEE is an entity, FRANCHISEE is duly formed, licensed and currently certified to do business in the state in which FRANCHISEE's Franchise Restaurant is to be situated and in such other states as FRANCHISEE proposes to do business.

(c) FRANCHISEE received a copy of the Franchise Offering Circular and all attachments thereto, including the Franchise Agreement, at the earlier of: (1) the first personal meeting between FRANCHISEE and any representative of HYATS; (2) ten (10) business days before the signing of the Franchise Agreement or any related agreement; or (3) ten (10) business days before payment of any consideration in connection with FRANCHISEE's purchase of a Franchise License. FRANCHISEE received a copy of this Franchise Agreement, containing all material terms, at least five (5) business days prior to signing the same.

(d) FRANCHISEE has procured, or will in a timely manner as directed by HYATS, such certificates, licenses and permits necessary for FRANCHISEE to operate FRANCHISEE's Franchise Restaurant.

(e) The execution of this Franchise Agreement by FRANCHISEE will not violate or constitute a breach of the terms of any other agreement or commitment to which FRANCHISEE is a party.

(f) The individuals executing this Franchise Agreement on behalf of FRANCHISEE are duly authorized to do so.

(g) Upon its execution, the Franchise Agreement shall constitute a valid, binding obligation of FRANCHISEE and all of the individuals named in Section 18 hereof.

(h) No representations, promises, guarantees or warranties or statements regarding profits or expected earnings of any kind are made or have been made by HYATS, or by any person representing himself or herself as an authorized agent, employee or representative of HYATS, to induce FRANCHISEE to execute this Franchise Agreement. FRANCHISEE acknowledges that the success of FRANCHISEE's Franchise Restaurant is dependent upon the personal efforts of FRANCHISEE and/or Authorized Manager, (or FRANCHISEE's shareholders, officers, directors, members, managers, partners, owners and control persons, if FRANCHISEE is an entity).

(i) FRANCHISEE ACKNOWLEDGES THAT NEITHER HYATS, NOR ANY OTHER PERSON HAS GUARANTEED, REPRESENTED OR WARRANTED THAT THE USE OF HYATS' SYSTEMS WILL RESULT IN THE SUCCESS OR PROFITABILITY OF A FRANCHISE RESTAURANT, OR HAS PROVIDED ANY SALES OR INCOME PROJECTIONS OF ANY KIND TO FRANCHISEE; and,

(j) FRANCHISEE acknowledges that FRANCHISEE has read and understands this Franchise Agreement, the attachments hereto and the related Franchise Offering Circular. FRANCHISEE acknowledges that there are significant risks inherent in a purchase of the Franchise License and confirms that FRANCHISEE has had ample time and opportunity to consult with FRANCHISEE's legal, accounting and other advisors about the potential benefits and risks of entering into this Franchise Agreement.

13. REPRESENTATIONS BY HYATS. HYATS represents that the following statements are true and accurate:

(a) The individual executing this Franchise Agreement for HYATS is a representative of HYATS authorized to enter into this Franchise Agreement on behalf of HYATS, which Franchise Agreement upon its execution shall represent a valid, binding obligation of HYATS to the extent performance by it is specifically required hereunder; and

(b) The execution of this Franchise Agreement by HYATS will not violate or constitute a breach of any other agreement or commitment to which HYATS is a party.

14. TERMINATION OF FRANCHISE LICENSE AND AGREEMENT. This Franchise Agreement and the related Franchise License may be terminated only as follows:

14.1 Mutual Consent. Upon the mutual written consent of HYATS and FRANCHISEE.

14.2 Immediate Termination. HYATS, in its sole discretion, may immediately terminate this Franchise Agreement and the Franchise License granted herein, without other cause or prior notice or opportunity to cure if:

(a) FRANCHISEE is adjudicated bankrupt, becomes insolvent, makes a general assignment for the benefit of creditors or a receiver is appointed to administer FRANCHISEE's assets, or, if FRANCHISEE admits an inability to pay debts when due.

(b) FRANCHISEE or the Authorized Manager is convicted of any felony.

(c) FRANCHISEE or the Authorized Manager engages in continued and repeated courses of conduct which are material breaches of the Franchise Agreement, notwithstanding any notice provisions contained herein (it being agreed for purposes of this Franchise Agreement that FRANCHISEE shall be liable for the acts or omissions of the Authorized Manager).

(d) FRANCHISEE or the Authorized Manager conducts FRANCHISEE's Franchise Restaurant in a manner which is inconsistent in any way with HYATS' Systems.

(e) FRANCHISEE, or any of FRANCHISEE's employees, agents or representatives, act to the detriment of or violate the confidentiality of HYATS' Systems, HYATS' Manuals or any other proprietary information of HYATS.

(f) Failure to conduct the business of FRANCHISEE's Franchise Restaurant for three (3) consecutive days (excluding permitted commencement time) without the written consent of HYATS, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond FRANCHISEE's control.

(g) FRANCHISEE enters into an assignment, encumbrance, sale or transfer, or an attempted assignment, encumbrance, sale or transfer, of FRANCHISEE's Franchise License which does not comply with the terms and provisions of Section 16.

(h) FRANCHISEE breaches the provisions of the Covenant to Not Compete set forth in Section 15.

(i) FRANCHISEE attempts to grant a sub-franchise hereunder.

14.3 Termination Upon Notice. HYATS may terminate this Franchise Agreement and the Franchise License upon written notice to FRANCHISEE of any one or more of the following defaults,

provided such default is not cured within fifteen (15) consecutive days after the mailing of such notice by HYATS to FRANCHISEE:

(a) A final judgment against the FRANCHISEE remains unsatisfied of record for thirty (30) days or longer, unless a supersedeas bond is filed.

(b) A writ of attachment or execution is levied against FRANCHISEE's Franchise Restaurant or related property and not removed or enjoined within thirty (30) days.

(c) Death or permanent disability or incapacity in excess of sixty (60) days, as determined by HYATS in its absolute discretion, of the FRANCHISEE or the Authorized Manager, and the subsequent failure of FRANCHISEE or successor to transfer the Franchise Restaurant to a qualified purchaser with the written consent of HYATS, within one hundred eighty (180) days after death or one hundred twenty (120) days after determination of permanent disability of FRANCHISEE or the Authorized Manager.

(d) Failure to maintain the insurance and/or worker's compensation coverage prescribed in Section 7.

(e) Default in the payment of any indebtedness owed by FRANCHISEE to HYATS or any third party creditor of FRANCHISEE or FRANCHISEE's Franchise Restaurant.

(f) Failure to maintain and make available for inspection by HYATS or its representatives all books and records which FRANCHISEE is required to maintain pursuant to this Franchise Agreement.

(g) FRANCHISEE's or Authorized Manager's default or breach of any other provision of this Franchise Agreement not otherwise explicitly provided for here, including, but not limited to, operating FRANCHISEE's Franchise Restaurant in a way which brings discredit on FRANCHISEE or HYATS.

14.4 Unilateral Termination. HYATS may unilaterally cancel and terminate this Franchise Agreement and the Franchise License granted herein as follows:

(a) At any time prior to FRANCHISEE's completion of the Initial Training Program if HYATS or its representative determines that FRANCHISEE is not compatible with HYATS or HYATS' Systems.

(b) If FRANCHISEE fails to timely achieve, complete or perform any of the conditions for licensure stated in Section 1.2 herein. In the event of such termination or cancellation, HYATS will refund in whole or in part FRANCHISEE's Franchise Fee as indicated in Section 5.2 herein.

Notwithstanding such termination, the terms of Sections 11 and 15 shall continue in full force and effect. HYATS shall not be liable to FRANCHISEE for any expenses, costs, or other damages incurred by FRANCHISEE as a result of this agreement or its termination.

14.5 FRANCHISEE's Interest Upon Termination, Expiration or Non-Renewal. Upon termination, expiration or non-renewal of the Franchise License, FRANCHISEE will have no interest in the Franchise License, HYATS' Proprietary Marks, HYATS' Systems, HYATS' Manuals or any information, intellectual property or any other materials or items provided by HYATS. FRANCHISEE will not own any

goodwill nor receive payment or adjustment whatsoever for any goodwill FRANCHISEE may have established either prior to or during operation of FRANCHISEE's Franchise Restaurant.

14.6 Procedures After Termination, Expiration or Non-Renewal. Upon the termination, expiration or non-renewal of this Franchise Agreement for any reason, the Franchise License granted herein shall automatically and completely terminate and revert back to HYATS, and FRANCHISEE shall cease to be a franchisee of HYATS and shall at FRANCHISEE's own cost and expense:

(a) Immediately and permanently discontinue the use of all Proprietary Marks, all similar names and marks and any name or mark, or any other designation or mark, indicating or tending to indicate that FRANCHISEE is, or ever was, a franchisee of HYATS.

(b) FRANCHISEE shall not promote or advertise the fact that FRANCHISEE's restaurant facility was formerly a franchise of or affiliated with HYATS.

(c) Immediately return to HYATS, all training and education materials, contract documents, HYATS' Manuals, books, films, video tapes, sales training cassettes, forms or brochures on hand which contain HYATS' Proprietary Marks or which are part of HYATS' Systems or provided to FRANCHISEE by HYATS and all other proprietary or confidential information of HYATS.

(d) Promptly destroy, or surrender to HYATS all stationery, letterhead, forms, printed matter, signs and advertising or other materials containing HYATS' Proprietary Marks, or any similar names or marks or designation or mark indicating or tending to indicate that FRANCHISEE is, or was, a franchisee of HYATS.

(e) Immediately and permanently discontinue all advertising as a HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurant and cease all identity or representation as one who owns a HYATS Franchise License and who is authorized to own and operate a Franchise Restaurant and to use HYATS' Systems and Proprietary Marks in connection therewith; including, but not limited to, the immediate removal of all signs from the Approved Location, or other premises, which contain HYATS' Proprietary Marks, or other identifying marks or colors. If, within ten (10) days after the effective date of the termination of this Franchise Agreement, FRANCHISEE fails to remove the HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurant signs and change the decor, as described above, return the items designated in (c) above or destroy or surrender to HYATS the items designated in (d) above, FRANCHISEE hereby grants HYATS the right to enter upon FRANCHISEE's premises and remove all signs and all other indicia of any affiliation by FRANCHISEE with HYATS and collect the items set forth in (c) and (d) above. FRANCHISEE shall be obligated to reimburse HYATS for the cost of such removal, storage and disposition of said signs and other materials. HYATS may retain the proceeds, if any, from any sale or other disposal, to the extent necessary to offset the costs of removal, storage and disposition of said signs and related materials and to offset any other amounts or obligation that FRANCHISEE may then owe HYATS.

(f) Immediately and forever cease and desist from using HYATS' Systems, including, but not limited to, HYATS' Manuals, films, video tapes, forms, books, advertising and promotional materials, and all trade secrets and confidential material delivered to FRANCHISEE pursuant to this Franchise Agreement.

(g) Notify the telephone company and listing agencies of the termination or expiration of FRANCHISEE's right to use all telephone numbers and all classified and other directory listing of the

FRANCHISEE, and cause the telephone company to assign the telephone number of FRANCHISEE to HYATS or its designee or forward all calls to a telephone number provided by HYATS.

(h) Indemnify and hold HYATS, its managers, directors and employees and all other franchisees of HYATS harmless from and against any liability, cost or expense arising from FRANCHISEE's use of altered forms, misapplication of trade secrets, service marks or trade names and FRANCHISEE's acts, omissions, debts and obligations.

(i) Promptly pay HYATS all sums owing from FRANCHISEE to HYATS.

(j) Maintain all books, records and reports required by HYATS pursuant to this Franchise Agreement for a period of one year after the termination or expiration of this Franchise Agreement and allow HYATS to inspect and audit such books and records during normal business hours within such one year period for the purpose of verifying all amounts payable to HYATS by FRANCHISEE.

(k) Abide by all provisions of the Covenant to Not Compete as described in Section 15 and by all other terms of this Franchise Agreement which survive the termination or expiration of the same.

(l) Immediately take such actions as may be required to cancel all assumed names or equivalent registration relating to the use of any of HYATS' Proprietary Marks, or, at the request of HYATS, assign the registration or right to such assumed named to HYATS.

(m) Upon the request of HYATS, assign FRANCHISEE's rights under any lease, sublease or other written agreement of occupancy for the Approved Location, by executing promptly any documents required by HYATS to effect such assignment. In no event shall FRANCHISEE cause or permit any business which is in direct or indirect competition with HYATS to do business at the Approved Location.

FRANCHISEE agrees that the terms and conditions of this Section 14 shall survive any termination or expiration of the Franchise Agreement.

14.7 Conformity With Laws and Regulations. Notwithstanding anything to the contrary contained in this Section, in the event any valid applicable law or regulation of a competent governmental authority having jurisdiction over this Franchise Agreement and the parties hereto shall limit HYATS' rights of termination hereunder or shall require longer notice periods than those set forth above, this Franchise Agreement shall be deemed amended to conform to such laws and regulations. HYATS shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Franchise Agreement or the termination thereof.

15. COVENANT TO NOT COMPETE.

15.1 During Licensure. During the term of the Franchise License, including Renewal Terms, FRANCHISEE shall not engage, either directly or indirectly, as an owner, officer, director, shareholder, manager, partner, sole proprietor, employee, consultant, agent, advisor, salesperson, representative, or in any other capacity in any business which conducts its operations in a manner similar to HYATS' Systems or a HOGI YOGI® and/or TERIYAKI STIX® Restaurant.

15.2 Following Termination, Expiration or Non-Renewal. For a period of three (3) years following the date of the termination, expiration or non-renewal of the Franchise License, FRANCHISEE shall not engage, either directly or indirectly, as an owner, officer, director, shareholder, manager, partner, sole proprietor, employee, consultant, agent, advisor, salesperson, representative, or in any other capacity in any activity or business which is similar or conducts its business in a manner similar to HYATS' Systems, or a HOGI YOGI® and/or TERIYAKI STIX® Restaurant, at any location within a fifty (50) mile radius of any HOGI YOGI® and/or TERIYAKI STIX® Restaurants.

16. SALE, ASSIGNMENT OR OTHER DISPOSITION OF FRANCHISE RESTAURANT.

16.1 Right of First Refusal. FRANCHISEE may not sell, assign, transfer or otherwise, voluntarily or involuntarily, dispose of any interest in FRANCHISEE's Franchise Restaurant without first offering the same to HYATS, at the same price and stated terms upon which a bona-fide third party has offered, in writing, to purchase the Restaurant. In recognition of such right, FRANCHISEE shall provide HYATS with a written notice of any offer to purchase FRANCHISEE's Franchise Restaurant which FRANCHISEE is willing to accept. Such notice shall contain a statement of the price and terms of the third party offer and be accompanied by an instrument evidencing the same. If HYATS elects not to exercise its right to accept the offer within sixty (60) days from receipt of the notice from FRANCHISEE, FRANCHISEE may thereafter sell or dispose of the Restaurant to such third party on the same terms previously offered to HYATS but subject to the prior written consent of HYATS as described in Section 16.2. If FRANCHISEE's Franchise Restaurant is not sold by FRANCHISEE to such third party within one hundred twenty (120) days from the date it is offered to HYATS as provided above, then in the event of any subsequent proposed sale, transfer, assignment or other disposition, FRANCHISEE must thereafter re-offer the Franchise Restaurant to HYATS in the manner set forth above.

16.2 Consent of HYATS. Neither FRANCHISEE's Franchise License, nor any part of the ownership of FRANCHISEE's Franchise Restaurant may be voluntarily, involuntarily, directly or indirectly sold, transferred, assigned or otherwise disposed of, or encumbered by FRANCHISEE or its owners (by will, declaration of or transfer in trust or otherwise) without the prior written consent of HYATS. HYATS will not, however, unreasonably withhold consent to a sale, assignment, transfer or other disposition of the same, if the conditions specified below are met prior to the effective date of such assignment or transfer:

- (a) FRANCHISEE must not be in default under any provision of the Franchise Agreement.
- (b) All of FRANCHISEE's ascertained or liquidated debts to HYATS must be paid.
- (c) HYATS must receive a Franchise Application and a Franchisee Financial Statement completed and executed by the assignee and evidencing, in HYATS' judgment, the assignee's ability to meet HYATS' criteria for the approval of current franchisees.
- (d) FRANCHISEE's assignee must submit, in writing for HYATS pre-approval, detailed plans for repairing, updating and refurbishing the Approved Location, including equipment and signs, pursuant to HYATS' then current specifications for new or renovated Franchise Restaurants.
- (e) FRANCHISEE's assignee must submit, in writing for HYATS pre-approval, detailed plans for a "New Ownership" promotion of the Franchise Restaurant. Upon HYATS' approval, FRANCHISEE's assignee must spend an amount equal to at least Twenty-Five Hundred Dollars (\$2,500), for the New Ownership Promotion of the Franchise Restaurant. New Ownership Promotion shall begin upon, and be completed no later than ninety (90) days following, the date

FRANCHISEE's assignee takes over operation of the Restaurant. New Ownership Promotion shall not include labor costs or the costs of incentive programs, the cost of honoring coupons, charitable, political or other contributions or donations or specialty items.

(f) FRANCHISEE's assignee (and all partners, members or shareholders of such assignee, if applicable) has executed HYATS' then current form of Franchise Agreement and all exhibits thereto for the term as provided therein or, at the option of HYATS, has executed a form of Assignment acceptable to HYATS, in which case the rights and obligations of FRANCHISEE hereunder will inure to said assignee.

(g) FRANCHISEE has paid HYATS an "Ownership Change Fee" to reimburse HYATS for its legal and accounting fees, credit and investigation charges, training and other expenses incurred as a consequence of approving and granting a franchise license to the assignee – Five Thousand Dollars (\$5,000) for a HOGI YOGI® or TERIYAKI STIX® Franchise License, and, Seventy-five Hundred Dollars (\$7,500) for a combination HOGI YOGI® / TERIYAKI STIX® Franchise License.

(h) FRANCHISEE's assignee or said assignee's designated representative must complete HYATS' Initial Training Program before taking over operation of the Restaurant.

(i) FRANCHISEE's assignee must assume all obligations of FRANCHISEE in connection with FRANCHISEE's Franchise License and related Franchise Restaurant.

NO SALE OR ASSIGNMENT EFFECTUATES UNLESS AND UNTIL ALL OF THE FOREGOING PROVISIONS OF THIS SECTION 16.2 HAVE BEEN COMPLETED OR COMPLIED WITH.

FRANCHISEE shall not be released or relieved of any continuing obligation under the Franchise Agreement, including, without limitation, the confidentiality provision, the non-competition provision or intellectual property and trade-secret covenants contained herein, by virtue of an assignment or transfer permitted hereunder.

16.3 No Sub-franchise. FRANCHISEE does not have the right to grant a sub-franchise. Any attempt to do so shall be void ab initio and constitute a default hereunder and grounds for immediate termination of this Franchise Agreement without notice by HYATS or opportunity to cure by FRANCHISEE.

16.4 No Change in Location. Each HYATS' Franchise License for a HOGI YOGI® and/or TERIYAKI STIX® Franchise Restaurant is specifically limited to its particular Approved Location, and may not be sold, assigned, or transferred for the purpose of operating a Franchise Restaurant anywhere other than at that particular Approved Location.

16.5 Encumbrance. FRANCHISEE shall not borrow against, pledge, hypothecate or otherwise encumber FRANCHISEE's Franchise License, Franchise Restaurant or related Franchise assets without the prior written approval of HYATS.

16.6 Transfer of Interests in Franchisee. Any sale, assignment or transfer of an interest in FRANCHISEE's Franchise License, Franchise Restaurant or related Franchise assets shall be subject to the conditions of Section 16.2; provided, further, that if such sale, assignment or transfer results in a cumulative change of ownership of fifty percent (50%) or greater of either the Franchise License or the Franchise Restaurant, whether in one transaction or transactions over a period of time, then, in such event, the same shall also be subject to the provisions of Section 16.1.

17. GENERAL PROVISIONS.

17.1 Relationship of HYATS and FRANCHISEE. Nothing herein shall be deemed or construed as creating a principal/agent relationship, fiduciary relationship, joint venture, or a relationship in the nature of a partnership, it being expressly understood that the sole relationship created hereby shall be that of a franchisor to a franchisee and only upon the terms set forth herein and that FRANCHISEE has no authority, express, implied or otherwise, to act on the behalf of HYATS or to bind HYATS as to any agreement, representation, commitment or understanding.

17.2 Approvals. Except as is otherwise provided, HYATS may withhold any consent or approval provided for herein at its discretion. Furthermore, except as specifically noted otherwise, any consent or approval FRANCHISEE is required to obtain from HYATS shall be deemed withheld unless given in writing.

17.3 Amendment. Any modification, alteration, amendment or change to this Franchise Agreement must be in writing, executed by a duly authorized representative of HYATS and by FRANCHISEE.

17.4 Integration. Except as may be noted herein, this Franchise Agreement constitutes the entire agreement between HYATS and FRANCHISEE with respect to the subject matter addressed herein and all prior and contemporaneous agreements, understandings, conditions, warranties and representations, except to the extent otherwise set forth in this Franchise Agreement and in the Franchise Offering Circular which FRANCHISEE has received in connection herewith (and except as to information and representations submitted by FRANCHISEE to HYATS in application to purchase a Franchise License, including, but not limited to, financial statements, references, etc., which shall be deemed to be a part of this Franchise Agreement), are hereby superseded by this Franchise Agreement.

17.5 Construction. Captions or paragraph headings included herein are for reference purposes only and shall not in any way modify or limit the statements contained in any paragraph or provision of this Agreement. All words in this Franchise Agreement shall be deemed to include any number or gender as the context or sense of this Franchise Agreement requires. In the event of any conflict among this Franchise Agreement, the Franchise Offering Circular, the Manuals or any other document, this Franchise Agreement shall control.

17.6 Severability. In case any one or more of the provisions of this Franchise Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

17.7 Waiver. No waiver of any breach of any condition, covenant or agreement herein shall constitute a continuing waiver or a waiver of any subsequent breach of the same or any other condition, covenant or agreement. Any waiver of any provision of this Franchise Agreement, to be enforceable, must be in writing and signed by the waiving party.

17.8 Additional Remedies for Breach. FRANCHISEE acknowledges that if FRANCHISEE breaches this Franchise Agreement and/or continues to utilize HYATS' Systems or Proprietary Marks at such times when FRANCHISEE is not legally entitled to use them or breaches the provisions of the Covenant to Not Compete as set forth in Section 15, HYATS shall have no adequate remedy at law. Therefore, FRANCHISEE expressly consents and agrees that HYATS may, in addition to any other available

remedies, obtain an injunction and/or temporary restraining order to terminate or prevent the continuation of any existing default or violation, and to prevent the occurrence of any threatened default or violation by FRANCHISEE of this Franchise Agreement.

17.9 Attorneys' Fees. Should either party incur attorneys' fees in enforcing the terms and conditions of this Franchise Agreement, whether or not a legal action is instituted, the party not in default shall be entitled to reimbursement of such attorneys' fees and costs, in addition to any other remedies either party may have at law or in equity. Should any legal action be instituted to enforce the terms and conditions of this Franchise Agreement, the prevailing party shall be entitled to recover all litigation costs, including reasonable attorneys' fees.

17.10 Choice of Law, Jurisdiction and Venue. This Franchise Agreement shall not be effective until signed by HYATS at its principal offices in Provo, Utah. This Franchise Agreement shall be considered to have been made in the State of Utah and all matters contained herein and relating hereto shall be governed by, construed and interpreted in accordance with, the laws and regulations of the State of Utah. FRANCHISEE agrees that it has transacted business in the State of Utah by entering into this Franchise Agreement and therefore jurisdiction in any action, suit, or proceeding regarding this Franchise Agreement or any matters related hereto is proper in the State of Utah. In the event of any legal action with regard to this Franchise Agreement, or matters related hereto, FRANCHISEE agrees that unless prohibited by law venue lies in Utah's Fourth Judicial District.

17.11 Notices. Any notices to be given hereunder shall be in writing, and may be delivered personally, or by certified or registered mail, with postage fully prepaid. Any notice to be delivered to HYATS shall be addressed to HYATS, L.L.C. at 4833 North Edgewood Drive, Provo, Utah 84604, Attn: Michael Clayton, or at such other address as HYATS may hereinafter designate. Any notice to FRANCHISEE shall be delivered to the address set forth in the preamble to this Franchise Agreement. The address specified herein for service of notices may be changed at any time by the party making the change giving written notice to the other party. Any notice delivered by mail in the manner herein specified shall be deemed delivered five (5) days after mailing or, if earlier, upon actual receipt.

17.12 Binding on Successors. This Agreement is binding upon and shall inure to the benefit of HYATS and FRANCHISEE, their heirs, successors and assigns, except as may be otherwise restricted pursuant to other sections contained herein. HYATS reserves the right to assign, pledge, hypothecate or transfer this Franchise Agreement and/or any rights it has herein, provided that such assignment, pledge, hypothecation or transfer shall not affect materially the rights and privileges granted to FRANCHISEE herein.

18. ADDITIONAL REPRESENTATIONS. FRANCHISEE makes the following additional warranties and representations:

(a) If FRANCHISEE is a corporation: there is set forth below the names and addresses of each officer, director, and shareholder; there is included below the percentage of ownership of each shareholder (the percent owned of any class of outstanding stock of the corporation); there is attached hereto a copy of the corporation's Articles of Incorporation and Bylaws; there is attached hereto the appropriate documentation from its state of incorporation that said corporation is in good standing; and, there is attached hereto a Resolution of the Board of Directors of said corporation authorizing the execution of this Franchise Agreement.

(b) If FRANCHISEE is a limited liability company: there is set forth below the names and addresses of each manager and member; there is included below the percentage of ownership

of each member; there is attached hereto a copy of the company's Articles of Organization and Operating Agreement; and, there is attached hereto the appropriate documentation from its state of organization that said company is in good standing.

(c) If FRANCHISEE is a partnership: there is set forth below the names and addresses of each partner (distinguish general partners and limited partners if a limited partnership); there is included below the percentage of ownership of each partner; and, there is attached hereto a copy of the partnership's Partnership Agreement and, if applicable, Certificate of Limited Partnership.

(d) If FRANCHISEE is a trust: there is set forth below the names and addresses of each trustee and beneficiary; and, there is attached hereto a copy of the Trust Agreement.

Names, Addresses, and Ownership Interest Percentages:

The address where Franchisee's records are maintained is: _____

The name and business address of Franchisee's Authorized Manager is: _____

FRANCHISEE shall promptly notify HYATS in writing of any change in the information set forth above.

FRANCHISEE shall not substitute a new Authorized Manager without the prior written consent of HYATS.

IN WITNESS WHEREOF, HYATS and FRANCHISEE have executed this Franchise Agreement this ____ day of _____, 200__.

FRANCHISOR:

FRANCHISEE:

HYATS, L.L.C.

BY: _____

JOINDER

If FRANCHISEE is a corporation, each officer, director, and shareholder thereof hereby joins in the execution of this Franchise Agreement for the purpose of agreeing, ratifying, undertaking, and guaranteeing to perform all of the agreements, representations, covenants, warranties and other undertakings specified therein which are made, or to be undertaken, or which are agreed to by FRANCHISEE.

If FRANCHISEE is a limited liability company, each manager and member thereof hereby joins in the execution of this Franchise Agreement for the purpose of agreeing, ratifying, undertaking, and guaranteeing to perform all of the agreements, representations, covenants, warranties and other undertakings specified therein which are made, or to be undertaken, or which are agreed to by FRANCHISEE.

If FRANCHISEE is a partnership, each partner thereof hereby joins in the execution of this Franchise Agreement for the purpose of agreeing, ratifying, undertaking, and guaranteeing to perform all of the agreements, representations, covenants, warranties and other undertakings specified therein which are made, or to be undertaken, or which are agreed to by FRANCHISEE.

If FRANCHISEE is a trust, each trustee thereof hereby joins in the execution of this Franchise Agreement for the purpose of agreeing, ratifying, undertaking, and guaranteeing to perform all of the agreements, representations, covenants, warranties and other undertakings specified therein which are made, or to be undertaken, or which are agreed to by FRANCHISEE.

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

CERTIFICATION OF FRANCHISEE

As a material inducement for FRANCHISOR to grant FRANCHISEE a Franchise License in accordance with this Franchise Agreement, the undersigned, including all of FRANCHISEE's owners, control persons and agents who influenced FRANCHISEE's decision to enter into this Agreement, hereby disclose to FRANCHISOR any and all promises, representations, agreements, and/or understandings that are not expressly contained in this Franchise Agreement or HYATS' Franchise Offering Circular, but which induced FRANCHISEE or influenced FRANCHISEE's decision to sign this Agreement.

DESCRIBE BELOW ALL PROMISES, UNDERSTANDINGS AND/OR AGREEMENTS THAT ARE NOT EXPRESSLY CONTAINED IN THE FRANCHISE AGREEMENT, BUT WHICH INFLUENCED YOUR DECISION TO BECOME A FRANCHISEE. *If there are none, You must write "NONE."*

DESCRIBE BELOW ALL REPRESENTATIONS OR STATEMENTS THAT ARE NOT EXPRESSLY CONTAINED IN THE FRANCHISE AGREEMENT OR THE OFFERING CIRCULARS BUT WHICH INFLUENCED YOUR DECISION TO BECOME A FRANCHISEE. *If there are none, You must write "NONE."*

If You need more space to answer either query, attach and sign additional pages.

The Undersigned hereby certify that the information provided above is true, and this Certification was executed only after obtaining the advice of an attorney.

Dated this ___ day of _____, 200__.

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

HYATS FRANCHISE AGREEMENT – EXHIBIT 1

APPROVED LOCATION

HYATS FRANCHISE AGREEMENT – EXHIBIT 2

LEASE ASSIGNMENT CLAUSE

Assignment of Lease to HYATS. In consideration of HYATS, L.L.C. approving this lease and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, Lessor and Lessee mutually agree:

(1) That this lease in its entirety shall be assigned to HYATS, L.L.C. of Provo, Utah, upon HYATS' written acceptance of said assignment and upon the occurrence of one of the following events and on the same lease terms and conditions as set forth in this lease:

- (a) The Lease shall be terminated for any reason.
- (b) The Lessee's franchise license with HYATS shall be terminated for any reason.
- (c) The Lessee shall cease doing business for any reason.
- (d) The Lessee shall request in writing that the lease be assigned to HYATS.
- (e) The Lessee shall request that the Landlord assign this lease to any other entity.

(2) The parties further agree that HYATS shall have the First Right of Refusal to be assigned this lease. Neither the Landlord nor the Lessee shall assign or offer to assign this lease to any entity without first offering to assign said lease to HYATS. HYATS shall have forty-five (45) days to give its written acceptance of said assignment after receiving written notice of said assignment. Upon the occurrence of any of the events set forth above, HYATS shall have forty-five (45) days to accept assignment of said lease upon the same terms and conditions as currently exist in this lease upon written notice being received by HYATS. HYATS' acceptance of the assignment must be in writing by an authorized representative of HYATS in order to be valid and binding on HYATS.

(3) The parties also agree that HYATS shall not be liable in any way for any rents, taxes, or other obligations incurred by any party during the term of this lease. HYATS shall only be liable for rents or other expenses which it incurs as of the day of an assignment of this lease to HYATS. Any amounts owing by Lessee or Lessor shall in no way be the responsibility of HYATS and no party shall attempt in any way to collect such amounts from HYATS.

(4) Upon the occurrence of any of the events in (1) above, the Lessor and/or the Lessee shall notify HYATS in writing within fifteen (15) days of the occurrence of said event. Lessor shall offer to HYATS, in writing, the above mentioned First Right of Refusal to be assigned this lease within fifteen (15) days of Lessor's knowledge or notification of any of the events listed in (1) above.

- (5) Notice may be given to HYATS at: HYATS, L.L.C.
4833 North Edgewood Drive
Provo, Utah 84604

Address may be changed by written notice sent to Lessor and Lessee at the address listed in this lease.

HYATS FRANCHISE AGREEMENT – EXHIBIT 3

APPROVED FLOOR PLAN

HYATS FRANCHISE AGREEMENT – EXHIBIT 4
ELECTRONIC FUNDS TRANSFER AUTHORIZATION

FRANCHISOR: HYATS, L.L.C., 4833 North Edgewood Drive, Provo, Utah 84604

FRANCHISEE: _____

DEPOSITORY: Name: _____ Branch: _____
City: _____ State: _____ Zip Code: _____
Bank Transit/ABA No.: _____ Account No.: _____

HYATS and FRANCHISEE entered into a Franchise Agreement dated or effective _____, 200__, granting FRANCHISEE a conditional use Franchise License to own and operate at an approved location, either a HOGI YOGI® Franchise Restaurant, a TERIYAKI STIX® Franchise Restaurant, or, a combination HOGI YOGI® and TERIYAKI STIX® Franchise Restaurant, utilizing HYATS' Systems and Proprietary Marks.

FRANCHISEE hereby authorizes HYATS, or its affiliates, to initiate debit and/or credit correction entries to FRANCHISEE's checking and/or savings account indicated above; and, FRANCHISEE also authorizes DEPOSITORY to debit such account pursuant to HYATS' instructions.

This authority is to remain in full force and effect until DEPOSITORY has received *joint* written notification from both HYATS and FRANCHISEE of termination of such authority in such time and in such manner as to afford DEPOSITORY a reasonable opportunity to act on it. Pursuant to the Franchise Agreement, FRANCHISEE must immediately inform HYATS if FRANCHISEE changes banks or accounts. Notwithstanding the foregoing, DEPOSITORY shall provide HYATS and FRANCHISEE with thirty (30) days prior written notice of the termination of this authority. If an erroneous debit entry is initiated to FRANCHISEE's account, FRANCHISEE shall have the right to have the amount of such entry credited to such account by DEPOSITORY, if: (a) within fifteen (15) calendar days following the date on which DEPOSITORY sent to FRANCHISEE a statement of account or a written notice pertaining to such entry, or, (b) within forty-five (45) days after posting, whichever occurs first, FRANCHISEE shall have sent to DEPOSITORY a written notice identifying such entry, stating that such entry was in error, and requesting DEPOSITORY to credit the amount thereof to such account. These rights are in addition to any rights FRANCHISEE may have under federal and state banking laws.

FRANCHISEE:

DEPOSITORY:

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

HYATS FRANCHISE AGREEMENT – EXHIBIT 5

CONDITIONAL USE AGREEMENT (HYATS' SMOOTHIE MACHINE)

This Conditional Use Agreement is effective _____, 200__, by and between: HYATS, L.L.C. ("HYATS"), and, _____ ("FRANCHISEE").

A. HYATS and FRANCHISEE have entered into a Franchise Agreement dated or effective _____, 200__, granting FRANCHISEE a conditional use Franchise License to own and operate at an approved location, either a HOGI YOGI® Franchise Restaurant, a TERIYAKI STIX® Franchise Restaurant, or, a combination HOGI YOGI® and TERIYAKI STIX® Franchise Restaurant, utilizing HYATS' Systems and Proprietary Marks.

B. HYATS' Systems include particularly HYATS' proprietary: yogurt, sherbet, and fruit juice concentrates; smoothie drink preparation procedures; and, federally registered trademarks identifying smoothie drinks.

C. HYATS sets specifications and standards for appearance, cleanliness, nutrition, quality and utility as applicable for equipment, supplies and food products to ensure efficiency and uniformity in all aspects of HYATS' franchise operations.

D. To further ensure efficiency and uniformity in its franchise operations, HYATS has acquired and provides a smoothie machine for FRANCHISEE's Franchise Restaurant.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HYATS and FRANCHISEE agree as follows:

1. **Grant of Conditional Right to Use Smoothie Machine.** HYATS hereby grants FRANCHISEE, and FRANCHISEE hereby accepts from HYATS, the right to possess and use HYATS' smoothie blender Serial Number - _____ and smoothie juice machine – Serial Number– ____ – in or at FRANCHISEE's Franchise Restaurant for the purpose of preparation of smoothie drinks.

2. **Conditions of Franchisee's Right to Use.** FRANCHISEE's right to possess and use HYATS' smoothie machine is conditioned upon the following:

a. **Property of HYATS.** FRANCHISEE hereby acknowledges and agrees that the afore-described smoothie machine (and any replacement) is solely and exclusively property of HYATS; that FRANCHISEE acquires no claim, interest, right, or title to said machine, except for FRANCHISEE's limited right to use the same under the terms of this Conditional Use Agreement; and, that FRANCHISEE's right to use the same is contingent upon FRANCHISEE's continued full and timely performance under this Conditional Use Agreement as well as the afore-described Franchise Agreement – and strictly in the manner prescribed. FRANCHISEE further agrees that at no time during the terms of this Conditional Use Agreement or the Franchise Agreement, nor at any time after their expiration or termination, shall FRANCHISEE contest HYATS' right to peaceful repossession of the smoothie machine.

b. **Co-terminus Agreements.** FRANCHISEE hereby acknowledges and agrees that this Conditional Use Agreement is an amendment of, an addendum to, subject to and co-terminus with, the afore-described Franchise Agreement; that default, expiration or termination of the Franchise Agreement constitutes default, expiration and/or termination of this Conditional Use Agreement and vice versa.

CONDITIONAL USE AGREEMENT

Page 2

c. Operation, Maintenance and Care. FRANCHISEE agrees to operate, maintain and care for HYATS' smoothie machine only as instructed in HYATS' Manuals. FRANCHISEE agrees to be fully liable for all costs of repairs or replacement of HYATS' smoothie machine due to FRANCHISEE's negligence or failure to properly follow the instructions provided.

d. Maintenance and Warranty Fee. During the term of this Conditional Use Agreement, FRANCHISEE agrees to pay HYATS an annual repair or replacement warranty fee of \$240.00, payable:

- \$240.00 cash or check;
- Authorize annual advance payment of \$240.00 EFT; or
- Authorize monthly payments of \$20.00 EFT.

HYATS agrees to repair or replace its smoothie machine (not jars) if said machine proves defective or becomes inoperable due to normal use and wear.

FRANCHISEE HEREBY CERTIFIES HIS/HER/ITS ACKNOWLEDGMENT OF AND AGREEMENT WITH THE FOREGOING CONDITIONAL USE AGREEMENT:

FRANCHISEE:

Date: _____

By: _____

Its: _____