

FRANCHISE DISCLOSURE DOCUMENT

Hokulia Franchising, Inc
a Utah corporation
872 W Heritage Park Boulevard #110
Layton, Utah 84041
(801) 478-4670
www.Hokuliashaveice.com



As a franchisee, you will operate either a seasonal mobile kiosk business serving shave ice and other frozen desserts or an inline store front business offering smoothies, shave ice, scoop ice cream and other frozen desserts

The total investment necessary to begin operation of a seasonal mobile kiosk Hokulia® franchise is between \$67,100 - \$117,000 (not including rent) This includes the \$17,000 - \$38,500 that must be paid to the franchisor or affiliate Under this offering, you are permitted to purchase either a single unit or multiple units pursuant to an area developer agreement The total investment above includes the initial franchise fee of 15,000 for one unit, \$28,000 for two units, \$35,000 for three units, but only the initial inventory package and grand opening fee for the first unit to be developed of \$2,000 - \$3,500 See Items 5 and 7

The total investment necessary to begin operation of an inline store front Hokulia® franchise is between \$175,600 - \$259,500 (not including rent) This includes the \$32,000 - \$33,500 that must be paid to the franchisor or affiliate

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Mark Gilleland at 872 W Heritage Park Blvd Suite 110, Layton, Utah 84041 and (801) 478-4670

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

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

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

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STATE COVER PAGE

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

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

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

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

- 1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN UTAH. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN UTAH THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY AND MAY COMPETE WITH US AND OTHER FRANCHISEES.
- 4 IF YOU VIOLATE THE NON-COMPETE COVENANT IN THE FRANCHISE AGREEMENT OR USE OUR TRADEMARK WITHOUT OUR APPROVAL OR PERMISSION, YOU WILL BE LIABLE FOR \$75,000.
- 5 PURSUANT TO THE AREA DEVELOPER AGREEMENT, YOU MAY LOSE YOUR TERRITORIAL RIGHTS IF YOU DO NOT MEET YOUR DEVELOPMENT SCHEDULE.
- 6 IF YOU ARE AN INDIVIDUAL WHO OWNS 5% OF GREATER INTEREST IN THE FRANCHISE BUSINESS, YOU MUST PERSONALLY GUARANTEE THE PERFORMANCE OF ALL YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND AGREE TO BE

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