FRANCHISE DISCLOSURE DOCUMENT

®

Reali Holdings Company, Inc. d/b/a Amato's
A Maine Corporation
312 St. John Street
Portland, Maine 04102
(207) 828-5981
www.amatos.com

Amato's is offering franchises for the use of the trademark "AMATO'S" or "AMATO'S XPRESS" and related trademarks and service marks for the operation of an AMATO'S retail sandwich shop store featuring a full service menu of Italian theme entrees, including, without limitation, cold and hot sandwiches, pizza, bread, calzones, salads and pasta.

We currently offer two types of franchises, full size and Xpress. The total investment necessary to begin operation of a full size AMATO'S ranges from $435,000 to $738,000, including $25,885 to $26,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of an AMATO'S XPRESS ranges from $189,000 to $434,000, including $15,520 to $15,650 that must be paid to the franchisor or affiliate. We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple AMATO'S or AMATO'S XPRESS stores in a Designated Development Area.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Pasquale Timothy Ferrante at 312 St. John Street, Portland, Maine 04102 and (207) 828-5981.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.
The issuance date: April 30, 2023.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F & G
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Amato's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Amato's franchisee?	Item 20 or Exhibits F & G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. The Franchise Agreement Requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Maine. Out of state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to medicate, arbitrate or litigate with the franchisor in Maine rather than your own state.

2. There may be other risks concerning this franchise.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

ITEM 1

THE FRANCHISOR AND ANY PARENT, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, the word "AMATO'S" and "we, us, or our" means Reali Holdings Company, Inc. d/b/a Amato's, the franchisor of this business. "You or your" means the person who buys the franchise and includes any owners of a franchise entity. If you are a corporation, partnership, limited liability company, or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted.

The Franchisor

AMATO'S is a Maine corporation. We do not do business under any other name. Our principal business address is 312 St. John Street, Portland, Maine 04102. We have offered franchises since May 1, 2002. We do not and have not previously offered franchises in any other line of business or under any other name.

Our agent for service of process in Maine is Timothy J. Bryant, Esq., Preti Flaherty, LLP, One City Center, P.O. Box 9546, Portland, Maine 04112-9546. Our other agents for service of process are disclosed in **Exhibit A**.

Our Parents, Predecessor and Affiliates

Our affiliate and predecessor is Amato's Sandwich Shops Inc. ("ASSI"), a Maine corporation established on October 13, 1971. ASSI also maintains its principal address at 312 St. John Street, Portland, Maine 04102. ASSI and its affiliate MIMMO, Inc. are distributors of our Proprietary and related products supplied to you and other franchisees as described in Item 8. ASSI and its affiliate, Amato's Enterprises, Inc., collectively operate 12 Amato's stores, which are similar to the business you will operate. The original store was originally opened over fifty (50) years ago on India Street in Portland, Maine. ASSI, MIMMO, Inc. and Amato's Enterprises, Inc. are separate corporations from us and neither ASSI, MIMMO, Inc. nor Amato's Enterprises, Inc. and/or us are liable for the acts or omissions of the other. We have no other predecessors or affiliates. No affiliate or predecessor has previously offered franchises in this or any other line of business.

The Business

We offer franchises for the operation of businesses in conjunction with the marks "AMATO'S," "AMATO'S XPRESS" and certain associated logos (collectively referred to as the "Marks") and in accordance with our "System" which is described in our Franchise Agreement attached to this Disclosure Document as Exhibit C. We refer to the AMATO'S and AMATO'S XPRESS store you and other franchisees operate as a "Franchised Business." The franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, training methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Amato's and Amato's Xpress Businesses ("**System**"). We reserve the right to change or otherwise modify the System at any time at our sole discretion.

You must operate your Franchised Business per our standard business operating practices. Your Franchised Business must offer only authorized services and products. We reserve the right to add, modify, or delete any services or products that you must offer or sell as part of your Franchised Business at any time at our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Franchised Business.

We offer two types of franchises, a full size AMATO'S Franchised Business, and an AMATO'S XPRESS Franchised Business. A full size AMATO'S Franchised Business is a retail sandwich shop store featuring a full service menu of Italian theme entrees, including, without limitation, cold and hot sandwiches, pizza, bread, calzones, salads and pasta. An AMATO'S XPRESS Franchised Business is a retail sandwich shop store featuring a limited service menu of the same type of Italian theme entrees.

We also offer to select qualified persons the opportunity to acquire the exclusive right to develop multiple AMATO'S or AMATO'S XPRESS stores in a Development Area. If you purchase a Development Area, you must execute our Area Development Agreement. You must also execute our then-current form of Franchise Agreement for each AMATO'S or AMATO'S XPRESS stores you open in your Development Area. For each future AMATO'S or AMATO'S XPRESS opened under an Area Development Agreement, you may be required to sign a form of franchise agreement that is different from the form of franchise agreement included in this Franchise Disclosure Document.

The distinguishing characteristics of our System include the distinctive exterior and interior layout along with our design and color scheme; exclusively designed signage, decorations and furnishings; our Confidential Operations Manual; service procedures and techniques; operating procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion and advertising.

General Description of the Market and Competition

We target the general public as potential customers for Franchised Businesses. You should expect competition from other businesses that offer similar and dissimilar items. The general market for retail sandwich shops is generally very competitive. You may also encounter competition from other AMATO'S, AMATO'S XPRESS and/or other AMATO's branded stores operated by us or other franchisees.

You will also face normal business risks that could have an adverse affect on your AMATO'S or AMATO'S XPRESS store. These include industry developments, such as supply and demand. Another risk factor is our dependence on key personnel, the loss of whom could have an adverse effect on us. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, against you or us, which may not be foreseeable.

Regulations Specific to the Food Service Industry

In addition to laws and regulations that apply to businesses generally, your Franchised Business will be subject to federal, state, and local regulations and guidelines governing the food service industry. The Food and Drug Administration, the United States Department of Agriculture and other governmental agencies have established rules affecting the business. You should investigate federal, state, county and local health and consumer protection laws and regulations concerning food preparation, handling and storage, "Truth in Menu" concerning menu items names and product labeling, nutritional claims and access to your business by persons with disabilities (under the federal Americans with Disabilities Act). You should also be aware of federal, state and local labor regulations, including minimum age and minimum wage laws. Local zoning rules should be investigated because they may limit where you can locate a business and may affect design features, including the facade and signage. You should be aware of federal, state and local environmental laws which may affect disposal of waste materials and the packaging you may use. The details of state, county, and local regulations and requirements vary from place to place. We also require you to comply with all local, state and federal laws in the operation of your business. You should talk to a lawyer regarding cost and compliance with these laws and regulations.

ITEM 2

BUSINESS EXPERIENCE

President & Owner: Dominic Reali

Mr. Reali has been the President and Owner of Amato's affiliate, ASSI, since his purchase of the first location on India St. in 1972. Dominic's story is the classic American dream. A local boy from an immigrant family who struggled, persevered and succeeded in creating a thriving and growing business in the State of Maine. Mr. Reali now has 13 company-owned locations, a bakery and a deli. He has served as President of Amato's since its creation on January 28, 2002.

Chief Financial Officer: Marikay S. McGinty

Ms. McGinty has been with Amato's affiliate, ASSI, since 1984. In her capacity as Chief Financial Officer, she manages all the bookkeeping and financial information for the company. She has served as the Chief Financial Officer of Amato's since its creation on January 28, 2002.

Franchise Coordinator: Timothy Ferrante

Mr. Ferrante has been with Amato's affiliate, ASSI, since 1982. Previously, Mr. Ferrante held the positions of Assistant Store Manager, Store Manager, District Manager and has been the store opening coordinator for our most recent stores. He has served as the Franchise Coordinator of Amato's since its creation on January 28, 2002.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Franchises

Franchisees pay an initial franchise fee of $25,000 (“Franchise Fee”) to operate one full size AMATO’S Franchised Business and $20,000 for the third and each subsequent Franchised Business; and an initial $15,000 to operate each AMATO’S XPRESS Franchised Business. You must pay us the Franchise Fee in a lump sum when you execute the Franchise Agreement.

The Franchise Fee is not refundable under any circumstances except if we, in our discretion, determine that you are unable to satisfactorily complete the training program described in Item 11 of this Disclosure Document; then, we may terminate the Franchise Agreement and, if so, we will return $5,000 of the Franchise Fee to you.

Before you open your Franchised Business, you must purchase an initial inventory of Proprietary Products as described in Item 8. Your initial purchase of Proprietary Products will vary depending upon the size of your Authorized Location, season, supplier, and other related factors. We estimate your initial inventory of Proprietary Products will range from $15,000 to $25,000 for a full size AMATO’S Franchised Business and $10,000 to $15,000 for an AMATO’S XPRESS Franchised Business. If your Franchised Business is located in the MIMMO, Inc. distribution area, which at the current time consists of the greater Portland area, then approximately $1,000 of this amount will be paid to our affiliate, MIMMO, Inc. for a full size AMATO’S Franchised Business, and approximately $650 of this amount will be paid to our affiliate, MIMMO, Inc. for an AMATO’S XPRESS Franchised Business. If your Franchised Business is not located in the MIMMO, Inc. distribution area, then approximately $885 of this amount will be paid to our affiliate, MIMMO, Inc. for manufactured products for a full size AMATO’S Franchised Business, and approximately $520 of this amount will be paid to our affiliate, MIMMO, Inc. for manufactured products for an AMATO’S XPRESS Franchised Business. Your purchase of Proprietary Products is not refundable under any circumstances.

The Initial Franchise Fee described above is uniform for anyone acquiring a franchise, except for internal candidates, seeking to operate a full size Amato’s Franchised Business. Except as may be discussed in Item 5, no fees are collected by or for a third party. The Initial Franchise fee for these internal candidate(s) is $15,000 due at signing, $5,000 due at end of year one, $5,000 due at end of year two. For the third and any subsequent Franchised Business the franchise fee will be $10,000 due at signing, $5,000 due at end of year one, and $5,000 at end of year two. Internal candidate is defined as any one manager who is currently employed by a company owned or affiliate owned by ASSI.

Area Development Rights

At our discretion, we may offer to select qualified candidates the opportunity to acquire the exclusive right to develop and operate multiple Franchised Businesses in a Designated Development Area. The Designated Development Area will be established based on the consumer demographics of the Designated Development Area, geographical area, city, county or other boundaries. If you are purchasing a Designated Development Area, you must execute our Area Development Agreement, which is attached to this Franchise Disclosure Document as Exhibit J. The Area Development Agreement will grant you the right to open a mutually agreed upon number of Franchised Businesses in the Designated Development Area in accordance with a specified Development Schedule.

You must pay us an Area Development Fee equal to $10,000.00 for each AMATO'S store and $5,000 for each AMATO'S XPRESS store you agree to establish in the Designated Development Area. You also must pay us the full amount of the then-current Franchise Fee for the first Franchised Business you open. For each subsequent Franchised Business you open under your Area Development Agreement you will pay a Franchise Fee, which is calculated in the same manner as the Franchise Fee being charged to new franchisees, at the time you sign each subsequent Franchise Agreement. After your first AMATO'S or AMATO'S XPRESS store is opened and operating, you will receive a credit of $10,000 or $5,000, respectively, toward the payment of each subsequent Franchise Fee. The Franchise Fee for your second and subsequent Franchised Businesses may be higher than the Franchise Fee for your first Franchised Business.

You must pay the Area Development Fee when you sign the Area Development Agreement. In all circumstances the Area Development Fee and related Franchise Fees are deemed fully earned and are nonrefundable once paid regardless of whether you ultimately open any of your Franchised Businesses.

The Area Development Fee and related Franchise Fees may not be uniform due to the variable nature of negotiations, including, without limitation, the size of the Designated Development Area to be developed, the number of Franchised Businesses to be opened in the Designated Development Area, demographic data and trends and economic conditions; and we reserve the right to charge different Area Development Fee(s) and related Franchise Fees at any time in our sole discretion.

If you form an entity to open any of the additional Franchised Businesses within the Development Area, you must own at least 51% of the issued equity securities in each entity. You must provide us with documentation to show your ownership interest.

ITEM 6

OTHER FEES

Below is a detailed description of other recurring or isolated fees or payments that you must pay to us or that we impose or collect for a third party under the terms of the Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Royalty Fees*	6% of Gross Sales	Monthly	See definition of Gross Sales.[1 & 2] (Section 1 & 3.2)
Systemwide Advertising Fund*	Up to 1% of Gross Sales	Monthly	No fee is currently assessed but we reserve the right to charge one. (Section 3.3)
Local Advertising	2% of Gross Sales	Monthly	You pay directly subject to our approval. (Section 10.1) Payable to suppliers of advertising.
Cooperative Advertising*	Proportional share but not to exceed 2.5% of Gross Sales; credited toward Local Advertising requirement	As directed	We may establish a cooperative within your regional marketing area. (Section 10.3) Payable as directed to us or suppliers of advertising.
Audit*	Cost of audit plus interest on underpayment	As invoiced	Payable only if the audit shows an understatement in amounts due of at least 5%. Interest begins from the date of underpayment. (Section 11.5)
Interest on Late Payments*	Highest applicable legal rate, not to exceed 18% per annum	After due date	Applies to all Royalty Fees, Advertising Fund contributions and amounts due for purchases from us or affiliates. (Section 3.5)
Proprietary Products	Will vary under circumstances	As invoiced	You will need to replenish your inventory of Proprietary Products in order to meet customer demand. (Franchise Agreement, Section 12.3)
Suppliers Approval*	Reasonable cost of inspection and actual cost of test not to exceed $1,000	Time of inspection	Applies to new suppliers or supplies you wish to purchase that we have not approved. (Section 12.4)
Insurance Policies[3]	Amount of unpaid premiums	You must have the policies within 60 days after signing the Franchise Agreement	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. (Section 14)
Transfer Fee*	50% of initial franchise fee	At the time of transfer	This transfer fee does not apply to an assignment of interest to a controlled entity under Section 18.3 of the Franchise Agreement. (Section 18.2.6)
Ongoing Training*	You are required to pay your expenses as well as your employees expenses in attending these programs	Time of program	Attendance will not be required more than 1 time per year and will not last more than *5* days and/or a maximum of 40 hours of training. (Section 9.4)
Cost of Enforcement*	All costs including attorneys' fees	As invoiced	You will reimburse us for all costs in enforcing obligations. (Section 21.3)
Indemnification*	All costs including attorneys' fees	As invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business. (Section 20.2)

Type of Fee	Amount	Due Date	Remarks
Late Report Fee*	$100.00 per violation	As incurred	Payable only if a required report or financial statement is not delivered when due. (Section 11.6)
Additional On-Site Assistance*[4]	$250.00 per day plus travel expenses, lodging and meals	Payable 30 days after billing	We provide 40 (40) hours over one (1) week of initial opening assistance at no additional charge If you require or request additional on-site assistance, we reserve the right to charge you a daily flat fee, plus travel expenses, lodging and meals, for each of Franchisor's employees or designees that provide the requested additional on-site assistance to you for each day the assistance is provided. (Section 9.6)
Seminars, Conventions or Programs*	You must pay your expenses, conference fees, if any, as well as the expenses your Designated Business Manager and employees incur in attending these meetings. The estimated range of costs is $1000.00-$2,500.00 per person plus materials estimated at $250.00	As incurred	We reserve the right to conduct periodic meetings of all Franchisees, including a mandatory annual convention. All convention fees must be paid in advance according to the convention fee schedule outlined in the Operations Manual. (Section 9.5)

* Denotes fees which are imposed and payable to us or our Affiliates. All fees paid to us or our Affiliates are non-refundable under any circumstances once paid except as provided in Item 5. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to the Franchise Agreement or any other form that we may accept) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported your Franchised Business's Gross Sales to us for any reporting period, then we shall be authorized, at our option, to debit your account for (a) the fees transferred from your account for the last reporting period for which a report of your Franchised Business's Gross Sales was provided to us; or (b) the amount due based on information retrieved from any approved Computer System.

All citations of Section numbers throughout this Disclosure Document are referenced to the Franchise Agreement, attached to this Disclosure Document as Exhibit C, unless designated otherwise. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All fees for our individual Franchise Agreements are uniform. None of the fees for our Area Development Agreements are uniform.

NOTES

1. Gross Sales. The term Gross Sales means the aggregate of all revenue in connection with the Franchised Business and other services and products from all sources in connection with the Franchised Business whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance but excluding all refunds made in good faith and any sales and equivalent taxes which are collected by you for or on behalf of any governmental authority. (Section 1)

2. Royalty Fees. The Royalty Fee described above is uniform for anyone acquiring a franchise, except internal candidates seeking to operate a full size Amato's Franchised Business. Royalty Fees for these internal candidates is four percent (4%) in the first year of operation; five percent (5%) in the second year of operation; and six percent thereafter. Amato's Xpress Franchisees shall pay a monthly Royalty Fee payment of four percent (4%) of Gross Sales up to $350,000, and six percent (6%) of Gross Sales over $350,000. Once an Amato's Xpress Franchisee has achieved Gross Sales equal to or greater than $350,000 in any consecutive period of twelve (12) months, the Royalty Fee shall permanently become 6% of Gross Sales for the remaining term and any extensions of the Franchise Agreement.

3. Insurance Policies. You shall procure, at your sole expense, and maintain in full force and effect during the term of the Franchise Agreement the following insurance naming us as additional insured and/or loss payee, in addition to any other insurance that may be required by applicable law, any lender or lessor: (Section 14)

A. "All Risk" coverage insurance on all contents including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business for "replacement cost" coverage.

B. Workers' Compensation that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a $100,000 minimum limit or the statutory minimum limit if required by state law.

C. Comprehensive General Liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business in the amount of $l,000,000.

D. Automobile Liability Insurance for owned, hired and non-owned vehicles, with a combined single limit of at least $1,000,000.

E. Employment practices liability insurance coverage in the amount of $1,000,000.

E. Such other insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.2 of the Franchise Agreement.

F. The amounts required herein may be modified from time to time by us to reflect inflation or future experience with claims.

G. All public liability and property damage insurance policies shall include a provision that we, although named as an insured, shall nevertheless be entitled to recovery under the policies for any loss, injury, or damage to us, our employees, and agents, by reason of your negligence. To the extent obtainable, all insurance policies required by the Franchise Agreement shall provide that the insurer waives subrogation or other right of recovery against us.

4. Additional On-Site Assistance. The Initial Franchise Fee includes approximately 160 hours over 4 weeks of initial training for a full size AMATO'S Franchise Business and approximately 120 hours over 3 weeks for an AMATO'S XPRESS Franchise Business for you or, if you are a legal or business entity, your Designated Business Manager, and one additional person. You will be responsible for all travel expenses for all participants attending the initial training program including airfare, lodging, meals, ground transportation and personal expenses. The training will be at our Portland, Maine headquarters or another location designated by us. We will also provide you, at no cost to you, on-site assistance and guidance for approximately 40 hours over 1 week, for both types of franchises, subject (as to timing) to the availability of our personnel. After completion of the initial training program and the initial opening support, we will provide additional telephone assistance at no cost. If you require or request additional on-site assistance beyond what is provided by us, you can request that we send a representative to provide further assistance to you. If we provide additional assistance at your request, we must agree in advance to the charges you will pay and the length of the visit. The cost of additional assistance will depend on your needs and the amount of assistance you desire. We may also require you to receive additional assistance if you are not meeting our requirements or if we determine, at our sole discretion, additional pre-opening or post-opening assistance is required or if we determine that it is necessary for us to provide additional assistance to you to keep the System competitive. Such additional assistance will be at your expense as described above. Our current published rate for additional assistance is $250.00 per day plus the cost of travel, meals, and room and board, but we reserve the right to adjust that rate periodically in our Operations Manual. This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of your business.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

We anticipate that you will incur the following estimated initial expenditures in the establishment of a Franchised Business.

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
	Amato's	Amato's Xpress			
Franchise Fee[1]	$25,000	$15,000	Cashier's Check	Upon Signing Franchise Agreement	Us
Real Estate/Rent[2]	$35,000-$70,000	$20,000-$30,000	As Arranged	Before Beginning Operations	Lessor
Utility Deposits[3]	$4,000-$5,000	$2,000-$4,000	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements[4]	$150,000-$250,000	$40,000-$125,000	As Arranged	Before Beginning Operations	Third Parties
Furniture, Fixtures & Equipment[5]	$125,000-$250,000	$80,000-$175,000	As Arranged	Before Beginning Operations	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Inventory[6]	$15,000-$25,000	$10,000-$15,000	As Arranged	Before Beginning Operations	MIMMO, Inc., Approved Suppliers
Insurance[7]	$7,000-$9,000	$3,000-$5,000	As Arranged	Before Beginning Operations	Insurance Carrier
Signage[8]	$25,000-$35,000	$3,000-$15,000	As Arranged	Before Beginning Operations	Approved Suppliers
Office Equipment & Supplies[9]	$11,000-$15,000	$1,000-$10,000	As Arranged	Before Beginning Operations	Third Parties
Grand Opening[10]	$5,000-$8,000	$1,000-$6,000	As Arranged	First 3 Months Of Operation	Third Parties
Training[11]	$10,000-$12,000	$2,000-$10,000	As Arranged	Before Beginning Operations	Third Parties
Legal/Accounting/ Licenses/Permits[12]	$3,000-$4,000	$2,000-$4,000	As Arranged	Before Beginning Operations	Third Parties, Licensing Authority
Additional Funds[13] (3 months)	$20,000-$30,000	$10,000-$20,000	As Arranged	As Necessary	You Determine
TOTAL[14]	$435,000-$738,000	$189,000-$434,000			

NOTES

1. Franchise Fee. The franchise fee is described in greater detail in Item 5 of this Disclosure Document.

2. Real Estate/Rent. You must provide suitable premises on which to operate the Franchised Business. You will require approximately 2,500 square feet of space for a full size Amato's Franchised Business and approximately 1,000 square feet of space for an Amato's Xpress Franchised Business. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon variance in square footage, cost per square foot and required maintenance costs. We assume the landlord will require the first month's rent and a security deposit equal to one month's rent. The amounts paid are typically not refundable except for a security deposit, which may be refunded.

3. Utility Deposits. You will generally incur certain deposits with local utilities, for example, electric, telephone, gas, water, Internet connection, and others. The deposit will vary depending upon the policy of the local utility.

4. Leasehold Improvements. To convert the existing facility into a Franchised Business, the facility must be renovated according to our standards and specifications. The cost of leasehold improvements will vary based upon size, condition, and location of the Authorized Location, local wage rates, and material costs.

5. Furniture, Fixtures & Equipment. You will be required to purchase and/or lease and install fixtures, furniture, equipment, and decor necessary to operate your Franchised Business. The cost of the furniture, fixtures, and equipment will vary according to local market conditions, the size of the Authorized Location, suppliers, and other related factors.

6. Initial Inventory. You will be required to purchase an initial inventory of food products for resale including an initial inventory of Proprietary Products from our approved suppliers of $15,000 to $25,000 for a full size AMATO'S Franchised Business and $10,000 to $15,000 for an AMATO'S XPRESS Franchised Business, as more fully described in Item 8. These costs will vary based upon the size and location of the Franchised Business, season, suppliers and other related factors. The required initial inventory purchases from franchisor's affiliate MIMMO Inc., are approximately $885 to $1600 for a full size AMATO'S and between $520-$650 for an AMATO'S XPRESS.

7. Insurance. Requirements are described in greater detail in Item 6 of this Disclosure Document. Factors that may affect your cost of insurance include location of the Franchised Business, value of the leasehold improvements, amount of inventory and other factors.

8. Signage. This range includes the cost of all signage used in the Franchised Business. The costs will vary based upon the size of the Franchised Business, location of the Franchised Business and local wage rates.

9. Office Equipment & Supplies. You must purchase general office supplies including stationery, business cards, and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, suppliers, and other factors. This amount includes costs related to the purchase of specified computer hardware and software for a point-of-sale system.

10. Grand Opening. You will be required to spend a minimum of $5,000 on grand opening marketing during the first 3 months of operation for a full size AMATO'S Franchised Business and a minimum of $1,000 for an AMATO'S XPRESS Franchised Business. You may choose to spend more. Factors that may affect your decision on the actual amount to spend includes local media cost, location of the Franchised Business and customer demographics in the surrounding area.

11. Training. You are not charged an additional fee for initial training. You, however, are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of your business.

12. Legal/Accounting/License/Permits. These amounts will be incurred for costs such as pre-construction and operating licenses and permits. Your actual costs may vary from the estimates based on the requirements of local government agencies.

13. Additional Funds. Such amounts are the minimum recommended levels to cover operating expenses, including employee's salaries for the start-up phase of the business, which we calculate as 3 months. However, we cannot guarantee that such an amount will be sufficient. Additional working capital may be required if sales are low or fixed costs are high.

14. Total. This total is an estimate of your initial investment and the expenses you will incur during the first 3 months of operations. In compiling this chart, we relied on our management and affiliate's 30 years of experience in operating a business similar to a Franchised Business. The amounts shown are estimates only and may vary for many reasons including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish your Franchised Business in compliance with our Franchise Agreement and the standards and specifications contained in our Confidential Operations Manual ("Operations Manual"), to which we will provide you access. In addition, you must provide specified services and sell specified products.

Except as indicated below, you are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the Franchised Business from us or our designees.

Proprietary Products

We have developed certain products for use in the Franchised Business, which are prepared from highly confidential secret recipes and that are our trade secrets. Because of the importance of quality and uniformity of production and the significance of the use of the products in the Franchised Business, we will require you to use only our secret recipe products. These products are referred to throughout this Disclosure Document and the Franchise Agreement as "Proprietary Products." A list of Proprietary Products is set forth in Exhibit H attached to the Franchise Agreement. We reserve the right to add additional products to this list in the future. As noted in Items 1, 5 and 7, you must purchase all required Proprietary Products from our affiliate, MIMMO, Inc. and/or our approved suppliers. Currently, MIMMO, Inc. d/b/a Amato's Bakery is the exclusive manufacturer of all the bread products listed in Exhibit H of the Franchise Agreement. MIMMO, Inc. d/b/a Amato's Bakery is an Approved Supplier of the bread products listed in Exhibit H of the Franchise Agreement, but it is not the only Approved Supplier of these products. MIMMO, Inc. d/b/a/ Amato's Bakery will sell the bread products listed in Exhibit H of the Franchise Agreement to you and other franchisees at a price which is equal to its cost to produce plus a reasonable markup consistent with the industry. The prices charged will also be affected by market conditions. For the fiscal year ended December 31, 2022, our revenues from franchisees' required purchases of Proprietary Products were $4,842, or 48% of our total revenue of $10,087.00. During fiscal year 2022, our affiliate, MIMMO, Inc. d/b/a Amato's Bakery's, revenue from the sale of required purchases of bread products was $837,134.

All of the other Proprietary Products listed in Exhibit H of the Franchise Agreement are sold by our approved suppliers. In fiscal year 2022, we received $4,842 in rebates from approved suppliers and/or manufacturers related to franchisees' required purchases of other Proprietary Products listed in Exhibit H of the Franchise Agreement. We expect to continue to derive revenue from franchisees' required purchases from approved suppliers and/or manufacturers in the next and following fiscal years through a program of rebates from some and/or all of our approved suppliers and/or manufacturers. These rebates serve to partially reimburse us for our costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards of our approved suppliers and/or manufacturers. We do not anticipate receiving rebates from all of our approved suppliers and/or manufacturers because in many cases we will instead negotiate promotional considerations or proportional reductions in the invoice price of the products sold to our affiliate, ASSI's Amato's stores. We do not undertake any obligation to negotiate proportional price reductions, as each supplier has its own position on granting (and tracking/accounting for) price reductions versus rebates.

Except for the bread products sold by our affiliate, MIMMO, Inc. d/b/a Amato's Bakery, neither we, nor any affiliate are an approved supplier for any category of Proprietary Products. However, we reserve the right to become an approved supplier (or appoint an affiliate as an approved supplier) of Proprietary Products in the future.

Your purchases of Proprietary Products from MIMMO, Inc. d/b/a/ Amato's Bakery and/or approved suppliers for a full size AMATO'S Franchised Business represents approximately 80% of your total food purchases in connection with the establishment of your Franchised Business. We estimate that required purchases make up 7% of your total initial investment and approximately 20% of your annual operating expenses. Your purchases of Proprietary Products from MIMMO, Inc. d/b/a/ Amato's Bakery and/or approved suppliers for an AMATO'S XPRESS Franchised Business represents approximately 85% of your total food purchases in connection with the establishment of your Franchised Business. We estimate that required purchases make up 5% of your total initial investment and approximately 16.5% of your annual operating expenses for an AMATO'S XPRESS Franchised Business.

Our President and owner, Dominic Reali, owns 100 percent of MIMMO, Inc. d/b/a Amato's Bakery.

Approved Suppliers

We require that all equipment, fixtures, furniture, signs, forms, marketing materials, stationery, food products (including the Proprietary Products described above) and other materials required for the operation of the Franchised Business be purchased from suppliers who demonstrate to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have first been approved in writing by us and not thereafter disapproved.

If you desire to purchase any items from an unapproved supplier, you will submit to us a written request for such approval, and have such supplier acknowledge in writing that you are an independent entity from us and that we are not liable for debts incurred by you. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory designated by us for testing. We may also require that the supplier comply with such other reasonable requirements, as we may deem appropriate. We reserve the right, at our option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of our then-current criteria. You or the supplier may be charged for the costs of our testing of a product or supplier in an amount not to exceed $1,000. (Section 12.4)

We apply the following general criteria in approving a proposed supplier: ability to provide sufficient quantity of product; quality of products and/or services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier.

If you desire to apply the AMATO'S Marks to any goods in connection with franchise operations, the approved supplier must agree to use and apply the AMATO'S Marks in accordance with our guidelines. These goods include, without limitation, paper goods, uniforms, stationery, brochures, signs, flyers, menus, and other printed items.

Computer System

You are required to purchase and utilize the Toast point of sale system. This system requires that you maintain an internet connection. You should choose a provider in your area that gives 24/7 internet access. A minimum of 12Mbs download speed, and 2Mbs upload speed are required. It is strongly suggested that you also maintain a backup connection via 4gLTE modem, in case your primary connection fails.

Presently, a Franchised Business must be equipped, at a minimum, with the following:

1. A back office computer system running a minimum of Microsoft Windows 7 Professional. The system should include a laser printer to print documents and reports as needed.
2. Microsoft Office 2010 or greater.
3. A current SonicWall secure gateway product with proper licenses to secure the device and connect to our management system. There is a yearly cost to keep the device up to date and supported.
4. The Toast POS system configured for your environment. It consists of POS rated tablets, printers and cash drawers.as required.
5. An Ubiquity access point device for wireless access of the tablets in the POS system mentioned above.
6. A label printer for printing stickers containing pricing, nutritional and hold time information.
7. Necessary wiring, switching and termination equipment to connect the systems in store.

Insurance

You must purchase insurance meeting the specifications as provided in Item 6 of this Disclosure Document. We do not derive revenue as a result of your purchase of insurance. However, we reserve the right to negotiate such purchase or supply agreements in the future.

Miscellaneous

We may negotiate group rates, as appropriate, for purchases of equipment and supplies necessary for the operation of the Franchised Business. Presently, there are no such purchasing or distribution cooperatives in effect. However, we reserve the right to negotiate such purchase or supply agreements in the future.

Except as described above, neither we nor our Affiliates derive revenue or other material consideration from any third-party suppliers as a result of purchases by you or any other franchisee.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional Franchised Businesses) based on whether or not you purchase through the sources we designate or approve, however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation		**Section In Agreement**	**Disclosure Document Item**
a.	Site selection and acquisition/lease	Franchise Agreement ("FA") Section 5; Area Development Agreement ("ADA") Sections 3, 5 and Appendix A	Item 12
b.	Pre-opening purchases/leases	FA Sections 5, 13, and 14; No obligation under ADA	Items 7 and 8
c.	Site development and other pre-opening requirements	FA Sections 5 and 9; ADA Sections 2-5 and Appendix C	Items 6, 7 and 11
d.	Initial and ongoing training	FA Sections 9.1 and 9.4; No obligation under ADA	Items 6, 7, 11
e.	Opening	FA Sections 5 and 13; ADA Sections 3, 5 and Appendix C	Item 11
f.	Fees	FA Sections 3, 10, 13, 14, 16, 18 and 20; ADA Sections 4, 5, 7 and 13.3	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	FA Sections 6, 7, 8, 10 and 11; ADA Section 5	Item 8
h.	Trademarks and proprietary information	FA Sections 6, 7 and 8; ADA Sections 1 and 2	Items 13 and 14

Obligation		Section In Agreement	Disclosure Document Item
i.	Restrictions on products/services offered	FA Sections 5, 6 and 8; No obligation under ADA	Items 8 and 16
j.	Warranty and customer service requirements	FA Section 12; No obligation under ADA	Item 16
k.	Territorial development and sales quotas	None; ADA Sections 2, 3 and 5, Appendix A-B	Item 12
l.	Ongoing product/service purchases	FA Section 12; No obligation under ADA	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	FA Sections 5 and 15; No obligation under ADA	Items 6 and 17
n.	Insurance	FA Section 14; No obligation under ADA	Items 6, 7 and 8
o.	Advertising	FA Section 10; No obligation under ADA	Items 6 and 11
p.	Indemnification	FA Section 20.2; No obligation under ADA	Item 6
q.	Owner's participation/ management/staffing	FA Section 12; No obligation under ADA	Item 15
r.	Records and reports	FA Section 11; No obligation under ADA	Items 9 and 11
s.	Inspections and audits	FA Sections 6 and 11; No obligation under ADA	Items 6, 11 and 13
t.	Transfer	FA Section 18; ADA Section 10	Items 9 and 17
u.	Renewal	FA Section 4; ADA Section 2.3	Item 17
v.	Post-termination obligations	FA Section 17; ADA Sections 2, 11 and 12.	Item 17
w.	Non-competition covenants	FA Section 17.2; ADA Section 12	Item 17
x.	Dispute Resolution	FA Section 22; ADA Section 14	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your lease or other obligations.

Occasionally various lenders notify us of their willingness to offer financing arrangements to franchisees. We will provide you with the names and addresses of those lenders, if you request the information. If you are interested in participating in a financing arrangement with any lender, you should look solely to that lender for any information relating to terms, eligibility and availability of the financing arrangement offered by the lender. Entering into a financing arrangement with any lender must be based solely on your business judgment and after you have performed all due diligence you deem necessary.

We do not currently place financing with anyone and do not receive any payment for the placement of financing. We do not have any past or present practice or intention to sell, assign or discount to any third party, in whole or in part, any financing arrangements. We reserve the right to offer financing or assist franchisees in obtaining financing in the future.

ITEM 11.

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

A. Pre-Opening Assistance:

Before you open your Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. Approve the Authorized Location you have selected from which you will operate the Franchised Business. (Section 5.1). We do not currently own sites for leasing to franchisees.

If you have a potential site for Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site which meets our standards and criteria and that is acceptable to us.

The general site selection and evaluation criteria which we consider in approving your site includes traffic patterns, ease of ingress and egress, available parking, lease terms, proximity of other AMATO'S and AMATO'S XPRESS stores and other similar businesses and general suitability of the surrounding areas. We will provide you with written notice of our approval or disapproval of any proposed site within 30 days after receiving all requested information.

We will approve the location of any future additional Franchised Businesses and related territories, if applicable. Our then-current standards for sites and territories will apply.

You must select a site within forty-five (45) days after execution of the Franchise Agreement. We have 30 days from your written proposal to approve or disapprove any site you propose. We approve or disapprove sites in writing. If you and we cannot agree upon a location within three months following the date we sign the Franchise Agreement, then we can terminate the Franchise Agreement. (Section 5.1).

2. Approve the lease for the premises from where you will operate the Franchised Business. (Section 5.2).

WE DO NOT REPRESENT THAT WE OR ANY OF OUR EMPLOYEES HAVE SPECIAL EXPERTISE IN SELECTING SITES OR THAT THE FRANCHISED BUSINESS WILL BE PROFITABLE OR SUCCESSFUL BY BEING LOCATED AT THE APPROVED SITE. OUR APPROVAL OF THE SITE AND LEASE IS INTENDED ONLY TO INDICATE THAT THE PROPOSED SITE MEETS OUR MINIMUM CRITERIA BASED UPON OUR GENERAL BUSINESS EXPERIENCE.

3. Provide you specifications for the design and layout of the Franchised Business along with a list of required fixtures, equipment, furnishings, decor and signs, which you are required to purchase and install. (Section 5.3.1).

4. Provide an initial training program of approximately 160 hours over 4 weeks for a full size AMATO'S Franchised Business and approximately 120 hours over 3 weeks for an AMATO'S XPRESS Franchised Business. You must pay for airfare, lodging, meals, ground transportation, salaries and benefits, and any other personal expenses for yourself and any additional attendees which are incurred during this time. You must complete the required training 60 days before the scheduled opening date. This training is described in detail later in this Item. (Section 9.1).

5. Provide to you on-site assistance and guidance for approximately 40 hours over 1 week, for both types of franchises, subject (as to timing) to the availability of our personnel. There are no charges for this service. If you request that our representative stay for more than 40 hours over 1 week, we may charge you a daily fee and you must reimburse us for all additional lodging, food and transportation costs we incur during the additional time period. (Section 9.2).

6. Provide access to the AMATO'S or AMATO'S XPRESS Operations Manuals, as more fully described in Section 8 of the Franchise Agreement. The Operations Manual consists of one or more manuals, or other written materials and may be modified by us periodically in our discretion. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. The Table of Contents of these Operations Manuals, along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document.

7. Provide you with guidance and recommendations for implementing your advertising and marketing programs, operating and sales procedures, bookkeeping and accounting programs.

B. Schedule for Opening

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Franchised Business will be approximately 4 months. Some factors which may affect this timing are your ability to acquire a lease or owned real estate location and related lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain any necessary permits and certifications, weather conditions and delays in installation of equipment and fixtures.

You may not begin operating your Franchised Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) initial training is completed to our satisfaction; (3) all amounts due to us have been paid; (4) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (5) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; and (6) you have received all required permits and licenses. You must be prepared to begin operating your Franchised Business immediately after we state that your Franchised Business is ready for opening.

C. Continuing Obligations:

During the operation of your Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. From time to time, advise or offer guidance to you by telephone, electronic mail, facsimile, newsletters and other methods relative to prices for menu items and other services that, in our judgment, constitute good business practice. Such guidance will be based on the experience of us and our franchisees in operating AMATO'S stores. (Section 13.1).

2. Make periodic visits to the Franchised Business for the purposes of consultation, assistance, and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies, which become evident as a result of any such visit. If prepared, a copy of the written report may be provided to you. (Section 13.2).

3. Make available to you operations assistance and ongoing training as we deem necessary. (Sections 9.2 and 9.4).

4. Inform you of mandatory specifications, standards and procedures for the operations of your Franchised Business, as described in Item 8. (Franchise Agreement, Section 13.4). There are no additional charges for these services.

5. We may choose to provide you with continuing national, regional or local workshops and seminars, which we hold in our discretion. You must pay the fee, if any, and all travel and living expenses and employee salaries. We strongly encourage you to attend these regional conferences. These elective conferences are held at our Portland, Maine headquarters or at a location chosen by us. (Franchise Agreement, Section 9.4).

6. When we have grown to a sufficient size, in our discretion, we will hold an annual meeting of all franchisees. Attendance will be mandatory at these meetings. You will be required to pay a conference and materials fee and all of the lodging, food, and transportation costs incurred by you and anyone attending with you. (Franchise Agreement, Section 9.5).

We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to an area representative with regional responsibility over the geographic area in which you operate your Franchised Business. Except as listed above, we do not provide any additional assistance to you.

D. Advertising and Promotion:

Grand Opening

For the period beginning 30 days before you begin operating your Franchised Business and continuing through the first 60 days after you begin operating your Franchised Business, you will be required to spend a minimum of $5,000 for an AMATO'S and $1,000 for an AMATO'S XPRESS (Item 7) in Grand Opening related advertising and promotional related expenses. (Franchise Agreement, Section 10.4).

Local Advertising

On a monthly basis beginning immediately after you commence operating your Franchised Business, you must spend a minimum of 2% of Gross Sales per month on local advertising. You will make these expenditures directly subject to our approval. These expenditures must be used by you for local advertising, to be selected and placed by you, in your Territory. These funds are reserved only for marketing, promotions and advertising of your Franchised Business. You may not advertise outside your Territory without our approval, which may be withheld at our sole discretion. All promotional materials and advertising must be approved by us prior to use. (Franchise Agreement, Section 10.1).

Local Advertising Cooperative

Although not obligated to do so, we may create a Cooperative Advertising program for the benefit of all Franchised Businesses located within a particular geographic area. We have the right to collect and designate all or a portion of the local advertising and/or Advertising Fund expenditures for a Cooperative Advertising program. We have the right to determine the composition of all geographic territories and market areas for the implementation of Cooperative Advertising and promotion campaigns and to require that you participate in such Cooperative Advertising programs as and when established by us. If a Cooperative Advertising program is implemented on behalf of a particular region, we reserve the right to establish an advertising council for a particular region to enable the council to self-administer the Cooperative Advertising program, and you agree to participate in such council according to the council's rules and procedures and to abide by the council's decisions. We reserve the right to form, change, dissolve or merge any Cooperative Advertising program. If a Cooperative Advertising program is established, we will provide you with a copy of the governing documents. (Section 10.3).

National Advertising

We will establish and maintain the AMATO'S and/or AMATO'S XPRESS Systemwide Advertising Fund to which you are required to contribute up to 1% of your Gross Sales, the exact percentage of which shall be set by us, in our sole discretion, and may be adjusted from time to time. We will direct all advertising programs with sole discretion over the creative concepts, materials and media used in these programs and their placement and allocation. The media used may include print, television, radio, Internet, or other media and may be local, regional, or national in scope. We will, however, undertake no obligation in administering the Advertising Fund to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. The contributions may be used to meet any costs of maintaining, administering, directing, producing and preparing promotions, media placement and advertising (including the cost of conducting public relations activities; conducting advertising; and producing promotional brochures and other marketing materials to make available to you and other franchisees). We will initially conduct all advertising in-house, but may use a national or regional advertising agency in the future.

An accounting of the operation of the Advertising Fund will be prepared annually and made available to you upon request. We reserve the right, at our option, to require that this annual accounting be audited by a certified public accountant which we select and at the expense of the Advertising Fund. It is anticipated that all contributions to the Advertising Fund will be expended for advertising and promotional purposes during the year in which the contributions are made. Advertising contributions not spent in any fiscal year will be carried over for future use. The Advertising Fund may be terminated at any time once all contributions have been expended for advertising and promotional purposes.

We will not use any advertising funds to directly solicit new franchisees. Our affiliate-owned AMATO'S and AMATO'S XPRESS stores will contribute to the Advertising Fund on the same basis as franchisees. (Section 10.2).

In Fiscal Year 2022, the advertising funds were spent as follow:

Memberships	2%
Publications and Materials	0%
Travel	0%
Mailings	0%
Advertising	60%
Other (subcontractors, gifts, etc.)	8%
Internet/Website Costs	30%
Personnel	0%
	100%

Marketing Resources, Pre-Approvals For Marketing Materials, and Internet Marketing

You must order sales and marketing material from our designated supplier. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request.

Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Franchised Business, those goods or services must be included in your Gross Revenues and will be subject to Royalties, Local Advertising and Advertising Fund Fees.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, public/social media and/or network pages and groups (i.e. Facebook, LinkedIn) and their associated URLs, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We intend that any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

E. Computer Systems and Office Equipment:

We reserve the right to specify the brands and types of office equipment required for the operation of the Franchised Business. (Section 11.4 and 12.6). Presently, a Franchised Business must be equipped, at a minimum, with the following equipment: an email address, a fax machine with a dedicated fax line, a commercial quality copy machine, a dedicated phone line, which includes modules for labor scheduling, timekeeping, payroll, inventory control, credit card processing and remote communication. Franchisee must also have the ability to process Amato's gift cards as a method of payment from its customers.

You are required to purchase and utilize the Toast point of sale system. This system requires that you maintain an internet connection. You should choose a provider in your area that gives 24/7 internet access. A minimum of 12Mbs download speed, and 2Mbs upload speed are required. It is strongly suggested that you also maintain a backup connection via 4gLTE modem in case your primary connection fails.

Presently, a Franchised Business must be equipped, at a minimum, with the following:

1. A back office computer system running a minimum of Microsoft Windows 7 Professional. The system should include a laser printer to print documents and reports as needed.
2. Microsoft Office 2010 or greater.
3. A current SonicWall secure gateway product with proper licenses to secure the device and connect to our management system. There is a yearly cost to keep the device up to date and supported.
4. The Toast POS system configured for your environment. It consists of POS rated tablets, printers and cash drawers.as required.
5. An Ubiquity access point device for wireless access of the tablets in the POS system mentioned above.
6. A label printer for printing stickers containing pricing, nutritional and hold time information.
7. Necessary wiring, switching and termination equipment to connect the systems in store.

We estimate the cost of purchasing the Computer System will range from $11,000 to $15,000.

We reserve the right to require you to upgrade or update any and all hardware components, software programs, or point-of-sale systems, during the term of the Franchise Agreement, without any limitation on the frequency or cost of the obligation. You are not required to enter into any ongoing maintenance and support agreement, but may find it advantageous to do so. We have the right to independently access all information or data collected or compiled by you at any time without first notifying you.

You must have sufficient computer skills to be able to operate your Computer System and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. You must check your email account at least once every day. If we determine that you require additional computer training, you must take and pay for, at your own expense, a computer training course at a local computer training school or community college. You must complete this training within 90 days of the day we advise you of this requirement, and you must present us with a certificate acceptable to us to show that you passed the course.

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by these communications and computer-related problems.

F. Methods Used to Select the Location of the Franchised Business

You must select the site for your Franchised Business subject to our consent. You may not relocate your Franchised Business without our prior written consent. Before leasing or purchasing the site for your Franchised Business, you must submit to us, in the form we specify, a description of the site, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We will evaluate your request and may, in our sole discretion, accept or reject your proposed location.

If you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site which meets our standards and criteria and that is acceptable to us.

The general site selection and evaluation criteria which we consider in approving your site includes traffic patterns, ease of ingress and egress, available parking, lease terms, proximity of other AMATO'S or AMATO'S XPRESS Businesses and other similar businesses and general suitability of the surrounding areas. We will provide you with written notice of our approval or disapproval of any proposed site within 30 days after receiving all requested information.

Although we will consult with you on your site, assist you in finding an acceptable location, and your location is subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the location for your Franchised Business. Our consultation is not a promise or guarantee that the AMATO'S or AMATO'S XPRESS Business operated at your chosen location will be successful.

G. Operations Manual:

The Table of Contents of the Operations Manual is attached as Exhibit D.

H. Training:

If this is one of the first three Franchised Businesses operated by you, we will make available our initial training program which you or your Designated Manager, if you are a business entity, must attend and complete to our satisfaction. The initial training program consists of approximately 160 hours over 4 weeks for a full size AMATO'S Franchised Business and approximately 120 hours over 3 weeks for an AMATO'S XPRESS Franchised Business and includes training in the operation and management of an AMATO'S or AMATO'S XPRESS Franchised Business. If you name a new Designated Manager, then within 60 days, the new Designated Manager must complete the initial training program to our satisfaction.

Our initial training program is currently conducted on an as-needed basis at our corporate headquarters located in Portland, Maine. You must pay all expenses incurred during training including travel, lodging, and meal expenses. See Item 7. If you are an individual and cannot successfully complete the initial training program, we may terminate your Franchise Agreement. If you are a business entity and your Designated Manager cannot successfully complete the initial training program, we will give you 30 days to select a substitute Designated Manager; however, if you cannot find someone acceptable to us, we may terminate the Franchise Agreement.

There is no tuition or fee for the initial training program for you or your Designated Manager and 1 additional person. If you desire to have additional people attend the initial training program there will be an additional training fee for each such person. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses for any person attending the initial training program.

This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of your business.

Our training program consists of approximately 160 hours over 4 weeks for a full size AMATO'S Franchised Business and approximately 120 hours over 3 weeks for an AMATO'S XPRESS Franchised Business of training as follows:

TRAINING PROGRAM

AMATO'S

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Position Training	20	140	Portland, Maine

AMATO'S XPRESS

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Position Training	10	110	Portland, Maine

The initial training program is conducted by our Franchise Coordinator. See Item 2 for the Franchise Coordinator's background and experience. The Operations Manual serves as our primary instructional material during our training program.

We may present seminars, conventions or continuing development programs for the benefit of franchisees. Your attendance is encouraged at regional meetings and mandatory at the annual conventions. You must pay for any conference fee and your travel and living expenses incurred in attending any seminar. (See Item 6). (Franchise Agreement, Section 9.5).

We periodically may provide and require that previously trained and experienced franchisees and/or managers attend and successfully complete refresher-training programs to be conducted at our headquarters. Attendance at these refresher-training programs will be at your sole expense, however, attendance will not be required at more than 1 session in any calendar year and will not collectively exceed 5 days during any calendar year. (Franchise Agreement, Section 9.4).

ITEM 12.

TERRITORY

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are granted the right to conduct a Franchised Business from one specific location only. The Franchise Agreement does not include any exclusive territory or protected area surrounding the approved location of a Franchised Business.

If we grant you area development rights, the Area Development Agreement you sign with us will grant to you an exclusive area within which you may establish an agreed upon number of AMATO'S or AMATO'S XPRESS stores, in accordance with your Development Schedule ("Development Area"). A Development Area is usually defined by political boundaries such as city, county or state limits, or by other reasonable boundaries we may determine in our discretion. The number of AMATO'S or AMATO'S XPRESS stores to be developed is determined based on demographics and other characteristics of the Development Area, including population density, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size or urban, suburban and rural areas in the Development Area. Based on your proposal and our own research, we will negotiate with you how many AMATO'S or AMATO'S XPRESS stores must be established within the Development Area. Each Authorized Territory for specific AMATO'S or AMATO'S XPRESS store locations to be established within the Development Area will be determined at the time the Franchise Agreement is signed for each new AMATO'S or AMATO'S XPRESS store.

Except as stated below, the Development Area is exclusive to you unless you fail to meet the Development Schedule designated for your Development Area. If you fail to meet that schedule, your exclusive rights to the Development Area may be forfeited and we may grant franchises to other persons or entities to establish stores using the Marks and the System within the Development Area.

You understand that we have the right, in our sole discretion, to: (i) establish, and license others to establish, on the same or different terms, other AMATO'S and AMATO'S XPRESS stores at any location both within and outside the Territory in which your Franchised Business is located as we deem appropriate; (ii) establish, and license others to establish other businesses under other systems using other proprietary marks at such locations and on such terms and conditions as we deem appropriate; (iii) sell the Proprietary Products authorized for Franchised Businesses and other proprietary ingredients, under the Marks or other trademarks, service marks and commercial symbols through alternative channels of distribution including, without limitation, supermarkets, grocery stores, indoor malls, airports, highway rest areas and/or sports complexes, specialty stores, mail order, Internet and other types of e-commerce sales, pursuant to such terms and conditions as we, in our sole discretion, deem appropriate at any location, both inside and outside of the Territory; and (iv) engage in any activities not expressly forbidden by the Franchise Agreement. (Section 2.4).

Under the terms of the Franchise Agreement, you are not required to achieve a sales or market penetration quota.

Area Development Agreement

You may purchase Area Development rights to open and operate two or more Franchised Businesses. If you purchase Area Development rights for Franchised Businesses, you will be granted a temporary exclusive territory ("**Development Territory**") in which your Franchised Businesses must be established during implementation of the development schedule. Your Development Territory will include a minimum population base of 50,000 (as determined by the most recent U.S. Census Bureau report) multiplied by the number of Franchised Businesses you commit to open under the terms of the Area Development Agreement. When and if the development schedule has been timely satisfied, you will no longer have the entire Development Territory and each Franchised Business will be limited to its individual Territory, as described above.

If you enter into an Area Development Agreement with us, then we will approve the location of any future additional Franchised Businesses and related territories, if applicable. Our then-current standards for sites and territories will apply.

During the term of the Area Development Agreement, we do not have the right to establish our own, or to grant to others the right to establish, Franchised Businesses within the Development Territory; however, we reserve the right to sell products and services, under the Marks or any other marks, through any other channels of distribution, and we reserve the same rights with respect to your Development Territory as it has with respect to exclusive territories granted to single unit franchisees.

While preservation of a Development Territory is not contingent upon sales volume, if an Area Developer does not meet its development schedule, grounds for default exist. Loss of exclusivity in the Development Territory could then result as we may elect, in our sole discretion, to terminate the Area Development Agreement, reduce or eliminate the territorial exclusivity, or reduce the size of the Development Territory.

Unless a renewal of the Area Development Agreement and an extension of the development schedule are negotiated by the parties, the Area Developer will no longer have a Development Territory upon the expiration or termination of the Area Development Agreement. However, each Franchised Business in good standing will retain its protected individual Territory as set forth in the Franchise Agreement.

ITEM 13.

TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate the Franchised Business under the trademark AMATO'S® or AMATO'S XPRESS®. You may also use any other current or future Mark to operate your Franchised Business that we designate in writing including the logo on the front of this Disclosure Document. By Mark, we mean trade names, trademarks, service marks and logos used to identify your business. As of the date of this Disclosure Document, our affiliate, ASSI, has registrations for the following Marks with the Principal Register and/or the Supplemental Register of the United States Patent and Trademark Office:

MARK	REGISTRATION/ SERIALNUMBER	CLASS	REGISTRATION DATES
AMATO'S®	3,119,019	43	Renewed 7/25/16

MARK	REGISTRATION/ SERIALNUMBER	CLASS	REGISTRATION DATES
	3,527,537	43	Renewed: 11/04/18
HOME OF THE ORIGINAL ITALIAN SANDWICH®	2,221,295	42	Renewed 02/02/19
THERE'S NOTHING LIKE A REAL ITALIAN.	2,221,297	42	Renewed 02/02/19
AMATO'S XPRESS	3,524,192	43	Renewed: 10/28/18
	2,769,422	42	Renewed 9/30/13
AMATO'S	3,040,133	29 & 30	Renewed 1/10/16
AMATO'S CATERING AND SPECIALTY FOODS	3,524,235	43	Renewed: 10/28/18
IT'S REAL ITALIAN	3,231,886	43	Renewed 4/17/17
	6,104,677	43	Registered 07/21/20

We may also use a number of additional registered, unregistered, and/or common law trademarks, service marks or other Marks. You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags or search techniques. You must get our prior written approval of your company name before you file any registration documents. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You may not use our Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are currently no effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition, or cancellation; or pending material litigation involving the Marks.

There are no infringing or prior superior uses of the AMATO'S® mark actually known to us that could materially affect the use of the Marks, with the exception of the following: ASSI has entered into an agreement with Kenneth J. Amato d/b/a Amato's Pizza, 376 Butler Street, Etna, Pennsylvania 15223. As a result of that agreement, and the U.S. Patent and Trademark Office's approval of that agreement, ASSI has a Federal trademark registration (Registration No. 3,119,019) for AMATO'S® for restaurant services in trademark class 43 throughout the United States with the exception of 14 counties in West Virginia and Pennsylvania, namely Counties in Pennsylvania: Beaver, Butler, Armstrong, Westmoreland, Allegheny, Fayette, Green, Washington; Counties in West Virginia: Wetzel, Hancock, Brooke, Ohio, Marshall, Monongalia. Within that area, Kenneth J. Amato has the exclusive right to use the mark AMATO'S. ASSI's right to the AMATO'S® mark, and any marks derived therefrom is exclusive, therefore, throughout the United States, with the limited exception set forth above.

Pursuant to a license agreement ("License Agreement") entered into between ASSI and us on May 1, 2002, ASSI granted us a license to use and sublicense the use of the Marks (then existing and later created) in connection with the operation and franchising of AMATO'S stores in the United States. The term of the License Agreement is twenty (20) years.

Other than the above, there are no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by an person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims, unless you are legally required to do so. We may take whatever action we deem appropriate in these situations, and have the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any alleged infringement, challenge or claim or otherwise concerning any Mark. You must execute any instruments and documents, render assistance, take actions which in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks. (Section 6.3).

We can require you to modify or discontinue use of any Mark, and to use one or more additional or substitute trademarks or service marks. We will not reimburse you for your reasonable expenses to modify or discontinue the use of a Mark and to substitute a trademark or service mark for a discontinued Mark. The modification or substitution by us of a discontinued Mark will be your sole and exclusive remedy against us if a Mark must be modified in our sole judgment or as a result of an involuntary loss of any one or more of the Marks by us. (Section 6.4).

Under the terms of the Franchise Agreement, we are not required to indemnify you for damages arising out of your use of any Mark. You must use the Marks as the sole trade identification of the Franchised Business. You may not use any Mark or part of any Mark as part of any corporate or trade name, in any modified form, nor may you use any Mark in connection with the sale of any unauthorized product or service, or in any other manner which we do not authorize in writing. You must give notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under applicable law. (Section 6.2).

You may not establish a Web site on the Internet using any domain name containing the words "AMATO'S" or "AMATO'S XPRESS" or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create web sites using the "AMATO'S" and "AMATO'S XPRESS" domain names, including all use of websites, domain names, URL's, linking, advertising, public/social media and/or networking pages and groups (i.e. Facebook, LinkedIn) and their associated URL's, and co-branding arrangements. You acknowledge that we are the owners of all right, title and interest in and to such domain names as we designate in the Manual. (Section 6.6).

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise.

We own certain copyrights in the Manual, marketing materials, and other copyrightable items which are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights but need not do so to protect them. You may use these items only as we specify while operating your Franchised Business and must stop using them if we direct you to do so. Our right to use or license the use of any copyrighted items is not materially limited by any agreement or known infringing use.

The Franchise Agreement provides that our trade secrets and any information or matter that is competitively sensitive and not generally known by the public, whether or not in written or tangible form, relating to AMATO'S and/or AMATO'S XPRESS stores, including recipes, specifications, methods and techniques of preparation, operating systems and techniques, record-keeping and reporting methods, accounting systems, management systems and techniques, management training techniques, specifications for signs, displays, menus, bags, business forms, and business stationery to be used by franchisees, designs, drawings, and specifications for the Franchised Business, operating manuals for franchisees, ideas, research and development, know-how, lists of franchisees and suppliers, suggested pricing and cost information, and business and marketing plans and proposals which we provide to you in confidence shall be deemed Confidential Information. (Section 7.1).

You will divulge Confidential Information only to employees who must have access to it in order to operate the Franchised Business. All information, knowledge and know-how which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate lawfully came to your attention before our disclosure of it; or which, at the time of our disclosure to you, had lawfully become a part of the public domain, through publication or communication by others; or which, after our disclosure to you, lawfully becomes a part of the public domain, through publication or communication by others. (Section 7.1).

Certain individuals having access to Confidential Information, including your shareholders, officers, directors, partners, employees, members, managers and your spouse, may be required to sign non-disclosure and non-competition agreements. A copy of our standard form of Confidentiality and Non-Competition Agreement is included as Exhibit F to the Franchise Agreement. (Section 7.4).

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you will assign ownership of that item, and all related rights to that item, to us and must sign whatever assignment or other documents we request to show ownership or to help us obtain intellectual property rights in the item. (Section 7.2).

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchised Business shall at all times be under the direct full-time supervision of either you, if you are an individual, or your Designated Manager if you are a business entity. If you operate two or more Franchised Businesses, you may delegate your management duties for each additional Franchised Business to a Designated Manager who has successfully completed our training program. The Designated Manager need not have an ownership interest in a corporation or partnership franchisee. (Section 12.5).

All employees, including your Designated Manager, and other individuals having access to the Manual and/or Confidential Information, described in Item 14, are required to sign confidentiality and non-competition agreements attached as Exhibit F to the Franchise Agreement.

Each individual who owns a 5% or greater interest in the franchisee entity must sign a Guarantee and Assumption of Obligations, attached as Exhibit B to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee entity under the Franchise Agreement.

In signing the Franchise Agreement, you acknowledge that the risks, financial and otherwise, which are inherent with the beginning of any new business, are yours alone. We, as a matter of policy, will not assist you in any decision-making process that may affect your business operations. The success or failure of the franchise as a business enterprise is dependent on your efforts. Purchase of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

You will have sole authority and control over the day-to-day operations of the Franchised Business and its employees. You will be solely responsible for recruiting and hiring the persons you employ to operate the Franchised Business. You will also be responsible for their training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace related laws. At no time will you or your employees be deemed to be employees of AMATO'S or our affiliates. We have no right or obligation to direct your employees or to operate the Franchised Business.

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must refrain from using or permitting the use of your Franchised Business for any other purpose or activity at any time without first obtaining our written consent.

You must use the Authorized Location for the operation of the Franchised Business; must keep the Franchised Business open and in normal operation as specified in the Operations Manual; must refrain from using or permitting the use of the Authorized Location for any other purpose or activity at any time without first obtaining our written consent; and must operate the Franchised Business in strict conformity with those methods, standards and specifications in the Operations Manual and as we may require otherwise in writing. You must refrain from deviating from these standards, specifications, and procedures without our written consent. You may sell only those goods and services we have authorized. You must refrain from deviation from our standards and specifications without first obtaining our written consent and you must discontinue selling and offering for sale any products that we may, in our sole discretion, disapprove in writing at any time.

You must operate the Franchised Business in strict conformity with all applicable federal, state, and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction and are amendable and may be implemented or interpreted in different manners over time. It is solely your responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreements attached to this Disclosure Document. You should refer to any state-specific addenda attached to this Disclosure Document for exceptions to this Item 17.

THE FRANCHISE RELATIONSHIP

Provision		Section In the Franchise Agreement	Summary
a.	Length of the franchise term	Section 4.1	The initial term is 5 years.
b.	Renewal or extension of the term	Section 4.2	You may renew for 3 additional successive terms of 5 years each subject to (c) below.
c.	Requirements for you to renew or extend	Sections 4.2.1 - 4.2.6	To renew, you must substantially comply with the provisions of the Franchise Agreement; maintain possession of Authorized Location or a suitable substitute location; provide notice of intent to renew; sign a current Franchise Agreement; meet current qualifications and training requirements; and sign a general release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 16.1	If you are in compliance and we materially breach the Franchise Agreement and fail to cure or begin to cure within 30 days of receiving your written notice.
e.	Termination by us without cause	None	Not Applicable
f.	Termination by us with cause	Section 16.2	We may terminate the Franchise Agreement only if you default.
g.	"Cause" defined-defaults which can be cured	Section 16.2.2	Curable defaults: if you fail to make payments due us; or you fail to comply with mandatory specifications in the Franchise Agreement or Manual, you generally have 30 days to cure except for defaults included in (h) below.

Provision		Section In the Franchise Agreement	Summary
h.	"Cause" defined-non-curable defaults	Section 16.2.1 Area Development Agreement Section 8.4	Non-curable defaults: failure to establish and equip the Franchised Business; failure to satisfactorily complete training; making a material misrepresentation or omission in the application for the franchise; indictment, charge, conviction or plea of no contest, to a felony or other crime or offense that can adversely affect the reputation of either party or the Franchised Business; any unauthorized use of the Manual or Confidential Information; abandonment of the Franchised Business for 5 consecutive days; surrenders or transfers control of Franchised Business in an unauthorized manner; submission on 2 or more occasions of reports understating any amounts due by more than 3% for any accounting period during the term of the franchise and you are unable to satisfactorily demonstrate that understatements resulted from inadvertent error; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or unauthorized use of the Marks; failure on 2 or more occasions within any 12 month period to submit reports or fees owed to us whether or not such failure to comply is corrected; continues to violate any health, safety or other laws or conducts the Franchised Business in a manner creating a health safety hazard. Default under an Area Development Agreement shall entitle us to terminate any or all other Franchise Agreements granted to a Developer.
i.	Your obligation on termination/non-renewal	Section 17	Stop operations of the Franchised Business; if requested, assign your interest in the Authorized Location to us; stop using the Confidential Information, System and/or the Marks; assign any assumed names to us; pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return the Manual and any other materials provided to you by us; assign your telephone and listings to us as requested; and comply with the covenants not to compete and any other surviving provision.
j.	Assignment of contract by us	Section 18.1	There are no restrictions on our right to assign or transfer.
k.	"Transfer" by you-definition	Section 18.2	Includes transfer of ownership in franchise, interest in franchisee entity or sale of assets.
1.	Our approval of transfer by you	Section 18.2	Approval required for all transfers.

Provision		Section In the Franchise Agreement	Summary
m.	Conditions for our approval of transfer	Sections 18.2.1 - 18.2.8	Several conditions apply, including: all obligations owed to us and relating to the Franchised Business must be paid; execution of a general release; the transferee must meet our qualifications; sign the then-current Franchise Agreement; provide a copy of all documents relating to the proposed transfer; pay a transfer fee of 50% of the then-current franchise fee; transferor agrees to guarantee the full performance of transferee; and all necessary consents and approvals by third parties are obtained.
n.	Our right of first refusal to acquire your Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o.	Our option to purchase your Franchised Business	Section 17.5	We are not obligated to do so, but, if the franchise is terminated or expires, we may purchase any or all assets containing the Marks of the Franchised Business at the lesser of cost or fair market value.
p.	Your death or disability	Section 18.4	Your heirs, beneficiaries, devisees, or legal representative can apply to us to continue operation of the Franchised Business, or sell or otherwise transfer interest in the Franchised Business within six (6) months of death or incapacity. If they fail to do so, the Franchise Agreement will terminate.
q.	Non-competition covenants during the term of the franchise	Section 7.3	During the term of the Franchise Agreement, you must not own or otherwise have any interest in any Competitive Business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 17.2	You must not own or operate a Competitive Business for 2 years after the Franchise Agreement is terminated or expires within a 50-mile radius of the Franchised Business or within ten (10) miles of any other AMATO'S or AMATO'S XPRESS location.
s.	Modification of the agreement	Section 21.5	The Franchise Agreement can be modified only by written agreement between you and us, except the Operations Manual, which is subject to change but will not materially alter your fundamental rights.
t.	Integration/merger clause	Section 21.5	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 22.8	All disputes arising out of or relating to the Franchise Agreement must be mediated in Portland, Maine no later than ninety (90) days after commencement of any litigation or arbitration or litigation is commenced by either party to the Franchise Agreement.
v.	Choice of forum	Section 22.2	Any litigation must be pursued in courts located in the City of Portland, Cumberland County, Maine, unless your state law prohibits.
w.	Choice of law	Section 22.1	Maine law applies subject to your state law, except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et. seq.).

AREA DEVELOPMENT AGREEMENT

Provision		Section In the Area Development Agreement	Summary
a.	Length of the franchise term	Section 2.3	Five years.
b.	Renewal or extension of the term	None	Not Applicable
c.	Requirements for you to renew or extend	None	Not Applicable
d.	Termination by you	None	Not Applicable
e	Termination by us without cause	None	Not Applicable
f.	Termination by us with cause	Section 8	We may terminate if you commit any one of several violations.
g.	"Cause" defined-defaults which can be cured	Section 8.3	Default under any Franchise Agreement between Developer and the Company constitutes a material default under the Area Development Agreement. The Company may terminate the Area Development Agreement unless the default is timely cured by the Developer in accordance with the terms of the pertinent Franchise Agreement.
h.	"Cause" defined-non-curable defaults	Section 8 Section 8.4	Defaults include failure to comply with Development Schedule, failure to perform under the Agreement, cease to be a Franchisor, or failure to comply with the Agreement. If you default under the Area Development Agreement, we may terminate any or all other Franchise Agreements granted to Developer, in our sole discretion.
i.	Your obligation on termination/non-renewal	None	Not Applicable
j.	Assignment of contract by us	Section 10.1	There are no restrictions on our right to assign or transfer.
k.	"Transfer" by you-definition	Section 10.2	Includes transfer of ownership in Area Development Agreement.
1.	Our approval of transfer by you	Section 10.3	Approval required for all transfers.
m.	Conditions for our approval of transfer	Section 10.3	All obligations must be paid; you must not be in default; execute a general release; transferee must execute separate Agreement; transferee must qualify; execution of Franchise Agreement; and pay Transfer Fee.
n.	Our right of first refusal to acquire your Franchised Business	None	Not Applicable
o.	Our option to purchase your Franchised Business	None	Not Applicable
p.	Your death or disability	None	Not Applicable

Provision		Section In the Area Development Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Section 12.1	During the term of the Agreement, you must not own or otherwise have any interest in any Competitive Business, attempt to divert business or employee of us.
r.	Non-competition covenants after the franchise is terminated or expires	Section 12.2	You must not own or operate a Competitive Business for 2 years after the Agreement is terminated or expires within a 50-mile radius of your Development Territory.
s.	Modification of the agreement	Section 13.5	The Agreement can be modified only by written agreement between you and us.
t.	Integration/merger clause	Section 13.5	Only the terms of the Agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 14.8	All disputes arising out of or relating to the Franchise Agreement must be mediated in Portland, Maine no later than ninety (90) days after commencement of any litigation or arbitration or litigation is commenced by either party to the Franchise Agreement.
v.	Choice of forum	Section 14.2	Portland, Maine, subject to your state law.
w.	Choice of law	Section 14.1	Maine law applies, subject to your state law.

ITEM 18.

PUBLIC FIGURES

We do not presently use any public figures to promote our franchise.

ITEM 19.

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Marikay McGinty at 312 St., John Street, Portland, Maine 04102, telephone number (207) 361-6992, the Federal Trade commission, and the appropriate state regulator agencies.

ITEM 20.

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEMWIDE OUTLET SUMMARY FOR
YEARS 2020 TO 2022

Note: Table 1 refers to the number of franchises granted. Each franchisee may have more than one site for each franchise it owns.

Column 1 Franchise Type	Column 2 Year	Column 3 Franchises at the Start of the Year	Column 4 Franchises at the End of the Year	Column 5 Net Change
Franchised	2020	26	32	+6
	2021	32	33	+1
	2022	33	33	0
Company-Owned	2020	13	13	0
	2021	13	13	0
	2022	13	12	-1
Total Outlets	2020	39	45	+6
	2021	45	46	+1
	2022	46	45	-1

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TABLE NO. 2

TRANSFERS OF FRANCHISES FROM FRANCHISEES TO NEW OWNERS (OTHER THAN TO FRANCHISOR)
FOR YEARS 2020 TO 2022

State	Year	Number of Transfers
Maine	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	1

TABLE NO. 3

STATUS OF FRANCHISES FOR YEARS 2020 TO 2022

State	Year	Franchises at Start of Year	Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons*	Franchises at End of Year
Maine	2020	11	1	0	0	0	0	12
	2021	12	1	0	1	0	0	12
	2022	12	0	0	0	0	0	12
Massachusetts	2020	0	5	0	0	0	0	5
	2021	5	2	0	0	0	0	7
	2022	7	0	0	0	0	0	7
New Hampshire	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Vermont	2020	14	0	0	0	0	0	14
	2021	14	0	0	1	0	0	13
	2022	13	0	0	0	0	0	13
Totals	2020	26	6	0	0	0	0	32
	2021	32	3	0	2	0	0	33
	2022	33	0	0	0	0	0	33

*If a franchisee transfers its franchise to an existing franchisee, we have counted it in the Table 3 under "Ceased Operations-Other Reasons." If a franchisee transfers its franchise to a new franchisee, we have counted it in Table 2.

TABLE NO. 4

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2020 TO 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Franchises at End of Year
New Hampshire	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Maine	2020	13	0	0	0	0	13
	2021	13	0	0	0	0	13
	2022	13	0	0	1	0	12
Totals	2020	13	0	0	0	0	13
	2021	13	0	0	0	0	13
	2022	13	0	0	1	0	12

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 2022

States	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Massachusetts	1	0	0
New Hampshire	1	0	0
Totals	2	0	0

Exhibit F contains a list of franchisees who have had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

Exhibit G contains a list of the names of all franchises and their addresses and telephone numbers.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have signed one (1) confidentiality clause with current or former franchisees. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with AMATO'S. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21.

FINANCIAL STATEMENTS

Audited financial statements of Reali Holdings Company, Inc. d/b/a Amato's for the fiscal years ending December 31, 2020, 2021 and 2022 are attached hereto as Exhibit E.

ITEM 22.

CONTRACTS

The following agreements are attached as Exhibits to this Disclosure Document:

Exhibit C – Franchise Agreement
Exhibit H – Franchise Disclosure Questionnaire
Exhibit I – State Addenda
Exhibit J – State Effective Dates
Exhibit K – Area Development Agreement

Except for the above documents, there are no other contracts or agreements for your signature.

ITEM 23.

RECEIPT

Attached as the last 2 pages of this Franchise Disclosure Document is the Acknowledgment of Receipt by you of the Franchise Disclosure Document. You must sign, date and deliver one copy of the Receipt Page to us for our records.

EXHIBIT “A” TO DISCLOSURE DOCUMENT

®

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S
LIST OF STATE OR PROVINCIAL AUTHORITIES AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, CA 90013 213-576-7500	Commissioner of the Department of Financial Protection and Innovation State of California 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 904-922-2770	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62701 217-782-1090	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-573-2200 502-696-5389 - Angie	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa St., G. Mennen Williams Building Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1230 “O” Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-3445	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8285 Phone 212-416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 518-473-2492
NORTH CAROLINA	Secretary of State's Office/Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	Secretary of State Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920 (401) 462-9500	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 233 Richmond Street Providence, RI 02903-4232
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Division of Insurance Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, First Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT "B" TO DISCLOSURE DOCUMENT

®

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

RESERVED

EXHIBIT “C” TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S

FRANCHISE AGREEMENT

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REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

FRANCHISE AGREEMENT

This Franchise Agreement, made this _________ day of ____________________, 20 ______, by and between REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S, a Maine corporation, having its principal place of business at 312 St. John Street, Portland, Maine 04102 ("Franchisor"), and ____ ________ whose principal address is ____ ______________________________ an individual/partnership/corporation/limited liability company established in the State of___________________ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and its affiliate, Amato's Sandwich Shop Inc., have developed a System identified by the trademark "AMATO'S" relating to the establishment, development and operation of retail sandwich shop stores featuring a menu of Italian them entrees, including, without limitation, cold and hot sandwiches, pizza, bread, calzones, salads and pasta; and

WHEREAS, Franchisor grants to qualified persons the right to own and operate a single AMATO'S store under the Marks and in strict accordance with the System; and

WHEREAS Franchisee is desirous of entering into an agreement with Franchisor so as to be able to obtain the rights to operate an AMATO'S store using the System developed by Franchisor; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations, and service and the necessity of operating the Franchised Business in strict conformity with the System.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, terms and conditions herein contained and the acts to be performed by the respective parties hereto, Franchisor and Franchisee agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

"Advertising Fund" means the systemwide advertising and promotion fund established by Franchisor as described in Section 10;

"Advertising Fund Contribution" has the meaning given to such term in Section 3.3;

“Affiliate” means any entity that controls, is controlled by, or is under common control of Franchisor;

“Agreement” means this agreement entitled “Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Authorized Location” means the premises for the operation of the Franchised Business selected by the parties pursuant to Section 5 hereof;

“Competitive Business” means any business which operates, or grants franchises or licenses to others to operate a business that prepares, offers, sells and/or distributes Italian theme entrees that are the same as or substantially similar to the products offered by Franchisee under this Agreement; provided however, that the term “Competitive Business” shall not apply to any business operated by Franchisee (i) under a Franchise Agreement with Franchisor, or (ii) in which Italian theme entrees are sold, as an ancillary product, constituting less than ten percent (10%) of the aggregate gross revenue of such business;

“Confidential Information” means any trade secret or any information that is competitively sensitive and not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which stored, relating to the AMATO’S System, including recipes, specifications, methods and techniques of preparation, operating systems and techniques, record-keeping and reporting methods, accounting systems, management systems and techniques, management training techniques, specifications for signs, displays, menus, bags, containers, business forms, and business stationery to be used by franchisees, designs, drawings, and specifications for the Authorized Location, operating manuals for franchisees, ideas, research and development, know-how, lists of franchisees and suppliers, suggested pricing and cost information, and business and marketing plans and proposals;

“Cooperative Advertising” means the advertising program established for AMATO’S stores within a particular region;

“Designated Area” has the meaning given to such term in Section 2.1 as shown on the map set out in Exhibit A hereof;

“Designated Manager” means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business;

“Electronic Funds Transfer Account” means an account providing Franchisor with access to electronically withdraw any funds due Franchisor;

“Facility” means the AMATO’S store, including all leasehold improvements either located at or to be located at the Authorized Location;

“Franchise Fee” has the meaning given to such term in Section 3 hereof;

“Franchised Business” means the AMATO’S store and business to be carried on by Franchisee in accordance with the System pursuant to this Agreement;

“Franchisee” shall be deemed to include not only the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement, but shall also include all partners of the entity that execute this Agreement, (if the entity is a partnership); all shareholders, officers and directors of the entity that execute this Agreement (if the entity is a corporation); and all members and managers of the entity that execute this Agreement (if the entity is a limited liability company). All such persons or parties are identified in Exhibit E as controlling principals. By their signatures hereto, all partners, shareholders, officers, directors, members and managers of the entity that sign this Agreement as Franchisee acknowledges, accepts and personally guarantees the duties and obligations imposed upon each of them, individually, by the terms of this Agreement;

“Franchisor” means Reali Holdings Company, Inc. d/b/a Amato’s;

“**Gross Sales**” means the aggregate of all revenue in connection with the Franchised Business and other services and products from all sources in connection with the Franchised Business whether from check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance but excluding all refunds made in good faith and any sales and equivalent taxes which are collected by Franchisee for or on behalf of any governmental authority;

“Manual” means not only the AMATO’S Operations Manual, but other items as may be provided, in the future, including administration and managers manual(s), certain pamphlets, memoranda, e-mail, and other publications prepared by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor setting out the standards, methods, procedures and specifications of the System;

“Marks” means the mark “AMATO’S” and such other trade names, trademarks, service marks, designs, graphics, logos and other commercial symbols as Franchisor may designate and not thereafter withdraw to be used in connection with the Franchised Business; There are no infringing or prior uses actually known to us that could materially affect the use of the Marks, with the exception of the following: Federal registrations for the trademarks AMATO’S, AMATO’S PIZZA (Class 42) and AMATO’S PIZZA (Class 30) exist (respectively, registrations 1353372, 1353371 and 1353126) in the name of Kenneth J. Amato d/b/a Amato’s Pizza, 376 Butler Street, Etna, Pennsylvania 15223. On June 2, 2004, our Affiliate, Amato’s Sandwich Shop, Inc. (“ASSI”), entered into a Consent Agreement for Concurrent Use and Registration of the Amato’s mark, with Kenneth J. Amato d/b/a Amato’s Pizza, wherein Mr. Amato agreed to limit his rights to use the Amato’s mark to eight (8) counties in Pennsylvania; and six (6) counties in West Virginia, and consent to ASSI’s concurrent registration of the term AMATO’S with the United States Patent and Trademark Office (“USPTO”).

“Proprietary Products” means all of the products listed on Exhibit H attached hereof;

“Royalty Fee” has the meaning given to such term in Section 3.2 hereof;

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an AMATO’S store; and

“Territory” has the meaning given to such term in Section 2.3 and otherwise shown or described on the map set out in Exhibit A hereof.

2. GRANT OF FRANCHISE

2.1 Authorized Location

Subject to the provisions of this Agreement, Franchisor grants to Franchisee, and Franchisee accepts, the limited right to use the System and the Marks in the operation of an AMATO’S store at the location which is described or otherwise defined in Exhibit A to this Agreement (“Authorized Location”).

2.2 Authorized Location Not Determined

In the event the location of the Franchised Business has not yet been determined as of the date of this Agreement, then the geographical area in which the Franchised Business is to be located will be within a Designated Area which is described or otherwise defined in Exhibit A to this Agreement. At such time as the address of the Franchised Business has been determined such address will be inserted into Section 2.1 of this Agreement. Franchisee understands that the Designated Area is delineated for the sole purpose of site selection and does not confer any territorial protection.

2.3 Territorial Rights

Franchisor does not grant an exclusive territory. Franchisee is granted the right to operate a Franchised Business from one (1) specific pre-approved location only.

2.4 No Exclusivity/Franchisor’s Rights

Franchisee acknowledges the Franchise granted under this Agreement is non-exclusive and Franchisor expressly retains all rights and discretion with respect to the Marks and System, including, without limitation, the right:

2.4.1 To establish, and license others to establish, on the same or different terms, other AMATO’S stores at any location both within and outside the Territory in which the Franchised Business is located as Franchisor deems appropriate subject to the limitations contained in Section 2.3 above;

2.4.2 To establish, and license others to establish other businesses under other systems using other proprietary marks at such locations and on such terms and conditions as Franchisor deems appropriate;

2.4.3 To sell Proprietary Products authorized for Franchised Businesses and other proprietary products, under the Marks or other trademarks, service marks and commercial symbols through alternative channels of distribution including, without limitation, supermarkets, grocery stores, restaurants, catering halls, indoor malls, airports, tollways, sports complexes, highway rest areas, specialty stores, mail order, Internet and other types of e-commerce sales, pursuant to such terms and conditions as Franchisor, in its sole discretion, deems appropriate; and

2.4.4 To engage in any activities not expressly forbidden by this Agreement.

3. FEES

Franchisee agrees to pay Franchisor the following fees and amounts at the times specified herein:

3.1 Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a nonrefundable Franchise Fee to Franchisor in the amount of TWENTY FIVE THOUSAND DOLLARS ($25,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable, except under the conditions set forth under Section 9.3 of this Agreement. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor including, but not limited to, general sales and marketing expenses, training, legal, accounting and other professional fees.

3.2 Royalty Fee

Franchisee shall pay without offset, credit or deduction of any nature to Franchisor, so long as this Agreement shall be in effect, a monthly Royalty Fee payment equal to six percent (6%) of Gross Sales. By the tenth (10) day of each month, Franchisee shall submit to Franchisor a statement of the Gross Sales for the preceding month along with the Royalty Fee payment.

3.3 Advertising Fund Contribution

Franchisor reserves the right to establish and administer an AMATO'S Systemwide Advertising Fund. When the Advertising Fund is established, Franchisee shall be required to contribute an amount determined by Franchisor up to one percent (1%) of Franchisee's Gross Sales. Franchisee's required payments to the Advertising Fund shall be made at the same time and in the same manner as the Royalty Fee payment as provided in Section 3.2 of this Agreement. Such sums shall be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section 10.2.

3.4 Taxes

Franchisee shall pay to Franchisor the amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected on account of the fees payable by Franchisee hereunder and of services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.5 Pre-authorized Transfers; Late Charges

Payments by Franchisee to Franchisor shall be effectuated by the use of pre-authorized electronic funds transfer in the amount of the Royalty Fee or any other amounts due to Franchisor or its affiliates, and such withdrawals may be made on the first business day following the date on which the payment was due, or any succeeding business day. If any payment is overdue for any reason, except Franchisor's failure to attempt access to Franchisee's operating account, Franchisee must pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid equal to the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum rate of interest permitted by law. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. Franchisee shall cooperate with Franchisor in all respects to implement such payment system, including but not limited to, the execution of the Electronic Fund Transfer Authorization in the form attached hereto as Exhibit C or the effective equivalent, simultaneous with the execution of this Agreement or any time thereafter at Franchisor's request, which Franchisor deems necessary to process the aforementioned electronic funds transfer from Franchisee's designated bank account for payments hereunder.

3.6 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fee payments, Advertising Fund Contributions, purchases from Franchisor or any Affiliate, interest or any other indebtedness.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the date indicated in the first paragraph of this Agreement.

4.2 Renewal Right

Franchisee shall have the right to enter into a new franchise agreement in the form then being offered to prospective franchisees at the expiration of the initial term of this Agreement for three (3) additional successive terms of five (5) years each, provided that all of the following conditions have been fulfilled:

4.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all its provisions;

4.2.2 Franchisee has access to the Authorized Location, or a suitable substitute location, which is in compliance with Franchisor's then-current specifications and standards;

4.2.3 Franchisee has given notice of renewal to Franchisor as provided below;

4.2.4 Upon renewal, Franchisee has executed Franchisor's then-current form of the Franchise Agreement or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the franchise agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a different percentage Royalty Fee and Advertising Fund Contribution; provided however, Franchisee shall not be required to pay the then-current initial Franchise Fee or its equivalent;

4.2.5 Franchisee has complied with Franchisor's then-current qualifications and ongoing training requirements; and

4.2.6 Franchisee shall have executed a general release, in a form substantially similar to the one attached hereto as Exhibit I, of any and all claims against Franchisor and its officers, directors, shareholders, and employees.

4.3 Notice

If Franchisee desires to renew this franchise at the expiration of this Agreement, Franchisee shall give Franchisor written notice that it intends to exercise its right to renew at least eight (8) months, but not more than twelve (12) months, prior to the expiration of the initial term of this Agreement. Within thirty (30) days after its receipt of such timely notice, Franchisor shall furnish Franchisee with written notice of its decision of whether pursuant to Section 4.2, Franchisee has the right to renew its franchise. If the notice indicates that Franchisor will permit Franchisee to renew its franchise, then Franchisee's right to renew its franchise will be contingent on continued full compliance with this Agreement and any other agreement between Franchisee and Franchisor. If Franchisor refuses to renew the franchise, Franchisor will provide notice which states the reasons for Franchisor's decision. If Franchisor determines that Franchisee is not eligible to renew its franchise, but that the nature of the noncompliance may be cured so that Franchisor is willing to consider granting Franchisee a renewal franchise, Franchisor will notify Franchisee accordingly. Franchisee will be eligible to renew its franchise if Franchisee has cured the noncompliance within thirty (30) days of Franchisor' s notice of noncompliance to Franchisee and remains in compliance with the terms of this Agreement until the renewal Franchise Agreement is executed.

5. AUTHORIZED LOCATION

5.1 Selection of Site

In the event that the site for the Authorized Location has not been located by Franchisee and approved by Franchisor upon execution of this Agreement, then Franchisee shall, within forty-five (45) days after execution of this Agreement, locate a site suitable for operation of the Franchised Business. Franchisee must select a site for the Authorized Location from a site within the Designated Area. Franchisor shall provide Franchisee with guidelines to assist Franchisee in selecting a suitable site. Prior to entering into an agreement to purchase or lease, Franchisee shall obtain Franchisor's prior written approval of the Authorized Location, which approval shall not be unreasonably withheld. Franchisor does not represent that it or any of its employees have special expertise in selecting sites or that the Franchised Business will be profitable or successful as a result of Franchisor's approval.

5.2 Lease

Franchisor has the right to review, evaluate and approve the proposed lease for the Authorized Location prior to its execution. Franchisee must obtain Franchisor's approval of any contract of sale or lease for the land where the Franchised Business will be located before Franchisee signs any contract or lease. Franchisor will not approve any lease unless a rider to the lease, prepared by Franchisor, is executed by Franchisee, Franchisor and by the landlord. The current form of Franchisor's lease rider is attached to this Agreement as Exhibit D. Franchisee shall duly and timely perform all of the terms, conditions, covenants and obligations imposed on it under the terms of the lease. The lease shall grant Franchisor an option, without cost or expense to Franchisor, to assume the lease upon termination or expiration of the Franchise Agreement for any reason and shall provide that it may be assigned or sublet to Franchisor during the initial term or any renewal term of the lease. Franchisor may offer Franchisee advice and recommendations concerning the fundamental economic terms of the lease. Franchisor's review of the lease or any advice or recommendation offered by Franchisor shall not constitute a representation or guarantee that Franchisee will succeed at the Authorized Location or an expression of Franchisor's opinion regarding the terms of the lease.

5.3 Development of Authorized Location

Once Franchisor and Franchisee have agreed upon the Authorized Location, its development is to be conducted as more particularly described below.

5.3.1 Franchisor will provide to Franchisee copies of Franchisor's specifications for the design and layout of the Franchised Business including required fixtures, equipment, furnishings, decor, and signs. Franchisee shall, at its expense, cause the Authorized Location and Facility to be constructed, equipped and improved in accordance with such standards and specifications. Franchisee shall also comply with all applicable building and safety codes including the Americans Disability Act and any similar state or local laws or ordinances. Any proposed modifications to or revisions shall be submitted to Franchisor for its prior review and approval prior to Franchisee's beginning of construction or build-out.

5.3.2 Franchisee agrees, at its expense, to do or cause to be done the following within four (4) months after the date of this Agreement:

5.3.2.1 obtain all required building, utility, sign, health, and business permits and licenses and any other required permits and licenses;

5.3.2.2 construct all required improvements and decorate the Authorized Location in compliance with layouts and specifications provided by Franchisor;

5.3.2.3 purchase and install all required fixtures, equipment, signs and computers;

5.3.2.4 create the building interior in compliance with the layouts and models provided by Franchisor;

5.3.2.5 purchase the required tables, chairs and other furniture; and

5.3.2.6 hire the necessary personnel required for operation of the Franchised Business.

5.3.3 Franchisee must not open the Franchised Business and commence business until:

5.3.3.1 all of the obligations pursuant to the other provisions of Section 5 of this Agreement have been fulfilled;

5.3.3.2 Franchisee and its Designated Manager, if applicable, have satisfactorily completed initial training;

5.3.3.3 Franchisee has furnished Franchisor with certification that all required building, utility, sign, health, sanitation, business and other permits and licenses have been obtained from any applicable governmental authority, including any certificate of occupancy and approvals necessary to operate the Franchised Business; and

5.3.3.4 Franchisor has been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as Franchisor may request.

5.4 Opening

5.4.1 Franchisee must comply with these conditions and be prepared to open and continuously operate the Franchised Business within four (4) months after signing this Agreement and only after having satisfactorily completed the initial training program as specified in Section 9.

5.4.2 If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then, Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor, in its sole discretion, may consent.

5.5 Destruction of Authorized Location

Franchisee may operate the Franchised Business only at an approved location. If the lease for the Authorized Location expires or terminates without fault of Franchisee or if the Facility is destroyed, condemned or otherwise rendered unusable, Franchisor may, in its sole discretion, grant permission for relocation of the Franchised Business to a site acceptable to Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor including, but not limited to, legal and accounting fees incurred in providing relocation assistance.

6. PROPRIETARY MARKS

6.1 Ownership

Franchisee acknowledges that its right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the operation of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor. Franchisee agrees that its every use of the Marks and any goodwill created shall inure to the benefit of Franchisor and that Franchisee shall not at any time acquire rights in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, right, title, or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. Franchisee agrees it will not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee.

6.2 Limitations on Franchisee's Use of Marks

Franchisee shall not use any Mark or portion of any Mark as part of any corporate or trade name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, without the prior written consent of Franchisor. Franchisee shall not use any Mark in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by Franchisor.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee agrees that Franchisee will not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark.

6.4 Discontinuance of Use of Marks

Should it become necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks or other commercial symbols, Franchisee shall, upon receiving written notice from Franchisor, immediately modify or discontinue use of any Marks as Franchisor may require. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

6.5 Right of Inspection

In order to preserve the validity and integrity of the Marks licensed herein and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its agents shall have the right of entry and inspection of the Authorized Location at all reasonable times and, additionally, shall have the right to observe the manner in which Franchisee is rendering its services and conducting its activities and operations and to inspect inventory, equipment, accessories, products, supplies, reports, forms and documents and related data to make certain that the Franchised Business is being operated in accordance with the quality control provisions and performance standards established by Franchisor.

6.6 Franchisor's Right to Domain Name

Franchisee shall not establish an Internet site using a domain name or uniform resource locator containing the words "AMATO'S" or any variation thereof without prior written consent from Franchisor. Franchisor retains the sole right to advertise on the Internet, including all use of websites, domain names, URL's, linking, advertising, public/social media and/or networking pages and groups (i.e. Facebook, LinkedIn) and their associated URL's, and co-branding arrangements. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to such websites, domain names, URL's, linking, advertising, public/social media and/or networking pages and groups (i.e. Facebook, LinkedIn) and their associated URL's, and co-branding arrangements as Franchisor shall designate in the Manual. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks.

7. CONFIDENTIAL INFORMATION

7.1 Requirement of Confidentiality

Franchisor shall disclose Confidential Information to Franchisee in the training program, the Manual, and in guidance furnished to Franchisee during this Agreement's term. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of this Agreement, and Franchisee acknowledges that the use or duplication of the Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges and agrees that the Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee solely on the condition that Franchisee does hereby agree that it: (a) shall not use the Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Confidential Information. Franchisee agrees to enforce the preceding provisions of this paragraph as to its employees, agents, and representatives.

7.2 Improvements Developed by Franchisee

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed part of the System which Franchisor may choose to adopt and/or disclose to other franchisees. Likewise, Franchisor agrees to disclose to Franchisee ideas, concepts, techniques, or materials developed by other franchisees which are made a part of the System. Franchisee agrees to assist Franchisor in obtaining property rights in any such item disclosed to Franchisor if requested by Franchisor.

7.3 In-Term Covenant Not To Compete

Franchisee acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure if franchisees and members of their immediate families were permitted to hold interest in or perform services for a Competitive Business. Franchisee, therefore, agrees that during the term of this Agreement, neither Franchisee nor any member of the immediate family or any holder of a legal or beneficial interest in Franchisee will: (a) have any direct or indirect ownership interest in any Competitive Business located or operating anywhere in the world; or (b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business or any entity which is granting franchises or licenses to others to operate a Competitive Business located or operating anywhere in the world.

7.4 Third Party Nondisclosure

Franchisor reserves the right to require Franchisee to have each of its shareholders, officers, directors, partners, employees, members, and managers, and, if Franchisee is an individual, Franchisee's immediate family members, execute a nondisclosure and non-competition agreement in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary with the right to enforce covenants contained in such agreements.

8. MANUAL

8.1 Ownership

Franchisor will provide access to Franchisee to the AMATO'S Manual and other materials which constitute the Manual describing Franchisor's specifications, standards, operating procedures and practices. The Manual may be in written form or any electronic medium. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon the expiration or termination of this Agreement.

8.2 Compliance

Franchisee agrees to comply fully with all mandatory standards, specifications and operating procedures and other obligations contained in the Manual.

8.3 Revision

Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in standards, specification and operating procedures, provided, however, that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes. If there is a dispute as to the contents of the Manual, the terms of the master copy maintained at Franchisor's home office will control.

8.4 Confidential Use

The Manual contains proprietary information and certain Confidential Information of Franchisor. Franchisee agrees to maintain confidentiality both during the term of this Agreement and subsequent to the expiration or termination of the franchise. Franchisee shall at all times maintain its copy of the Manual at the Authorized Location in a current and up-to-date manner. Franchisee shall not make any disclosure, duplication, or other unauthorized use of any portion of the Manual. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle and shall only grant authorized personnel access to the key or combination of such receptacle. In the event of any dispute as to the contents of the

Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9. TRAINING AND ASSISTANCE

9.1 Initial Training

At no additional charge, Franchisor shall make an initial training program available to Franchisee (or, if Franchisee is a corporation, limited liability company or partnership, its Designated Manager) and one (1) additional person. Prior to opening for business, Franchisee or the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training course of approximately one hundred and sixty (160) hours over four (4) weeks. The initial training program shall cover material aspects of the operation of the Franchised Business including, but not limited to: promotion and merchandising methods; management and operations techniques; and maintenance of quality standards. All expenses incurred by Franchisee and/or its Designated Manager in attending initial training including, but not limited to, travel costs, lodging, meals, and salaries, shall be the sole responsibility of Franchisee. This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of the Franchised Business.

9.2 Opening Assistance

During commencement of operation of the Franchised Business, Franchisor shall provide, at Franchisor' s expense, for approximately forty (40) hours over one (1) week, one (1) of Franchisor' s representatives for the purpose of providing general assistance and guidance in opening and beginning operation of the Franchised Business. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with the request, Franchisee shall reimburse Franchisor for the expense of Franchisor providing such additional assistance at Franchisor's standard rates, plus expenses.

9.3 Failure to Complete Initial Training

9.3.1 If Franchisor determines, in its sole discretion, that Franchisee is unable to satisfactorily complete the training program described above, Franchisor shall have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 9, Franchisor shall return to Franchisee FIVE THOUSAND DOLLARS ($5,000.00) of the Franchise Fee paid by Franchisee. Upon return of said amount, Franchisor shall be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement.

9.3.2 In the event the Designated Manager of the Franchised Business fails to complete the initial training program to Franchisor's reasonable satisfaction, a substitute manager may be selected by Franchisee and such substitute manager must complete the initial training to Franchisor's reasonable satisfaction, prior to opening for business. Franchisee shall pay Franchisor' s then current cost of training, if any, for such substitute manager.

9.3.3 If, during the term of this Agreement, the Designated Manager is not able to continue to serve in the capacity of Designated Manager, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the Designated Manager ceases to serve, such replacement being subject to the same qualifications and restrictions listed above. Franchisee shall provide for interim management of the activities contemplated under this Agreement until such replacement is so designated, such interim management to be conducted in accordance with this Agreement. Such replacement must complete the training program described above within ninety (90) days after the Designated Manager ceases to serve as the Designated Manager. Any failure to comply with the requirements of this subsection shall be deemed a material event of default under this Agreement.

9.4 Ongoing Training

Franchisor from time to time may provide and, if it does, may require that Franchisee and/or its Designated Manager attend and successfully complete ongoing training programs including refresher training, seminars, classes, and/or meetings. Attendance at ongoing training programs shall be at Franchisee's sole expense including, without limitation, travel costs, room, and board expenses and employee salaries. Attendance for ongoing training shall not be required more than one (1) session and shall not exceed forty (40) hours over one (1) week in any calendar year.

9.5 Seminars and Conventions

Franchisor from time to time may present seminars, conventions or continuing development programs for the benefit of Franchisee. Franchisee is encouraged to attend regional meetings and is required to attend all annual conventions. Franchisee must pay for any conference fees and materials, travel and living expenses incurred in attending all seminars and conventions.

9.6 Additional On-Site Assistance

Upon request, Franchisor may provide additional on-site assistance to Franchisee. Franchisor reserves the right to charge Franchisee a daily flat fee, plus travel expenses, lodging and meals, for each of Franchisor's employees or designees that provide the requested additional on-site assistance to Franchisee for each day the assistance is provided.

10. MARKETING AND PROMOTION

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the AMATO'S System, Franchisee agrees as follows:

10.1 Local Advertising and Promotion

10.1.1 Each month, Franchisee shall spend two percent (2.0%) of the previous month's Gross Sales on Local Advertising. Such expenditures shall be made directly by Franchisee, subject to the approval and direction of Franchisor. Franchisor may provide guidelines for conducting Local Advertising, and any deviations from such guidelines shall be approved by Franchisor in writing prior to use. By the tenth (10th) day of each month, Franchisee shall furnish to Franchisor, an accurate accounting of the expenditures on Local Advertising for the preceding month just ended.

10.1.2 Franchisee shall submit to Franchisor, for its prior approval, all promotional materials and advertising to be used by Franchisee including, but not limited to coupons, flyers, local newspapers, and direct mail advertising. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within ten (10) days from the date all requested material is received by Franchisor. In the event Franchisor does not approve said materials within ten (10) days, such promotional materials and/or advertising shall be deemed to have not received the required approval. The submission of advertising to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells its products or services.

10.2 Systemwide Advertising Fund

Franchisor reserves the right to establish and administer an AMATO'S Systemwide Advertising Fund. When the Advertising Fund is established, and upon thirty (30) days written notice, Franchisee shall be required to make an Advertising Fund Contribution of up to one percent (1%) of its Gross Sales. Franchisee's Advertising Fund Contributions shall be made at the same time and in the same manner as the Royalty Fee payments as described in Section 3.2 of this Agreement. The contributions shall be maintained and administered by Franchisor or its designee as follows:

10.2.1 Franchisor shall oversee all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisor cannot and does not ensure that any particular franchisee will benefit directly or pro rata from the placement of Systemwide advertising.

10.2.2 Franchisee's contribution may be used to meet any and all costs of producing, maintaining, administering and directing customer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees in the program). All sums paid by Franchisee to the Advertising Fund shall be maintained in a separate account from the other monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials and collecting and accounting for assessments for the Advertising Fund.

10.2.3 Each AMATO'S store operated by Franchisor, or any Affiliate, shall make contributions to the Advertising Fund equivalent to the contributions required of franchisees.

10.2.4 Although Franchisor intends the Advertising Fund to be of perpetual duration, Franchisor maintains the right to terminate the Advertising Fund. The Advertising Fund shall not be terminated, however, until all monies have been expended for advertising and promotional purposes or returned to franchisees on a pro rata basis.

10.2.5 An accounting of the operation of the Advertising Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Advertising Fund prepared by a certified public accountant selected by Franchisor and prepared at the expense of the Advertising Fund.

10.2.6 Franchisee understands and acknowledges that the Advertising Fund is not a trust and that Franchisor assumes no fiduciary duty in administering the Advertising Fund.

10.3 Cooperative Advertising and Promotion

Although not obligated to do so, Franchisor may create a Cooperative Advertising program for the benefit of AMATO'S stores located within a particular region. Franchisor has the right to (i) allocate any portion of the Advertising Fund to the Cooperative Advertising program; and (ii) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of Cooperative Advertising and to require that Franchisee participate in such Cooperative Advertising programs when established. Franchisor reserves the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the Cooperative Advertising program, and Franchisee agrees to participate in such cooperative according to the cooperative's then-current rules and procedures and to abide by the cooperative's then-current decisions.

10.4 Grand Opening Advertising

Franchisee must spend at least FIVE THOUSAND DOLLARS ($5,000.00) during the first three (3) months of operation of the Franchised Business on Grand Opening Advertising which must be conducted in accordance with guidelines provided by Franchisor.

10.5 Telephone Directory Advertising

Franchisee must list and advertise the telephone number for the Franchised Business in the "white pages" telephone directory and the classified or "yellow pages" telephone directory distributed in its local area and in such directory heading as specified by Franchisor. Franchisee must place the classified directory advertisement and listings together with other Franchised

Businesses operating within the distribution area of the directories. If a joint listing is obtained, the cost of the advertisements and listings will be apportioned among AMATO'S stores which are placed together.

10.6 Internet Marketing

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, public/social media and/or networking pages and groups (i.e. Facebook, LinkedIn) and their associated URLs, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We will host, operate and administer a centralized Internet website that will serve as the primary website for the Amato's name and brand. All ownership interests in and to the website and the corresponding URL will remain ours. We will provide you with guidelines for establishing websites and public/social media pages or groups and their associated URLs (such as Facebook or LinkedIn), and you must obtain our approval prior to use. Any deviations from such guidelines shall be approved by Franchisor in writing prior to use. You are not permitted to maintain any website, public/social media page or group or an associated URL (such as Facebook or LinkedIn), in connection with the operation of your Business without our prior written approval. We intend that any franchisee websites be accessed only through our centralized Internet website. You will provide us content for our Internet marketing, subject to our approval. We retain the right to approve any linking or other use of our website.

11. ACCOUNTING RECORDS AND REPORTING OBLIGATIONS

11.1 Requirement to Maintain

During the term of this Agreement, Franchisee shall maintain and preserve for the time period specified in the Manual, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement and for three (3) years thereafter all books and records related to the Franchised Business including, without limitation, sales invoices, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, cash receipts and disbursement journals, general ledgers and any other financial records designated by Franchisor or as required by law.

11.2 Sales Reports

Franchisee will maintain an accurate record of daily Gross Sales and will deliver to Franchisor a signed and verified statement of the weekly Gross Sales of Franchisee's business using such forms as Franchisor may require in writing. The weekly statement of Gross Sales must be provided to Franchisor on or before the close of business on Wednesday of each week for the preceding week.

11.3 Monthly and Annual Financial Reports

Franchisee shall supply to Franchisor on or before the fifteenth (15th) day of the following calendar month, in a form approved by Franchisor, a balance sheet as of the end of the last preceding calendar month and an income statement for the month and year-to-date. Additionally, Franchisee shall submit to Franchisor within sixty (60) days of the end of each fiscal year during the term of this Agreement, an income statement for the fiscal year ended and a balance sheet as of the last day of the fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles and reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor other periodic reports, forms and records, in the manner and at the time specified in the Manual.

11.4 Computer System

Franchisee shall utilize such automated central accounting system equipment and software program(s) as Franchisor may prescribe. Franchisor shall have full access to all of Franchisee's computer data, computer system, and related information by means of direct access either in person and/or by telephone or modem.

11.5 Right of Franchisor to Perform Inspection

Franchisor shall have the right, during normal business hours, to examine, copy and/or audit the books and records, including tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law in the state where the Franchised Business is located. Furthermore, if the inspection discloses an underpayment of five percent (5%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

11.6 Late Report Fee

To encourage prompt delivery of all reports, documentation, statements and/or records that may be requested by Franchisor in this Agreement or in the Manual, Franchisee shall pay, upon demand, a late report fee in the amount of $100.00 per record or document requested if Franchisee fails to deliver such record or document when due.

12. OPERATING STANDARDS

12.1 General Operation

Franchisee will use the Marks and the System in strict compliance with the standards, procedures, specifications, and requirements which are required of all AMATO'S franchisees.

12.2 Authorized Products and Services

Franchisee shall offer for sale at the Franchised Business only those products, services and other items that Franchisor approves and shall not offer for sale or sell or provide through the Franchised Business or the Facility which it occupies any products or services which Franchisor has not approved or use such Facility for any purpose other than the operation of an AMATO'S store in full compliance with this Agreement and the Manual.

12.3 Proprietary Products

In order to maintain consistency of product, quality, taste and identity of Proprietary Products, Franchisee agrees to purchase all required Proprietary Products from Franchisor's affiliate, MIMMO, Inc. d/b/a Amato's Bakery and/or Franchisor's Approved Suppliers. Currently, MIMMO, Inc. d/b/a Amato's Bakery is the exclusive manufacturer of all the bread products listed in Exhibit H of the Franchise Agreement. MIMMO, Inc. d/b/a Amato's Bakery is an Approved Supplier of the bread products listed in Exhibit H of the Franchise Agreement, but it is not the only Approved Supplier of these products. MIMMO, Inc. d/b/a/ Amato's will sell the bread products listed in Exhibit H of the Franchise Agreement to you and other franchisees at a price which is equal to its cost to produce plus a reasonable markup consistent with the industry. The prices charged will also be affected by market conditions.

All of the other Proprietary Products listed in Exhibit H of the Franchise Agreement are sold by our Approved Suppliers. Franchisor reserves the right to derive revenue from Franchisee's required purchases from Approved Suppliers through a program of rebates from some and/or all of our approved suppliers. These rebates serve to partially reimburse Franchisor for its costs in the initial sourcing, approval and ongoing monitoring of compliance with our quality standards of our Approved Suppliers. We do not anticipate receiving rebates from all of our Approved Suppliers because in many cases we will instead negotiate promotional considerations or proportional reductions in the invoice price of the products sold to our affiliate, Amato's Sandwich Shop Inc.'s Amato's stores. Franchisee hereby understands and acknowledges that Franchisor does not undertake any obligation to negotiate proportional price reductions, as each supplier has its own position on granting (and tracking/accounting for) price reductions versus rebates.

Except for the bread products sold by our affiliate, MIMMO, Inc. d/b/a Amato's Bakery, neither Franchisor, nor any affiliate are an Approved Supplier for any category of Proprietary Products. However, Franchisor reserves the right to become an Approved Supplier (or appoint an affiliate as an Approved Supplier) of Proprietary Products in the future.

12.4 Approved Suppliers

12.4.1 In addition to the Proprietary Products described in Section 12.3 above, all other items used in the operation of the Franchised Business including, without limitation, ingredients, paper goods, uniforms, stationery, brochures, signs, flyers, menus, and other printed items, shall comply with Franchisor's specifications and quality standards and, if required by Franchisor, shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include Franchisor or its Affiliate[s]). Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of items and, if required, a list of Approved Suppliers for some or all of these items, and shall from time to time issue revisions thereto. Upon Franchisor's request, or if Franchisee desires to use any item in operating the Franchised Business that Franchisor has not approved (for items or services that required supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and/or samples for Franchisor to determine whether the item or service complies with its standards and specifications or the supplier meets its approved supplier criteria. Franchisor may charge a reasonable fee for inspection and/or testing, not to exceed ONE THOUSAND DOLLARS ($1,000.00), and will decide within a reasonable time after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier.

12.4.2 Notwithstanding anything contrary in this Agreement, Franchisor reserves the right to review from time to time its approval of any items or suppliers. Franchisee acknowledges and agrees that Franchisor may revoke its approval of any item or supplier at any time and in its sole discretion by notifying Franchisee and/or the supplier. Franchisee agrees, at its own expense, to promptly cease using, selling or providing any items disapproved by Franchisor and to promptly cease purchasing from suppliers which Franchisor disapproves.

12.5 Supervision

12.5.1 The Franchised Business shall, at all times, be under the direct full-time supervision of Franchisee (or a Designated Manager if Franchisee is a corporation, limited liability company or partnership). Full-time means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave, etc. In the event Franchisee operates one (1) more Franchised Business(s), at least one (1) trained and competent employee shall act as the Designated Manager for each Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of all Designated Manager(s). To the extent that Franchisor can reasonably accommodate any replacement Designated Manager(s) in the initial training program described in Section 9.1, Franchisor shall make training available at its then-current rates as published in the Manual. In no event, however, shall Franchisor be under any obligation to provide training to any replacement Designated Manager(s).

12.5.2 Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and its employees. Franchisee will be solely responsible for recruiting and hiring the persons it employs to operate the Franchised Business. Franchisee will also be responsible for their training, wages, taxes, benefits, safety, work schedules, work conditions, assignments, discipline and termination and for compliance with all workplace related laws. At no time will Franchisee or its employees be deemed to be employees of AMATO'S or our affiliates. We have no right or obligation to direct your employees or to operate the Franchised Business.

12.6 Point-of-Sale System

Franchisee will utilize the point-of-sale system which Franchisor has developed and/or selected for the Franchised Business. Franchisee must maintain an Internet connection with an approved Internet service provider for the purpose of e-mail communication, transmitting and receiving data and general communications with Franchisor. Franchisor reserves the right to access information and data produced by Franchisee's point-of-sale system.

12.7 Licenses and Permits

Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations.

12.8 Notification of Proceedings

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, including action against professional services/credentials of any employee associated with Franchisee, which may adversely affect the operation or financial condition of the Franchised Business.

12.9 Compliance with Good Business Practices

Franchisee acknowledges that each and every detail of the quality of customer service, appearance and demeanor of Franchisee's employees, and items offered for sale by Franchisee is important to Franchisor and to other AMATO'S stores. To this end, Franchisor shall endeavor to maintain high standards of quality and service. Franchisee shall in all dealings with its customers, vendors, and the general public adhere to the highest standards of honesty, fair dealing, moral and ethical conduct.

12.10 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual.

12.11 Vending Machines

Franchisee agrees not to install or use at the Franchised Business any vending machines, amusement devices, juke boxes, video machines, or other similar devices, unless approved in writing by Franchisor.

12.12 Credit Cards

Franchisor requires that Franchisee have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate from time to time in order that the Franchised Business may accept such methods of payment from its customers.

12.13 Maintenance and Repair

Franchisee shall, at its expense, maintain in "like new" condition the equipment, signage, improvements, landscaping and the general Authorized Location for the Franchised Business in conformity with the standards of the AMATO'S System. Franchisee agrees to refinish or repaint the exterior and interior of the AMATO'S Franchised Business at Franchisee's costs at such times as reasonably directed by Franchisor.

12.14 Uniforms

Franchisee will require its employees to wear such uniforms as Franchisor may designate to promote the common business image and protect the goodwill associated with the Marks and System.

12.15 Gift Cards

Franchisee must have the ability to process Amato's gift cards as a method of payment from its customers.

13. FRANCHISOR'S ONGOING OPERATIONS ASSISTANCE

13.1 General Advice and Guidance

From time to time, Franchisor may advise and offer general guidance to Franchisee by telephone, electronic mail, facsimile, newsletters and other methods. Such guidance shall be based on the experience of Franchisor and gleaned from other franchisees in operating AMATO'S stores.

13.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits to the Franchised Business, at its expense, for the purposes of consultation, assistance and guidance of Franchisee in various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits outlining any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in such operations which become evident as a result of any such visit. A copy of any such written report may be provided to Franchisee.

13.3 Advertising and Promotional Materials

Franchisee must purchase, from approved suppliers, an initial supply of printed and promotional materials for the operation of the Franchised Business prior to opening and thereafter, as required by the Manual.

13.4 System Improvements

Franchisor will communicate improvements in the AMATO'S System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

14. INSURANCE

14.1 Types and Amounts of Coverage

Franchisee shall procure, at its sole expense, and maintain in full force and effect during the term of this Agreement any and all insurance coverage that is required by Franchisor in its Manual and related coverage minimums and types of coverage. All such insurance must name Franchisor as additional insured and/or loss payee, in addition to any other insurance that may be required by applicable law, any lender or lessor.

14.2 Carrier Standards

Such policy or policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide in accordance with standards and specifications set forth in the Manual.

14.3 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policy or policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20 of this Agreement. Franchisee agrees to provide annually certificates of insurance showing compliance with the foregoing requirements. Such certificate shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

14.4 Failure to Maintain Coverage

Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15. FRANCHISE SYSTEM

15.1 Uniformity

Franchisee shall comply with all requirements set forth in this Agreement, the Manual, and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall constitute provisions of this Agreement as if fully set forth herein. Franchisee shall comply with all such mandatory specifications, standards and operating procedures and rules including, but not limited to, the provisions of this Section 15.

15.2 Modification of the System

Franchisee recognizes that from time to time hereafter, Franchisor may make changes or upgrades to the System including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, new computer hardware and software, equipment or techniques. Franchisee agrees to make such changes at Franchisee’s expense and to conform to changes, developments and upgrades; provided, however, that Franchisee shall not be required to make an additional investment of more than TEN THOUSAND DOLLARS ($10,000.00) (which amount may be increased consistent with increases to the Consumer Price Index, as published by the United States Department of Labor, Bureau of Labor Statistics “CPI” during the initial five (5) year term. No additional investment will be required during the first year of the initial term; if it is required to be made within the last year of the initial term or the last year of any renewal term, the franchisee may avoid making the investment by proving notice of its intent not to renew the franchise. Such expenditures under this Section 15.2 shall be in addition to any expenditures as may be required for maintenance and refurbishing of the Authorized Location as provided in Section 12.13.

15.3 Variance

Franchisee acknowledges that because complete and detailed uniformity under varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of the particular site or circumstance, population of trade area, density of population, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Franchised Business. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation hereunder. Franchisee acknowledges that the implementation or variance of standards with respect to other franchisees shall not afford a basis for a claim or suit by Franchisee.

16. DEFAULT AND TERMINATION

16.1 Termination By Franchisee

If Franchisee is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within a reasonable time after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement unless the breach cannot reasonably be cured within thirty (30) days, in which case Franchisee will have the right to terminate this Agreement if, after receipt of a written notice of default, Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time, and furnish Franchisee reasonable proof of such efforts. To terminate this Agreement under this Paragraph, Franchisee must provide a separate written notice of termination, which will be effective no less than thirty (30) days after delivery of such notice to Franchisor.

16.2 Termination By Franchisor

16.2.1 This Agreement shall, at the option of Franchisor, terminate without notice of termination, or if notice is required by applicable law, the minimum notice period required by such law, if Franchisee:

16.2.1.1 Fails to establish and equip the Franchised Business as provided in Section 5 of this Agreement;

16.2.1.2 Fails to satisfactorily complete the initial training program as provided in Section 9 of this Agreement;

16.2.1.3 Has made any material misrepresentation or omission in the application for the franchise;

16.2.1.4 Is indicted on, charged with, convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.5 Makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any Confidential Information provided to Franchisee;

16.2.1.6 Abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days, unless the Franchised Business has not been operational for a purpose approved by Franchisor, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for the Authorized Location;

16.2.1.7 Surrenders or transfers control of the operation of the Franchised Business, makes or attempts to make an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee, or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or incapacitated controlling owner thereof as herein required;

16.2.1.8 Submits to Franchisor on two (2) or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate the Royalty Fee payments and any fees or payments owed to Franchisor by more than five percent (5%) for any accounting period, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.9 Is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency; if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against its Authorized Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.10 Materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks;

16.2.1.11 Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay Royalty Fee payments, Advertising Fund Contributions, amounts due for purchases from Franchisor or other payments when due to Franchisor, or otherwise fails to comply with this Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee;

16.2.1.12 Continues to violate any health or safety law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to its customers or the public; or

16.2.2 Except as otherwise provided in Section 16.2.1 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement only by giving written notice of termination (in the manner set forth under Section 21.2 hereof) stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

16.3 Reinstatement and Extension

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, Franchisor may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

17. FRANCHISEE'S OBLIGATION UPON EXPIRATION OR TERMINATION

17.1 Post-Term Duties

Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee will:

17.1.1 cease to operate the Franchised Business under this Agreement and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former Franchisee of Franchisor;

17.1.2 assign (or, if an assignment is prohibited, a sublease for the full remaining term and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Authorized Location to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. Franchisor shall have the right to make rental and other payments directly to the landlord or other party to whom such payment is ultimately due;

17.1.3 cease to use the Confidential Information, the System, the Marks and any distinctive forms, slogans, signs, symbols, logos or devices associated with the Marks or System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other article which displays the Marks;

17.1.4 assign to Franchisor any assumed name or equivalent registration filed with state, city, or county authorities which contains the name "AMATO'S" or any of the Marks;

17.1.5 pay all sums owing to Franchisor which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees and lost Royalty Fee payments;

17.1.6 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Section 17;

17.1.7 immediately return the Manual and all other records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the store (all of which are acknowledged to be Franchisor's property);

17.1.8 assign to Franchisor, at Franchisor's option, all telephone numbers, (and associated listings) for the Franchised Business; and

17.1.9 comply with all other applicable provisions of this Agreement including the non-compete provisions.

17.2 Post-Term Covenant Not to Compete

Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

17.2.1 Own an interest in, manage, operate, act as a consultant with respect to the management or operation of any Competitive Business within a radius of fifty (50) miles of the Authorized Location specified in this Agreement;

17.2.2 Have any direct or indirect ownership interest in any entity which has granted or grants franchises for the operation of a Competitive Business within fifty (50) miles of the Authorized Location or within ten (10) miles of any other AMATO'S or AMATO'S XPRESS store; or

17.2.3 Initiate any action to hire, attempt to hire, or induce or seek to induce any person who is employed by Franchisor or employed by the franchisee of any other Franchised Business, or induce any such person to leave his or her employment or engagement, whether or not the person's employment is pursuant to a written agreement or is at will.

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17.2 is held unreasonable, then it shall be amended to provide for limitations upon post-term competition to the maximum extent provided and permitted by law. The running of any period of time specified in this Section 17.2 shall be tolled and suspended for any period of time in which the Franchisee is found by a court of competent jurisdiction to have been in violation of this restrictive covenant. Franchisor may, unilaterally, at any time, in its sole discretion, revise any of the covenants in this Section 17.2 so as to reduce the obligations of Franchisee hereunder. Franchisee further expressly agrees that the existence of any claim it may have against Franchisor whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17.2.

17.3 Injunctive Relief

As any breach by Franchisee of any of the covenants contained in this Section would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, Franchisee agrees that, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek an injunction against any such breach, whether actual or contemplated.

17.4 If Franchisee Starts Another Business

In the event Franchisee continues to operate or subsequently begins to operate any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, the System or the trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in the Marks. This Section 17.4 is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 17.2 of this Agreement. Franchisee shall not utilize any designation of origin, or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the Authorized Location (including, without limitation, the changing of the telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section 17.4, Franchisor shall have the right to enter upon the Authorized Location, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at Franchisee's expense.

17.5 Franchisor's Option to Purchase Certain Assets

Franchisor shall have the right (but not the duty) within thirty (30) days after termination or expiration, to purchase any assets of the Franchised Business containing the Marks. Such assets may include leasehold improvements, equipment, supplies, paper goods, stationery, and advertising materials. The purchase price shall be Franchisee's cost or fair market value, whichever is less. Franchisor shall have the right to set off all amounts due from Franchisee.

17.6 Survival of Certain Provisions

All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 By Franchisor

This Agreement and all rights hereunder can be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder.

18.2 By Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the franchise herein granted, are personal to Franchisee, and Franchisor has agreed to enter into this contract with Franchisee in reliance upon Franchisee's personal skill and financial ability. Accordingly, neither Franchisee nor any successor of Franchisee, either immediate or remote, to any part of Franchisee's interest in this Agreement may sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in the franchise granted hereby. Any purported assignment or transfer, whether by operation of law or otherwise, or encumbrance of all or any part of Franchisee's rights under this Agreement, or of all or any part of the ownership interests in Franchisee, or of all or any part of the operating control of Franchisee, or of fifteen percent (15%) or more of the assets used in the operation of the Franchised Business, shall be null and void and shall constitute a material breach of this Agreement, for which breach Franchisor may then terminate this Agreement without notice or opportunity to cure, unless such assignment, transfer or encumbrance has the prior written consent of Franchisor. If Franchisee desires to sell or transfer any rights or assets described in the preceding sentence to any transferee, Franchisee shall first obtain the written consent of Franchisor to such transaction, which consent will be conditioned upon the satisfaction of the following conditions:

18.2.1 All obligations owed to Franchisor and all other outstanding obligations relating to the Franchised Business shall be fully paid and satisfied.

18.2.2 Unless prohibited by the law of the state where the Franchised Business is located, Franchisee shall have executed a general release, in a form substantially similar to the one attached hereto as Exhibit I, of any and all claims against Franchisor and its officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the business which operates this franchise. If a general release is prohibited, Franchisee shall give the maximum release allowed by law.

18.2.3 The transferee shall have satisfied Franchisor that it meets Franchisor's management, business, and financial standards and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business.

18.2.4 The transferee and, at Franchisor's option, all persons owning any interest in the transferee, shall execute the then-current Franchise Agreement offered to new franchisees which may be substantially different from this Agreement, including, without limitation, differences in Royalty Fee payments and Advertising Fund Contributions and other material provisions. The Franchise Agreement then executed shall be for the term specified in such Agreement.

18.2.5 Franchisee shall have provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the transferee relating to the sale or transfer of the franchise.

18.2.6 Franchisee shall have paid to Franchisor a transfer fee in the amount of fifty percent (50%) of the then-current initial Franchise Fee.

18.2.7 Franchisee agrees to continue to be bound to the obligations of the new Franchise Agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor.

18.2.8 The transferee shall have obtained all necessary consents and approvals by third parties (such as the lessor of the Authorized Location), and the transfer shall be made in compliance with all applicable federal, state and local laws, rules and ordinances.

Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee to a third party, so long as the above referenced conditions have been satisfied.

18.3 Transfer by Franchisee to an Entity Controlled by Franchisee

If Franchisee wishes to transfer this Agreement or any interest therein to a corporation, limited liability company or other legal entity ("Entity") which shall be entirely owned by Franchisee, which Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the following requirements:

18.3.1 The Entity shall be newly organized and its charter shall provide that its activities are confined exclusively to the operation of the Franchised Business.

18.3.2 Franchisee shall retain total ownership of the outstanding stock or other capital interest in the transferee Entity, and Franchisee shall act as the principal officer or officers and directors thereof.

18.3.3 All obligations of Franchisee to Franchisor or any affiliate shall be fully paid and satisfied prior to Franchisor's consent; provided that Franchisee shall not be required to pay a transfer fee, as required, pursuant to Section 18.2.6 of this Agreement for any transfer under this Section 18.3.

18.3.4 The Entity assignee shall enter into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of this Franchised Business. If the consent of any other contracting party to any such agreement is required, Franchisee shall have obtained such written consent and provided the same to Franchisor prior to consent by Franchisor.

18.3.5 All owners of the stock or other ownership interest of the transferee Entity shall enter into an agreement with Franchisor, jointly and severally, guaranteeing the full payment of the Entity's obligations to Franchisor and the performance by the Entity of all the obligations of the Agreement.

18.3.6 Each stock certificate or other ownership interest certificate of the Entity shall have conspicuously endorsed upon the face thereof of a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement.

18.3.7 Copies of the transferee Entity's Articles of Incorporation, Bylaws, Operating Agreement, and other governing regulations or documents, including resolutions of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

18.3.8 The term of the transferred franchise shall be the unexpired term of this Agreement.

Franchisor's consent to a transfer of any interest in this Agreement or of any ownership interest in the Franchised Business shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement. Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee to an entity controlled by Franchisee, so long as the above referenced conditions have been satisfied.

18.4 Death or Incapacity of Franchisee

18.4.1 If Franchisee is an individual who dies, or becomes permanently incapacitated, Franchisor shall allow the deceased's surviving spouse, heirs, or estate or the incapacitated person's legal representative, the opportunity to participate in the ownership of the franchise up to ninety (90) days after the death or incapacity of Franchisee. During such time the surviving spouse, heirs or estate or legal representative shall either (i) satisfy the then current qualifications for a purchaser of a franchise; or (ii) in accordance with the requirements of this Section, sell Franchisee's ownership interest in the franchise to a person or entity who satisfies Franchisor's then current standards for new franchisees. In the event that neither (i) or (ii) above is satisfied within the required ninety (90) day time period as stated in this Section 18.4.1, then the Franchise Agreement may be subject to termination pursuant to Section 16.2.1.7.

18.4.2 If Franchisee is a corporation or partnership, the death or incapacitation of a shareholder, director or officer or partner of Franchisee shall not constitute an assignment or transfer of this Agreement provided that during ninety (90) days after such death or incapacitation, the surviving spouse, heirs or estate or the incapacitated person's legal representative (i) maintains all standards of the franchise, performs all obligations of the Franchisee and satisfies the then current qualifications for a purchaser of a franchise; or (ii) in accordance with the requirements of this Section, sells such person's ownership interest in the franchise, to a person or entity who satisfies Franchisor's then current standards for new franchisees. In the event that neither (i) or (ii) above is satisfied within the required ninety (90) day time period as stated in this Section 18.4.2, then the Franchise Agreement may be subject to termination pursuant to Section 16.2.1.7.

18.5 Franchisor's Disclosure to Transferee

Franchisor may, without liability of any kind or nature whatsoever to Franchisee, make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business, or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and absolutely releases and agrees to hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to this franchise by an intended transferee identified by Franchisee.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee or its owners propose to sell: (i) fifteen percent (15%) or more of the assets of the Franchised Business; (ii) any interest in the capital, profits or losses of the Franchise; or (iii) any ownership interest in this Agreement or the Franchise, Franchisee shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials to Franchisor. The offer must apply only to approved sale of the above and may not include any other property or rights of Franchisee or its owners.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the same for the price and on the same terms and conditions contained in such offer or proposal to Franchisor. Franchisor may substitute cash for the fair market value of any form of payment proposed in such offer or proposal. Franchisor's credit shall be deemed equal to the credit of any proposed buyer. After providing notice to Franchisee, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representation and warranties given by Franchisee as the seller of the assets or such ownership interest.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this right of first refusal within thirty (30) days, the offer or proposal may be accepted by Franchisee or its owners, subject to the prior written approval by Franchisor, as provided in Section 18, of the proposed transfer. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor shall again have the right of first refusal herein described. Should a transferee assume the rights and obligations under this Agreement, such transferee shall likewise be subject to Franchisor's right of first refusal under terms and conditions as set forth herein.

20. RELATIONSHIP AND INDEMNIFICATION

20.1 Independent Contractor

This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment, or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as our (or our affiliates') agent, legal representative, partner, subsidiary, joint venture or employee for any purpose whatsoever. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. Franchisee may not represent to third parties that Franchisee is an agent of Franchisor and it is understood between the parties hereto that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Franchisee. Franchisee specifically acknowledges that Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. In addition, any third party contractors and vendors retained by Franchisor to perform conversion or construction of the Authorized Location are independent contractors. During the term of this Agreement and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Authorized Location and on all forms, stationery or other written materials, the content of which Franchisor reserves the right to specify.

20.2 Indemnification

Franchisee agrees to hold harmless and indemnify Franchisor and its affiliates and Franchisor's respective members, shareholders, officers, directors, employees and agents and successors or assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses, lost profits, loss, damages, or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, proceeding or inquiry, or any settlement thereof which arises from or is based upon (a) Franchisee's ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach or any federal, state or local law, regulation, rule or industry standards, including any liability arising from labor or employment law violations; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisor or Franchisor's affiliates; (d) libel, slander or other form of defamation of Franchisor or the System by Franchisee; or (e) acts, errors or omissions incurred in connection with or arising out of the Franchised Business, including any negligent or intentional acts of the Franchisee and/or its employees. In addition, Franchisee shall indemnify Franchisor Indemnitees for any and all losses, compensatory damages, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, settlement amounts, judgments, damages to Franchisor's reputation and goodwill, costs of advertising material, media time and space and substituting and replacing the same, all costs of recall, refunds, compensation, all public notices and other such amounts which may result from any of the actions, commissions or items listed in this Section.

21. GENERAL CONDITIONS AND PROVISIONS

21.1 Non-Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of either Franchisor or Franchisee in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

21.2 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day of the transmission by facsimile, telegraph or other reasonably reliable electronic communication system; (c) two (2) business days after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices, payments, and reports required by this Agreement shall be sent to Franchisor at the address below:

Franchisor: Franchisee:

Reali Holdings Company, Inc.
d/b/a Amato's
Attention: President
312 St. John Street
Portland, ME 04102
Fax: (207) 767-2333

Copy To: Copy To:

Timothy J. Bryant, Esq.
Preti Flaherty
P.O. Box 9546
One City Center
Portland, ME 04112-9546
Fax: (207) 791-3111

21.3 Cost of Enforcement or Defense

If Franchisor brings any legal action or other proceeding for the enforcement of this Agreement, or is forced to defend itself because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, it shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals, bankruptcy and post judgment proceedings), incurred in that action or proceeding, in addition to any other relief to which Franchisor may be entitled. Attorneys' fees include paralegal fees, administrative costs and all other charges billed by the attorney.

21.4 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

21.5 Entire Agreement

This Agreement, any exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements.

No other representation has induced Franchisee to execute this Agreement and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

21.6 Severability

Each paragraph, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid paragraphs, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement. Franchisee expressly shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

21.7 Construction

All captious herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

21.8 Force Majeure

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

22. DISPUTE RESOLUTION

22.1 Choice of Law

This Agreement and the rights of the parties will not take effect unless and until this agreement is accepted and signed by Franchisor. Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Maine (without reference to its conflict of laws principles), excluding any franchise law regulating the registration, disclosure or relationship between a franchisor and franchisee, which currently exists or may be adopted by the State of Maine, shall not apply, unless the jurisdictional requirements of such laws are met independently without reference to this section. References to any law or regulation, refer also to any successor laws or regulations or any published regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds the function of such agency.

22.2 Jurisdiction and Venue

Franchisee acknowledges that this Agreement is entered into in Cumberland County, Maine, and that any action sought to be brought by either party, shall be brought in the appropriate state court located in Cumberland County, Maine or in the United States District Court located in Portland, Maine. The Parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The foregoing choice of jurisdiction and venue does not preclude the bringing of any action by the parties or the enforcement by the parties of any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction, or restrict the ability of the parties to confirm or enforce arbitration awards in any appropriate jurisdiction.

22.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that shall cause it loss or damages including obtaining restraining orders, preliminary and permanent injunctions.

22.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement brought by Franchisee will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

22.5 No Punitive or Exemplary Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and/or legal fees as provided in section 21.3.

22.6 Waiver of Jury Trial

Franchisee and Franchisor each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

22.7 Injunctive Relief

Franchisor may bring an action for injunctive relief in any court having jurisdiction to enforce the Franchisor's non-competition trademark, and/or proprietary rights, in order to avoid irreparable harm to the Franchisor, its affiliates, or the franchise system as a whole.

22.8 Mediation

The parties agree to attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement by non-binding mediation in Portland, Maine, conducted by a single mediator, no later than ninety (90) days after litigation is commenced by either party to this agreement. Either party may commence the mediation process by providing to the other party written notice, pursuant to Section 21.2 herein, setting forth the subject of the dispute, claim or controversy and the relief requested. Within ten (10) days after the receipt of the foregoing notice, the other party shall deliver a written response to the initiating party's notice. The initial mediation session shall be held within ninety (90) days after the initial notice. The parties agree to share equally the costs and expenses of the mediation (which shall not include the expenses incurred by each party for its own legal representation in connection with the mediation). The mediator shall be agreed upon by the parties within thirty (30) days after the initial notice. If the parties do not or are not able to agree upon a mediator within thirty (30) days after the initial notice, then the Franchisor shall have the right to unilaterally select the mediator.

The parties further acknowledge and agree that mediation proceedings are settlement negotiations, and that, to the extent allowed by applicable law, all offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties or their agents shall be confidential and inadmissible in any litigation or other legal proceeding involving the parties; provided, however, that evidence which is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

The provisions of this section may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including reasonable attorneys' fees, to be paid by the party against whom enforcement is ordered.

23. ACKNOWLEDGMENTS

23.1 Receipt of Agreement

Franchisee represents and acknowledges that it has received, read and understood this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

23.2 Receipt of Uniform Franchise Disclosure Document

Franchisee acknowledges that it has received a copy of this Agreement and the attachments thereto, at least seven (7) days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee has received the Franchise Disclosure Document at least fourteen (14) days prior to the date on which this Agreement was executed.

23.3 Consultation by Franchisee

Franchisee has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business franchised hereby and the prospects for that Franchised Business. Franchisee has either consulted with such advisors or has deliberately declined to do so.

23.4 Multiple Originals

In the event the parties execute multiple copies of this Agreement, each executed copy will be deemed an original.

23.5 Risk

Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the Franchised Business contemplated hereby.

23.6 No Guarantee of Success

Franchisee acknowledges that it has not received or relied on any guaranty, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business that it will operate pursuant to this Agreement. Franchisee acknowledges that there have been no representations by Franchisor's directors, employees or agents, that are not contained in, or inconsistent with, the statements made in the Uniform Franchise Disclosure Document or with the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISOR:

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

By: ____

Name: ____

Title: ____

FRANCHISEE:

[type/print name]

By: ____

Name: ____

Title: ____

EXHIBIT A

TERRITORY

1. County and State of Authorized Location:

2. Authorized Location within the Designated Area:

Franchisee acknowledges that the Designated Area is delineated solely for the purpose of establishing a geographic area within which Franchisee will locate the Franchised Business and for no other purpose. The Designated Area does not grant to Franchisee any promise of exclusivity or territorial protection.

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

By: ___________________________________

Title: ___________________________________

Date: ___________________________________

FRANCHISEE:

By: ___________________________________

Title: ___________________________________

Date: ___________________________________

EXHIBIT B

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this____ day of________ 20__, by and between ____ ____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement and accompanying exhibits, on the date herewith ("Agreement") by Reali Holdings Company, Inc. d/b/a Amato's ("Franchisor"), each of the undersigned hereby personally and unconditionally (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________________________ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the provisions of Sections 7.3 and 17.2. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP IN FRANCHISEE
____ Print Name: Date:	___________________________%
____ Print Name: Date:	___________________________%
____ Print Name: Date:	___________________________%
____ Print Name: Date:	___________________________%
____ Print Name: Date:	___________________________%

EXHIBIT C

ELECTRONIC FUND TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S. ("Franchisor")

Depositor, hereby authorizes and requests (the "Depository") to initiate debit and credit entries to Depositor's ___ checking account ____ savings account (select one) indicated below drawn by and payable to the order of Franchisor by Electronic Fund Transfer provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depositor's rights with respect to each such charge shall be the same as if it were a check drawn by Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: ___________________________________

City:___________________________ State:___________________ Zip Code:__________

Transit/ABA Number:__________________________________

Account Number: ____

This authority is to remain in full force and effect until Franchisor and Depository have received at least thirty (30) days written notification from Depositor of its termination to afford Depository a reasonable opportunity to act on such request.

Depositor Signature:

By:

Its:____

Depositor Name: ____

Date Signed: ____

Please attach a voided blank check for the purpose of setting up Bank and Transit Numbers.

EXHIBIT D
LEASE RIDER

The Lease Rider is made and entered into this day of _____20 _ by and between Reali Holdings Company, Inc. d/b/a Amato's, a Maine Corporation ("Franchisor"), and ___________________________________, a ___________________ ("Franchisee") and ______________________________, a ____________________________("Landlord").

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement dated __________________,20_ ("Franchise Agreement").

WHEREAS, Franchisee and Landlord desire to enter into a lease (the "Lease") pursuant to which Franchisee will occupy the premises located at ____ (Street Address) ____ (City & State) (the "Premises") for an AMATO'S franchise licensed under the Franchise Agreement (the "AMATO'S Franchise").

WHEREAS, as a condition to entering into the Lease, the Franchisee is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor; and

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein and in the Franchise Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the AMATO'S Store Franchise.

2. Landlord consents to Franchisee's use of such trade names, trademarks and signs, interior and exterior decor items, color schemes, plans, specifications and related components of the AMATO'S System as Franchisor may prescribe.

3. Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time and in the same manner that such letters and notices are sent to Franchisee, at the following address:

Reali Holdings Company, Inc. d/b/a Amato's

Attention: President
312 St. John Street
Portland, ME 04102

Copy to:

Timothy J. Bryant, Esq.
PretiFlaherty
P.O. Box 9546
One City Center
Portland, ME 04112-9546

4. Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the System and Trademarks or to cure any default under the Franchise Agreement or any Area Development Agreement entered into between Franchisor and Franchisee or under the Lease, without being guilty of trespass or any other crime or tort, and the Landlord shall not be responsible for any expense or damages arising from Franchisor's actions in connection therewith.

5. Franchisee shall be permitted to assign the Lease to Franchisor or its affiliates upon the expiration or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord shall look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment.

6. Except for the Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate shall assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease.

7. Franchisee shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

8. Landlord and Franchisee shall not amend or otherwise modify the Lease in any manner that could materially affect Franchisor, without the prior written consent of Franchisor.

9. The terms of this Lease Rider will supersede any conflicting terms of the Lease.

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

By: ____________________________________

Title: ____________________________________

Date: ____________________________________

FRANCHISEE:

By: ____________________________________

Title: ____________________________________

Date: ____________________________________

LANDLORD:

By: ____________________________________

Title: ____________________________________

Date: ____________________________________

EXHIBIT E

STATEMENT OF OWNERSHIP INTERESTS PRINCIPALS AND CONTROLLING PRINCIPALS

A. The following is a list of the stockholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name	Percentage of Ownership/Nature of Interest

B. The following is a list of all of Franchisee's Principals described in and designated pursuant to the definition of the term "Franchisee" in the Franchise Agreement, except those who have been designated as Controlling Principals, each of whom shall execute the Confidentiality and Non-Competition Agreement in the form set forth in Exhibit F of the Franchise Agreement:

C. The following is a list of Franchisee's Controlling Principals described in and designated pursuant to the definition of the term "Franchisee" in the Franchise Agreement:

EXHIBIT F

CONFIDENTIALITY & NON-COMPETITION AGREEMENT

This Agreement made as of the day of ___ 20 _, by and between __________________ a ____________ Company (the "Franchisee") and ______________________ of ___________________ ("Individual").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _______ 20_ ("Franchise Agreement").

WHEREAS, Franchisee desires individual to have access to and/or to review certain confidential materials, which are more particularly described below;

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said confidential materials; and

WHEREAS, Individual agrees not to disclose any such information to any other party and/or use such information to compete against Company in the same and/or a similar business, now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Proprietary Information.

Individual understands Franchisee possesses and will possess Proprietary Information, which is important to its business. For purposes of this Agreement, "Proprietary Information" is information that was or will be developed, created, or discovered by or on behalf of Franchisee, or which became or will become known by, or was or is conveyed to Franchisee, and which has commercial value in Franchisee's business. "Proprietary Information" includes, but is not limited to, operation manual(s), information about trade secrets, computer programs, designs, technology, ideas, know-how, processes, recipes, formulas, compositions, data, techniques, improvements, inventions (whether patentable or not), works of authorship, business and product development plans, customers and other information concerning Franchisee's actual or anticipated business, research or development related to the AMATO'S System and/or any of Franchisee's other business operations or procedures. Any information expressly designated by Company as "Proprietary Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his obligations hereunder in respect of information otherwise constituting Proprietary Information. Individual understands Franchisee's providing of access to the confidential information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Proprietary Information.

a) Individual understands Franchisee possesses or will possess "Franchise Materials" which are important to its business. For purposes of this Agreement, "Franchise Materials" are documents or other media or tangible items that contain or embody Proprietary Information or any other information concerning the business, operations or plans of Franchise, whether such documents have been prepared by me or by others. "Franchise Materials" include, but are not limited to, blueprints, drawings, designs, photographs, charts, graphs, notebooks, customer lists, computer disks, tapes or printouts, sound recordings and other printed, typewritten or handwritten documents, as well as samples, prototypes, models, products and the like.

2. Confidentiality/Non-Disclosure.

a) Individual agrees not to communicate or divulge to, or use for the benefit of himself or any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any information, including, but not limited to, any operation manual(s), trademarks, trade names, patents, inventions, discoveries, improvements, processes, recipes, formulae, apparatus, equipment, methods, trade secrets, research, secret data, or other confidential matters developed, possessed, owned, or used by Franchisee, the discovery, development or knowledge of which is known to or acquired by Franchisee by reason of his meeting with and/or participation in the business and affairs of or as a result of his association with or which may be revealed to him by Franchisee.

b) Individual agrees that his obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of his relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate its obligations under this Agreement to any future customer, client or employer to the extent deemed necessary by the Franchisee for protection of its rights hereunder and regardless of whether Individual or any of his affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in the AMATO'S System.

3. Non-Competition.

Individual agrees that for a period of two (2) years hereafter, he shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any entity actively engaged in the _________________ business anywhere within a fifty (50) mile radius of the Approved Location described in Exhibit A of the Franchise Agreement, without the express written consent of Franchisee.

4. Miscellaneous.

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties hereto.

b) Individual agrees that any dispute regarding the meaning, effect or validity of this Agreement shall be resolved in accordance with the laws of the State of_____. Individual further agrees that if one or more provisions of this Agreement are held to be illegal or unenforceable under applicable ______law, such illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms. Individual also agrees to reimburse Franchisee for any and all costs and attorneys' fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of the Franchisee, its subsidiaries, successors and assigns.

d) This Agreement can only be modified by a subsequent written agreement executed by an authorized officer of the Franchisee.

e) The failure of either party to insist in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

f) No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

INDIVIDUAL CERTIFIES THAT HE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

FRANCHISEE:

By: ______________________________

Title: ______________________________

Date: ______________________________

INDIVIDUAL:

By: ______________________________

Title: ______________________________

Date: ______________________________

EXHIBIT G
AMATO'S XPRESS ADDENDUM

This Addendum, made this _______ day of _________, 20 __, is hereby made part of the Reali Holdings Company, Inc. d/b/a Amato's Franchise Agreement (hereinafter "the Agreement"), by and between _______________ (hereinafter "Franchisee") and Reali Holdings Company, Inc. d/b/a Amato's (Hereinafter "Franchisor").

RECITALS

A. Franchisor grants qualified persons the right to own and operate a single AMATO'S XPRESS store under the Marks and in strict accordance with System; and

B. Franchisee is desirous of entering into an agreement with Franchisor so as to be able to obtain the rights to operate an AMATO'S XPRESS store using the System developed by Franchisor;

C. Except as it may be modified by this Addendum, the Agreement and all its terms and provisions are hereby ratified and affirmed.

DEFINITIONS

"Confidential Information" means any trade secret or any information that is competitively sensitive and not generally known by the public, whether or not in written or tangible form and regardless of the media (if any) on which stored, relating to the AMATO'S XPRESS System, including recipes, specifications, methods and techniques of preparation, operating systems and techniques, record-keeping and reporting methods, accounting systems, management systems and techniques, management training techniques, specifications for signs, displays, menus, bags, containers, business forms, and business stationery to be used by franchisees, designs, drawings, and specifications for the Authorized Location, operating manuals for franchisees, ideas, research and development, know-how, lists of franchisees and suppliers, suggested pricing and cost information, and business and marketing plans and proposals;

"Cooperative Advertising" means the advertising program established for AMATO'S XPRESS stores within a particular region;

"Facility" means the AMATO'S XPRESS store, including all leasehold improvements either located at or to be located at the Authorized Location;

"Franchised Business" means the AMATO'S XPRESS store to be carried on by Franchisee in accordance with the System pursuant to this Agreement;

"Manual" means not only the AMATO'S XPRESS Operations Manual, but other items as may be provided, in the future, including administration and managers manual(s), certain pamphlets, memoranda, e-mail, and other publications prepared by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor setting out the standards, methods, procedures and specifications of the System;

“Marks” means the mark “AMATO’S XPRESS” and such other trade names, trademarks, service marks, designs, graphics, logos and other commercial symbols as Franchisor may designate and not thereafter withdraw to be used in connection with the Franchised Business; There are no infringing or prior uses actually known to us that could materially affect the use of the Marks, with the exception of the following: Federal registrations for the trademarks AMATO’S, AMATO’S PIZZA (Class 42) and AMATO’S PIZZA (Class 30) exist (respectively, registrations 1353372, 1353371 and 1353126) in the name of Kenneth J. Amato d/b/a Amato’s Pizza, 376 Butler Street, Etna, Pennsylvania 15223. On June 2, 2004, our Affiliate, Amato’s Sandwich Shop, Inc. (“ASSI”), entered into a Consent Agreement for Concurrent Use and Registration of the Amato’s mark, with Kenneth J. Amato d/b/a Amato’s Pizza, wherein Mr. Amato agreed to limit his rights to use the Amato’s mark to eight (8) counties in Pennsylvania; and six (6) counties in West Virginia, and consent to ASSI’s pending concurrent registration of the term AMATO’S with the United States Patent and Trademark Office (“USPTO”); and

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor, in its sole discretion, for the operation of an AMATO’S XPRESS store.

TERMS OF ADDENDUM

In consideration of the mutual covenants, agreements, terms and conditions herein contained and the acts to be performed by the respective parties, hereto, Franchisor and Franchisee agree as follows:

1. Franchise Fee - Upon execution of this Agreement, Franchisee shall pay a nonrefundable Franchise Fee to Franchisor in the amount of FIFTEEN THOUSAND DOLLARS ($15,000.00). The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-refundable, except under the conditions set forth under Section 9.3 of this Agreement. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor including, but not limited to, general sales and marketing expenses, training, legal, accounting and other professional fees.

2. Royalty Fee - Franchisee shall pay without offset, credit or deduction of any nature to Franchisor, so long as this Agreement shall be in effect, a monthly Royalty Fee payment of four percent (4%) of Gross Sales up to $350,000, and six percent (6%) of Gross Sales over $350,000. By the tenth (10) day of each month, Franchisee shall submit to Franchisor a statement of the Gross Sales for the preceding month along with the Royalty Fee payment.

The initial Royalty Fee payment for each month shall be calculated using the Royalty Fee rate based upon the actual fiscal year-to-date Gross Sales. Within thirty (30) days of the close of each fiscal year, Franchisee shall submit to Franchisor a statement of the Gross Sales for the preceding fiscal year. In the event that the Gross Sales for the preceding fiscal year exceed $350,000, then Franchisee shall also simultaneously submit to Franchisor any Royalty Fees that may be due, based upon the difference between the calculated monthly Royalty Fee payments and the calculated annual Royalty Fee using a multiplier of 6% versus 4% starting from royalties paid on the Gross Sales of the initial $350,000 earned by Franchisee (hereinafter “Reach Back Adjustment”). For example, if Franchisee’s Gross Sales are $345,000 for its first year in operation, then no yearend Reach Back Adjustment will be required. If Franchisee’s Gross Sales are $400,000 for its first year in operation, then a year end Reach Back Adjustment of $8,000 will be required to be paid to Franchisor to account for the 4% royalties paid during the year and the 6% due and payable as required by this Agreement.

Once Franchisee has achieved Gross Sales equal to or greater than $350,000 in any consecutive period of twelve (12) months, the Royalty Fee shall permanently become 6% of Gross Sales for the remaining term and any extensions of this Agreement.

3. Advertising Fund Contribution - Franchisor reserves the right to establish and administer an AMATO'S XPRESS Systemwide Advertising Fund. When the Advertising Fund is established, Franchisee shall be required to contribute an amount determined by Franchisor up to one percent (1%) of Franchisee's Gross Sales. Franchisee's required payments to the Advertising Fund shall be made at the same time and in the same manner as the Royalty Fee payment as provided in Section 3.2 of this Agreement. Such sums shall be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section 10.2.

4. Manual - Franchisor will provide access to Franchisee to the AMATO'S XPRESS Manual and other materials which constitute the Manual describing Franchisor's specifications, standards, operating procedures and practices. The Manual may be in written form or any electronic medium. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon the expiration or termination of this Agreement.

5. Initial Training - At no additional charge, Franchisor shall make an initial training program available to Franchisee (or, if Franchisee is a corporation, limited liability company or partnership, its Designated Manager) and up to two (2) employees. Prior to opening for business, Franchisee or the Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training course of approximately two hundred and forty (240) hours over six (6) weeks. The initial training program shall cover material aspects of the operation of the Franchised Business including, but not limited to: promotion and merchandising methods; management and operations techniques; and maintenance of quality standards. All expenses incurred by Franchisee and/or its Designated Manager in attending initial training including, but not limited to, travel costs, lodging, meals, and salaries, shall be the sole responsibility of Franchisee. This training program is provided to protect our brand and the Marks and not to control the day-to-day operation of your Business.

7. Cooperative Advertising and Promotion - Although not obligated to do so, Franchisor may create a Cooperative Advertising program for the benefit of AMATO'S XPRESS stores located within a particular region. Franchisor has the right to (i) allocate any portion of the Advertising Fund to the Cooperative Advertising program; and (ii) collect and designate all or a portion of the Local Advertising for a Cooperative Advertising program. Franchisor has the right to determine the composition of all-geographic territories and market areas for the implementation of Cooperative Advertising and to require that Franchisee participate in such Cooperative Advertising programs when established. Franchisor reserves the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the Cooperative Advertising program, and Franchisee agrees to participate in such cooperative according to the cooperative's then-current rules and procedures and to abide by the cooperative's then-current decisions.

8. Operating Standards:

A. **General Operation** - Franchisee will use the Marks and the System in strict compliance with the standards, procedures, specifications, and requirements which are required of all AMATO'S XPRESS franchisees.

B. **Authorized Products and Services** - Franchisee shall offer for sale at the Franchised Business only those products, services and other items that Franchisor approves and shall not offer for sale or sell or provide through the Franchised Business or the Facility which it occupies any products or services which Franchisor has not approved or use such Facility for any purpose other than the operation of an AMATO'S XPRESS store in full compliance with this Agreement and the Manual.

C. **Compliance with Good Business Practices** - Franchisee acknowledges that each and every detail of the quality of customer service, appearance and demeanor of Franchisee's employees, and items offered for sale by Franchisee is important to Franchisor and to other AMATO'S XPRESS stores. To this end, Franchisor shall endeavor to maintain high standards of quality and service. Franchisee shall in all dealings with its customers, vendors, and the general public adhere to the highest standards of honesty, fair dealing, moral and ethical conduct.

D. **Maintenance and Repair** - Franchisee shall, at its expense, maintain in "like new" condition the equipment, signage, improvements, landscaping and the general Authorized Location for the Franchised Business in conformity with the standards of the AMATO'S XPRESS System. Franchisee agrees to refinish or repaint the exterior and interior of the AMATO'S XPRESS Franchised Business at Franchisee's costs at such times as reasonably directed by Franchisor.

9. Franchisor's Ongoing Operations Assistance:

A. **General Advice and Guidance** - From time to time, Franchisor may advise and offer general guidance to Franchisee by telephone, electronic mail, facsimile, newsletters and other methods. Such guidance shall be based on the experience of Franchisor and gleaned from other franchisees in operating AMATO'S XPRESS stores.

B. **System Improvements** - Franchisor will communicate improvements in the AMATO'S XPRESS System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

10. Franchisee's Obligation Upon Expiration Or Termination:

A. **Post-Term Duties** - Upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee will:

(1) assign to Franchisor any assumed name or equivalent registration filed with state, city, or county authorities which contains the name 'AMATO'S XPRESS" or any of the Marks.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

FRANCHISOR:

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

By: ____

Name: ____

Title: ____

FRANCHISEE:

[type/print name]

By: ____

Name: ____

Title: ____

EXHIBIT H
LIST OF PROPRIETARY PRODUCTS

A. Breads

1. Bulkie Rolls
2. Dough Ball - 9 Inch
3. Dough Ball - 16 Inch
4. Italian Loaf
5. Italian Rolls
6. Italian Slice
7. Meatball Rolls
8. Oval Rolls
9. Small Rolls
10. White Bread
11. White Bread – Pullman
12. Focaccia
13. Ciabatta
14. Rye
15. Wheat

B. Cheeses

1. American Cheese
2. Pizza Cheese Feathered
3. Provolone Cheese
4. Swiss Cheese

C. Grocery

1. Marinated Mushrooms
2. Mushrooms Sliced
3. Pickles Amato's
4. Pickles - 5 Gallon
5. Oil - 5 Ounces
6. Oil - 8 Ounces
7. Olive Oil - 10%

D. Pre-Made Salads

1. Chicken Salad
2. Macaroni Salad
3. Pasta Salad
4. Potato Salad
5. Tuna Salad

E. Meats

1. Hamburg - Seasoned
2. Hamlick - Sliced
3. Meatballs
4. Pepperoni - Sliced
5. Sausage - Hot Sliced
6. Sausage – Sweet
7. Genoa Salami

F. Sauces

1. Marinara Sauce
2. Pizza Sauce
3. Spaghetti Sauce

EXHIBIT I

GENERAL RELEASE

This General Release ("Agreement") is made and entered into this ________ of ______, 20__, as follows:

1. The Parties.

The Parties to this Agreement are Reali Holdings Company, Inc. d/b/a Amato's, a Maine limited liability company, ("Franchisor") and _________________ ("Franchisee").

The Parties entered into a Franchise Agreement on or around _____________, which granted Franchisee the right to operate an AMATO'S franchise in certain parts of (insert Territory Description) (hereinafter the "Franchise Agreement").

By means of this Agreement, Franchisee, intends to fully and unconditionally release and discharge any and all claims it/he/she may have against Franchisor, as set forth in Sections 4 & 5 below, in connection with the Franchise Agreement, including any claims asserted, or which could have been asserted prior to the execution of this Agreement, and any other claims, known and unknown.

2. Consideration.

In consideration of making this Agreement, and for other good and valuable consideration, the adequacy of which the Parties expressly acknowledge, the Parties agree as follows:

a. Franchisor shall grant Franchisee's request to terminate/renew/transfer (Select One), the Franchise Agreement;

b. Franchisee shall pay in full any and all outstanding amount owed pursuant to the terms of the Franchise Agreement;

c. Franchisee shall be in full compliance with all applicable terms of the Franchise Agreement and any related Operations Manuals; and

d. Franchisee shall execute a General Release of any and all claims it may have against Franchisor.

The Parties further agree that Franchisor's consent to the aforementioned termination/renewal/transfer (Select One) of the Franchise Agreement is itself full and adequate consideration for the release set forth in Sections 3 & 4 of this Agreement.

3. Releases.

Franchisee, on behalf of itself/himself/herself, its/his/her corporate officers, directors, shareholders, heirs, personal representatives, successors, assigns, representatives, creditors, agents, lawyers and insurers, do hereby fully and expressly release, acquit, remise, and forever discharge Franchisor, and each of its respective heirs, personal representatives, successors, assigns, representatives, agents, lawyers, insurers, officers, directors, shareholders, subsidiaries, affiliates, and employees, of and from any and all claims, demands, actions, liabilities, losses, proceedings, and rights of action of any kind arising out of or related in any way to the Franchise Agreement, Franchisee's purchase and/or operation of the Franchisor's franchise pursuant to the Franchise Agreement, known or unknown and/or the manner of settlement of any claims relating thereto, which may have occurred prior to the date of this Agreement.

Franchisee, agrees and understands that its/his/her individual and/or collective post terminations duties, responsibilities and obligations called for under the Franchise Agreement shall survive the execution of this Agreement, including, without limitation, any and all duties to defend and indemnify Franchisor in any lawsuits brought by former customers of Franchisee, related to work performed during the operation of the franchised business.

4. Releases Include Unknown Claims.

Franchisee understands and agrees that the released claims are intended to and do include any and all claims of every nature and kind whatsoever, known, unknown, suspected or unsuspected which he has or may have against Franchisor, as described in Section 3 of this Agreement.

Franchisee further acknowledges that it/he/she, individually and/or collectively, may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the released claims and agree that, in such event, this Agreement shall nevertheless be and remain in effect in all respects, notwithstanding such different or additional facts, or the discovery thereof.

5. Warranty of Capacity to Execute Agreement.

The Parties represent and warrant that no other person or entity has or had any interest in the claims, demands, obligations, or causes of action related to or referred to in this Agreement, except as otherwise set forth herein, and that they have the sole right and exclusive authority to cause this Agreement to be executed, and to receive sums specified herein, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

6. No Admission of Liability.

This Agreement constitutes the release of existing or potential disputed claims and does not constitute an admission of liability on the part of any party as to any matters whatsoever. It is understood and agreed that this settlement is the compromise of doubtful and disputed, existing and/or potential, claims.

7. <u>Modification.</u>

No provisions of this Agreement may be changed, altered, modified, or waived except in writing signed by all of the Parties.

8. <u>Entire Agreement.</u>

The Parties each further acknowledge that no representation, promise or inducement has been made other than as set forth in this Agreement, and that none of them enters into this Agreement in reliance upon any other representation, promise or inducement not set forth herein. The Parties further acknowledge and represent that they assume the risk for any mistake or facts now known or unknown.

9. <u>Understanding.</u>

The Parties acknowledge and represent that they have read this Agreement in full and understand and voluntarily consent and agree to each and every provision contained herein.

10. <u>Confidentiality.</u>

The Parties covenant that they shall not disclose to any person or entity the terms or conditions of this Agreement, which are hereby expressly agreed to be confidential. The Parties further covenant to refrain from discussing, disclosing, or otherwise revealing to any person or entity, the terms or conditions of this Agreement, except to the extent that any such disclosure is required by law or valid court order, and except to the extent necessary to enforce their respective rights under this Agreement.

11. Attorneys' Fees and Costs.

The Parties shall bear their respective costs and attorney fees incurred in preparing and/or executing this Agreement; *provided, however,* that in the event of a breach of this Agreement, the non-breaching party shall be entitled to recover from the breaching party the reasonable costs and attorney fees expended in order to enforce the terms of this Agreement.

12. <u>Controlling Law; Venue.</u>

The Parties agree that Maine law shall govern the validity and interpretation of this Agreement. The Parties stipulate that jurisdiction and/or venue shall lie exclusively in the State of Maine, _______________ County Superior Court, for any action involving the validity, interpretation, or enforcement of this Agreement, or for any claim for breach of this Agreement, for damages, or for any other relief brought under this Agreement.

13. Multiple Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SEEN AND AGREED

FRANCHISEE

_________________________ _______________________

Witness

FRANCHISOR
REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

_________________________ _________________________

Witness

By:
Its:

EXHIBIT “D” TO DISCLOSURE DOCUMENT

®

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S

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EXHIBIT "E" TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

FINANCIAL STATEMENTS

REALI HOLDING COMPANY, INC.

Financial Statements
for the years ended December 31, 2022 and 2021

(See Independent Auditor's Report)

McLeod | Ascanio
Certified Public Accountants

Scott A. McLeod
Managing Principal

James Ascanio
Managing Principal

Matthew R. Barbour
Principal

Independent Auditor's Report

To the Stockholder of
Reali Holding Company, Inc.

Opinion

We have audited the accompanying financial statements of Reali Holding Company, Inc., which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reali Holding Company, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reali Holding Company, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reali Holding Company, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reali Holding Company, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Reali Holding Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

MaCdo Ascanio

Cumberland Foreside, Maine
July 12, 2023

REALI HOLDING COMPANY, INC.
BALANCE SHEETS
as of December 31, 2022 and 2021
(See Independent Auditor's Report)

	2022	2021
ASSETS		
Current assets:		
Cash and equivalents	$ 1,473,861	$ 1,193,794
Accounts receivable, net	96,650	129,964
Total current assets	1,570,511	1,323,758
Total assets	$ 1,570,511	$ 1,323,758
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and other liabilities	$ 14,905	$ 2,818
Related party payables	280,123	215,287
Total current liabilities	295,028	218,105
Total liabilities	295,028	218,105
Stockholder's equity:		
Common stock	1,000	1,000
Retained earnings	1,274,483	1,104,653
Total stockholder's equity	1,275,483	1,105,653
Total liabilities and stockholder's equity	$ 1,570,511	$ 1,323,758

The accompanying notes are an integral part of these financial statements.

REALI HOLDING COMPANY, INC.
STATEMENTS OF INCOME AND CHANGES IN RETAINED EARNINGS
for the years ended December 31, 2022 and 2021
(See Independent Auditor's Report)

	2022	2021
Income:		
Franchise fees	$ 7,500	$ 22,500
Royalties	817,367	731,111
Total income	824,867	753,611
General and administrative expenses:		
Advertising and promotions	6,810	2,099
Bad debt expense	7,116	2,144
Employee benefits	19,605	18,182
Management fee	40,000	40,000
Office expense and supplies	6,410	643
Payroll taxes	19,291	19,215
Professional fees	11,967	12,675
Profit sharing	75,376	66,009
Repairs and maintenance	-	2,114
Salaries and wages	394,392	327,188
Travel expenses	26,715	23,233
Total general and administrative expenses	607,682	513,502
Other income (expenses):		
Interest and dividend income	2,645	1,048
Total other income (expenses)	2,645	1,048
Net income	219,830	241,157
Retained earnings, beginning of the year	1,104,653	863,496
Less: stockholder's distributions	(50,000)	-
Retained earnings, end of the year	$ 1,274,483	$ 1,104,653

REALI HOLDING COMPANY, INC.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 2022 and 2021
(See Independent Auditor's Report)

	2022	2021
Cash flows from operating activities:		
Net income	$ 219,830	$ 241,157
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	7,116	2,144
(Increase) decrease in:		
Accounts receivable	26,198	(72,887)
Increase (decrease) in:		
Accounts payable and other liabilities	12,087	(11,861)
Related party payables	64,836	(73,591)
Net cash provided by operating activities	330,067	84,962
Cash flows from financing activities:		
Stockholder's distributions	(50,000)	-
Net cash used by financing activities	(50,000)	-
Change in cash and equivalents during the year	280,067	84,962
Cash and equivalents, beginning of the year	1,193,794	1,108,832
Cash and equivalents, end of the year	$ 1,473,861	$ 1,193,794

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business
Reali Holding Company, Inc. (RHC) was incorporated under the laws of the State of Maine in January 2002 to operate as a holding company located in Portland, Maine with the business focus of developing franchise opportunities for Amato's branded stores.

RHC is related to Amato's Sandwich Shops, Inc. (ASSI) and its related entities through common ownership and management.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Under the accrual basis of accounting, revenues are recognized when earned rather than when received; expenses are recognized when incurred, rather than when paid.

Cash and Equivalents
Cash and equivalents include cash in banks and all highly liquid investments with original maturities of three months or less at the time of purchase. RHC maintains its cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. RHC has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash and equivalents.

Accounts Receivable
Accounts receivable are recorded at the amount RHC expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, or reserves against, any specific accounts deemed to have collection risks. No allowance for bad debt was considered necessary at December 31, 2022. The allowance for bad debt was $2,144 at December 31, 2021.

Property and Equipment
Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as described below:

	Years
Furniture and fixtures	7-10
Equipment and software	3-7

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. For assets sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in net income for the period.

RHC's fixed assets consist of furniture and equipment of $44,907. These costs were depreciated over their estimated useful lives and had no net value as of December 31, 2022 and 2021.

Goodwill, Trademarks and Other Intangible Assets
In accordance with Accounting Standards Codification (ASC) 350, *Intangibles - Goodwill and Other*, RHC classifies intangible assets into one of three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization, and (3) goodwill. RHC tests intangible assets with definite lives for impairment if conditions exist that indicate the carrying value may not be recoverable. Such conditions may include an economic downturn in a geographic market or a change in the assessment of future operations. If applicable, an impairment charge would be recorded when the carrying value of the definite-lived intangible asset is not recoverable by the cash flows generated from the use of the asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Goodwill, Trademarks and Other Intangible Assets (continued)
RHC determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset.

The factors taken into consideration include the contractual term of any agreement, the history of the asset, RHC's long-term strategy for the use of the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their estimated useful lives.

RHC's intangible assets consist of franchise design costs of $63,452. These costs were amortized over their estimated useful life of seven years and had no net value as of December 31, 2022 and 2021.

Revenue Recognition
RHC's primary sources of revenue are franchise fees and royalties. Revenue is measured based on the amount of consideration specified in a contract with a franchisee. Revenue is recognized when and as performance obligations under the terms of the contract are satisfied. Franchise contracts offer training and support services for up to four weeks to assist with onboarding. Franchise fees are recognized as revenue at the point in time when the service performance obligation is complete. RHC's royalty revenue is recognized over time in amounts based upon each franchisee's monthly gross sales.

RHC's royalty fee revenue contracts are sales-based. RHC bills a fixed percentage of the franchisee's revenue periodically. Accordingly, the Company uses the option under GAAP not to disclose further information about remaining performance obligations at year end.

	2022		2021	
Timing of revenue recognition	Franchise fee	Royalty fee	Franchise fee	Royalty fee
Transferred at a point in time	$ 7,500	$ -	$ 22,500	$ -
Transferred over time	-	817,367	-	731,111
Total	$ 7,500	$ 817,367	$ 22,500	$ 731,111

Compensated Absences
Compensated absences for vacation and personal time have not been accrued since they cannot be reasonably estimated. RHC's policy is to recognize these costs when actually paid.

Advertising
RHC expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were $6,810 and $2,099, respectively.

Income Taxes
RHC has elected S Corporation status under the Internal Revenue Code. As an S Corporation, no corporate level federal taxes are paid. Instead, all earnings, deductions and credits of RHC are passed through to the stockholder for inclusion on his personal return.

Management has evaluated RHC's tax positions and concluded that, as of December 31, 2022 and 2021, it does not believe that RHC has taken any tax positions that would require adjustments to the financial statements. As of December 31, 2022, RHC was open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2019 through 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS:

As stated in Note 1, RHC is related to ASSI and its related companies through common ownership and management. Amato's Management Company (AMC), through this relationship, provides accounting, administrative and managerial services for RHC, as needed. In exchange for these services, AMC has the right to charge RHC a management fee based on several factors, including usage, cash flow and profitability. Management fees charged to RHC by AMC totaled $40,000 for each of the years ended December 31, 2022 and 2021.

AMC also billed RHC for the cost of personnel of $394,392 and $327,188 for the years ended December 31, 2022 and 2021, respectively, including salaries, benefits and reasonable out-of-pocket expenses for those employees assigned to RHC. RHC had an outstanding payable due to AMC of $206,207 and $147,662 as of December 31, 2022 and 2021, respectively, for these intercompany billings.

In the normal course of business, RHC may transact business at arm's length with other entities related to ASSI. To the extent these transactions are not immediately settled, amounts are charged to the respective intercompany receivable/payable accounts which are reconciled by AMC.

RHC had an outstanding receivable due from MIMMO, Inc. of $1,460 as of December 31, 2022 and an outstanding payable due to MIMMO, Inc. of $1,616 as of December 31, 2021.

RHC had an outstanding payable due to ASSI in the amounts of $75,376 and $66,009 at December 31, 2022 and 2021, respectively, for discretionary profit sharing contributions made by ASSI on RHC's behalf (refer to Note 4).

3. CONCENTRATIONS:

During 2022, RHC derived 34.3%, 21.2% and 17.0% of its gross royalty income from its three largest customers. RHC derived 22.3%, 22.1% and 17.4% of its gross royalty income from the same three customers during 2021.

4. PROFIT SHARING PLAN:

ASSI has a profit sharing plan. RHC employees are eligible to receive profit sharing allocations if they satisfy the following general criteria:

a) Completed one year of service
b) Attained age 21
c) Completed at least 1,000 hours of service during a twelve-month period commencing on the date of hire.

Under this plan, ASSI makes discretionary profit sharing contributions that are determined by management and allocated to eligible RHC participant accounts, subject to certain IRS and ERISA regulations.

The discretionary profit sharing contributions to the plan for RHC employees totaled $75,376 and $66,009 for the years ended December 31, 2022 and 2021, respectively.

5. SUBSEQUENT EVENTS:
   Management has evaluated subsequent events through July 12, 2023, the date the financial statements were available to be issued.

   No matters have arisen since year-end through the date of management's evaluation date that would require adjustment to the financial statements or disclosures presented herein.

Financial Statements

REALI HOLDING COMPANY, INC.

For the years ended December 31, 2021 and 2020

(See Independent Auditor's Report)

McLeod | Ascanio
Certified Public Accountants

Scott A. McLeod
Managing Principal

James Ascanio
Managing Principal

Matthew R. Barbour
Principal

Independent Auditor's Report

To the Stockholder of
Reali Holding Company, Inc.

Opinion

We have audited the accompanying financial statements of Reali Holding Company, Inc., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reali Holding Company, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reali Holding Company, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reali Holding Company, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Reali Holding Company, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Reali Holding Company, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cumberland Foreside, Maine
August 3, 2022

REALI HOLDING COMPANY, INC.

BALANCE SHEETS

as of December 31, 2021 and 2020

(See Independent Auditor's Report)

	2021	2020
ASSETS		
Current assets:		
Cash and equivalents	$ 1,193,794	$ 1,108,832
Accounts receivable	129,964	59,221
Total current assets	1,323,758	1,168,053
Total Assets	$ 1,323,758	$ 1,168,053
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and other liabilities	$ 2,818	$ 14,679
Related party payables	215,287	288,878
Total current liabilities	218,105	303,557
Total liabilities	218,105	303,557
Stockholder's equity:		
Common stock	1,000	1,000
Retained earnings	1,104,653	863,496
Total stockholder's equity	1,105,653	864,496
Total Liabilities and Stockholder's Equity	$ 1,323,758	$ 1,168,053

The accompanying notes are an integral part of these financial statements.

REALI HOLDING COMPANY, INC.
STATEMENTS OF INCOME AND CHANGES IN RETAINED EARNINGS
for the years ended December 31, 2021 and 2020
(See Independent Auditor's Report)

	2021	2020
Income:		
Franchise fees	$ 22,500	$ 10,000
Royalties	731,111	600,826
Total income	753,611	610,826
General and administrative expenses:		
Advertising and promotions	2,099	4,935
Bad debt expense	2,144	-
Employee benefits	18,182	20,549
Management fee	40,000	-
Office expense and supplies	643	7,891
Payroll taxes	19,215	16,990
Professional fees	12,675	12,549
Profit sharing	66,009	85,800
Repairs and maintenance	2,114	684
Salaries and wages	327,188	327,157
Travel expenses	23,233	15,135
Total general and administrative expenses	513,502	491,690
Other income (expense):		
Interest and dividend income	1,048	1,582
Total other income (expense)	1,048	1,582
Net income	241,157	120,718
Retained earnings, beginning of year	863,496	742,778
Less: stockholder's distributions	-	-
Retained earnings, end of year	$ 1,104,653	$ 863,496

The accompanying notes are an integral part of these financial statements.

REALI HOLDING COMPANY, INC.

STATEMENTS OF CASH FLOWS

for the years ended December 31, 2021 and 2020

(See Independent Auditor's Report)

	2021	2020
Cash flows from operating activities:		
Net income	$ 241,157	$ 120,718
Adjustments to reconcile to net cash provided by operating activities:		
Bad debt expense	2,144	-
(Increase) decrease in:		
Accounts receivable	(72,887)	33,401
Increase (decrease) in:		
Accounts payable and other liabilities	(11,861)	14,223
Related party payables	(73,591)	190,497
Net cash provided by operating activities	84,962	358,839
Change in cash and equivalents during the year	84,962	358,839
Cash and equivalents, beginning of the year	1,108,832	749,993
Cash and equivalents, end of the year	$ 1,193,794	$ 1,108,832

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business
Reali Holding Company, Inc. ("RHC") was incorporated under the laws of the State of Maine in January 2002 to operate as a holding company located in Portland, Maine with the business focus of developing franchise opportunities for Amato's branded stores.

RHC is related to Amato's Sandwich Shops, Inc. ("ASSI") and its related entities through common ownership and management.

Recently Adopted Accounting Pronouncements
Effective January 1, 2020, RHC adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all related subsequent ASUs. The new standard supersedes most existing revenue recognition guidance. It provides a principles-based framework for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects in exchange for the goods or services provided. It also requires enhanced disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. RHC adopted ASU 2014-09 and all related amendments using the modified retrospective transition method. RHC concluded that the adoption of the new standard had no significant effect and did not require an adjustment to the opening retained earnings balance.

Basis of Accounting
The accounting records of RHC are maintained and the financial statements are prepared on the accrual basis of accounting.

Cash and Equivalents
Cash and equivalents include cash in banks and all highly liquid investments with maturities of three months or less at the time of purchase. RHC maintains its cash in bank deposit accounts which, at times, may exceed the Federal Deposit Insurance Corporation ("FDIC") limit of $250,000. RHC has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash and equivalents.

Accounts Receivable
Accounts receivable are recorded at the amount that RHC expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off or reserves against any accounts deemed to have collection risks. The allowance for bad debt was $2,144 at December 31, 2021. No allowance was deemed necessary at December 31, 2020.

Property and Equipment
Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as described below:

	Years
Furniture and fixtures	5-12 years
Equipment and software	5-10 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

RHC's fixed assets consist of furniture and equipment of $44,907. These costs were depreciated over the estimated useful lives assigned to them and had no net value as of December 31, 2021 and 2020.

Depreciation expense was zero for each of the years ended December 31, 2021 and 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Goodwill, Trademarks and Other Intangible Assets

In accordance with Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other*, RHC classifies intangible assets into one of three categories: (1) intangible assets with definite lives subject to amortization, (2) intangible assets with indefinite lives not subject to amortization, and (3) goodwill. RHC tests intangible assets with definite lives for impairment if conditions exist that indicate the carrying value may not be recoverable. Such conditions may include an economic downturn in a geographic market or a change in the assessment of future operations. If applicable, an impairment charge would be recorded when the carrying value of the definite-lived intangible asset is not recoverable by the cash flows generated from the use of the asset.

RHC determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset.

The factors taken into consideration include the contractual term of any agreement, the history of the asset, RHC's long-term strategy for the use of the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized, primarily on a straight-line basis, over their useful lives (refer to Note 2).

Income Taxes

RHC has elected S Corporation status under the Internal Revenue Code. As an S Corporation, corporate level taxes are not paid. Instead, all earnings, deductions and credits of RHC are passed through to the stockholder for inclusion on his personal return.

Management has evaluated RHC's tax positions and concluded that as of December 31, 2021 and 2020 it does not believe that RHC has taken any tax positions that would require adjustments to the financial statements. As of December 31, 2021, RHC was open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2018 through 2021.

Advertising

RHC expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were $2,099 and $4,935, respectively.

Revenue Recognition

The Company's primary sources of revenue are franchise fees and royalties. Revenue is measured based on the amount of consideration specified in a contract with a franchisee. Revenue is recognized when and as performance obligations under the terms of the contract are satisfied. Franchise contracts offer training and support services for up to four weeks to assist with onboarding. Franchise fees are recognized as revenue at the point in time when the service performance obligation is complete. RHC's royalty revenue is recognized over time in amounts based upon each franchisee's monthly gross sales. Various economic factors may affect the timing of revenue and cash flows.

The Company's royalty fee revenue contracts are sales-based. RHC bills a fixed percentage of the franchisee's revenue periodically. Accordingly, the Company uses the option under GAAP not to disclose further information about remaining performance obligations at year end.

Timing of Revenue Recognition	Franchise Fee	Royalty Fee	Total
Transferred at a point in time	$ 22,500	$ -	$ 22,500
Transferred over time	-	731,111	731,111
	$ 22,500	$ 731,111	$ 753,611

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Compensated Absences
Compensated absences for vacation and personal time have not been accrued since they cannot be reasonably estimated. RHC's policy is to recognize these costs when actually paid.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Changes in such estimates may affect the amounts reported in future periods.

2. GOODWILL, TRADEMARKS AND INTANGIBLE ASSETS:
RHC's intangible assets consist of franchise design costs of $63,452. These costs were amortized over an estimated useful life of seven years and had no net value as of December 31, 2021 and 2020.

Amortization expense was zero for each of the years ended December 31, 2021 and 2020.

3. RELATED PARTY TRANSACTIONS:
As stated in Note 1, RHC is related to ASSI and its related companies through common ownership and management. Amato's Management Company ("AMC"), through this relationship, provides accounting, administrative and managerial services for RHC, as needed. In exchange for these services, AMC has the right to charge RHC a management fee based on several factors, including usage, cash flow and profitability. Management fees charged to RHC by AMC totaled $40,000 for the year ended December 31, 2021. AMC did not charge RHC management fees for the year ended December 31, 2020.

AMC also billed for, and RHC reimbursed, the cost of personnel including salaries, benefits and reasonable out-of-pocket expenses for those employees assigned to RHC. RHC had an outstanding payable due to AMC of $147,662 and $203,078 as of December 31, 2021 and 2020, respectively, for these intercompany billings.

In the normal course of business, RHC may transact business at arm's length with other entities related to ASSI. To the extent these transactions are not immediately settled, amounts are charged to the respective intercompany receivable/payable accounts which are reconciled by AMC.

RHC had an outstanding payable due to MIMMO, Inc. of $1,616 as of December 31, 2021. No outstanding payable due to MIMMO, Inc. as of December 31, 2020.

RHC had an outstanding payable due to ASSI in the amounts of $66,009 and $85,800 at December 31, 2021 and 2020, respectively, for discretionary profit sharing contributions made by ASSI on RHC's behalf (refer to Note 5)

4. CONCENTRATIONS:
During 2021, RHC derived 22.3%, 22.1% and 17.4% of its gross royalty income from its three largest customers. RHC derived 23.8%, 20.2% and 17.3% of its gross royalty income from the same three customers during 2020.

5. PROFIT SHARING PLAN:

During 2020, ASSI established a profit-sharing plan pursuant to IRC Section 401(a). RHC employees are eligible to receive profit-sharing allocations if they satisfy the following general criteria:

a) Completed one year of service
b) Attained age 21
c) Completed at least 1,000 hours of service during a twelve-month period commencing on the date of hire.

Under this plan, ASSI makes discretionary profit-sharing contributions that are determined by management and allocated to eligible RHC participant accounts, subject to certain IRS and ERISA regulations.

The discretionary profit sharing contributions to the plan for RHC employees totaled $66,009 and $85,800 for the years ended December 31, 2021 and 2020, respectively.

6. UNCERTAINTY:

During the years ended December 31, 2021 and 2020, local, U.S. and world governments encouraged self-isolation to curtail the spread of the global pandemic, COVID-19, by mandating the temporary shut-down of businesses in many sectors and imposing limitations on travel and the size and duration of group meetings. While these mandates have slowly become less restrictive in some areas, most sectors are still experiencing disruption to business operations. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Therefore, while management expects this matter to negatively impact the RHC's operating results, the full financial impact and duration cannot be reasonably estimated at this time.

7. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through August 3, 2022, the date the financial statements were available to be issued.

No matters have arisen since year-end through the date of management's evaluation date that would require adjustment to the financial statements or disclosures presented herein.

EXHIBIT "F" TO DISCLOSURE DOCUMENT

®

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

LIST FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following is a list of the names, addresses and telephone numbers of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

None.

The following is a list of the names, addresses and telephone numbers of every area developer who had their area development agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under their area development agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

None.

EXHIBIT “G” TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S

LIST OF FRANCHISEES AND AREA DEVELOPERS

LIST OF FRANCHISEES
AND AREA DEVELOPERS
(as of 12/31/22)

Amato's

York & Evans, LLC
30 Fair Street
Norway, ME 04268
Attention: April York
(207) 743-6194

Thomas Amato, LLC
22 Spruce Farm Road
Westbrook, ME 04092

Amato's of Augusta RH
34 Western Ave.
Augusta, ME 04330
Attention: Omar Hadjaissa

Amato's Xpress

R.L. Vallee, Inc. **(13 units)**
414 Roosevelt Highway, Suite 200
Colchester, VT 05446
Attention: Otto Hansen
(802) 655-3139 x110

Circle K **(2 units)**
935 Tallmadge Ave.
Akron, OH 44310
Attention: Todd Herman
(330) 630-6300

RG Blake Enterprises, Inc.
758 Waterbury – Stowe Rd.
Waterbury, VT 05676
Attention: Rick Blake
(802) 272-0921

Nouria Energy **(13 units)**
326 Clark Street
Worcester, MA 01606
617-631-4589

G & M Variety
1024 Main Rd.
Holden, ME 04429
Attention: Greg Hawes
(207) 843-6422

*We had no area developers at the close of our fiscal year 2022.

EXHIBIT “H” TO DISCLOSURE DOCUMENT

®

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S

FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

As you know, Reali Holdings Company, Inc. d/b/a Amato's and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Reali Holdings Company, Inc. d/b/a Amato's will be referred to as "we" or "us." The purpose of this Questionnaire is to determine whether and statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Reali Holdings Company, Inc. d/b/a Amato's Franchise Agreement and each exhibit, addendum schedule attached to it?

   Yes ____ No _____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes ____ No _____

If "No", what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

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3. Have you received and personally reviewed our Disclosure Document we provided to you?

   Yes ____ No _____

4. Do you understand all of the information contained in the Disclosure Document?

   Yes ____ No _____

If "No", what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

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5. Have you discussed the benefits and risks of operating an AMATO'S store with an attorney, accountant or other professional advisor and do you understand those risks?

Yes ____ No _____

6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes ____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of an AMATO'S store that we or our franchisees operate?

Yes ____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning an AMATO'S store that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ____ No _____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an AMATO'S store?

Yes ____ No _____

10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?

Yes ____ No _____

11. If you have answered "Yes" to any of questions seven (7) through ten (10), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

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12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes ____ No _____

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

____
Name of Franchisee/Applicant

____
Date

____
Signature

____
Name and Title of Person Signing

EXHIBIT “I” TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO’S

STATE ADDENDUM

EXHIBIT I

TO FRANCHISE DISCLOSURE DOCUMENT OF REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

STATE-SPECIFIC ADDENDA TO

FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,

AND AREA DEVELOPMENT AGREEMENT

The following modifications are to the Reali Holdings Company, Inc. d/b/a Amato's Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _______________, 20__.

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your Franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/1-44], INDIANA [Stat. Sections 23-2-2.7 and 23-2-2.5], IOWA [Code Sections 523H.1-523H.17], MARYLAND [MD. CODE ANN., BUS. REG. §§14-201 TO 14-233 (2004 Repl. Vol.)], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-517-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03].

The provisions of this State Law Addenda to Franchise Disclosure Document and Franchise Agreement ("**State Addenda**") apply only to those persons residing or operating Amato's or Amato's Xpress Businesses in the following states:

CALIFORNIA

Item 17 of the Franchise Disclosure Document is revised to include the following:

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT."

Neither the Franchisor, any person or franchise broker in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. A. 78a et seq., suspending or expelling the persons from membership in the association or exchange.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which, in the case of the Franchise Agreement, extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims if you transfer your Franchise or your Area Development Agreement. California corporations code §31512 voids a waiver of your rights under the franchise investment law (California corporations code §§31000 through 31516). The business and professions code §20010 voids a waiver of your rights under the franchise relations act (business and professions code §§20000 through 20043).

The franchise agreement requires application of the laws of Maine. This provision may not be enforceable under California law.

Section 31125 of the California Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of the Franchise Agreement.

Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at www.corp.ca.gov.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

   None

2. This proposed registration is or will shortly be on file in the following states:

   None

3. States which have refused, by order or otherwise, to register these franchises are:

   None

4. States which have revoked or suspended the right to offer the franchises are:

   None

5. States in which the proposed registration of these franchises has been withdrawn are:

   None

ILLINOIS

The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement are revised to include the following:

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement and Area Development Agreement may not be enforceable under Illinois law. This governing law clause shall not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement and Area Development Agreement are amended accordingly.

Section 5(2) of the Illinois Franchise Disclosure Act requires 14 calendar days' disclosure prior to the signing of a binding agreement or the payment of any fees to us. Item 23 of the Franchise Disclosure Document is amended accordingly, to the extent required by Illinois law.

Item 17.v, Choice of Forum, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

Item 17.w, Choice of Law, of the Franchise Disclosure Document is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and Franchise

Disclosure Document may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

INDIANA

The “Summary” column in Item 17.r. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Maine. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, and other dispute avoidance and resolution provisions.

The “Summary” column in Item 17.w. of the Franchise Disclosure Document is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Maine law applies.

The second sentence in Section 22.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act, or other applicable federal law, this Agreement shall be interpreted under the laws of the State of Maine, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Maine, which laws shall prevail in the event of any conflict of law.

Section 17.2 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

17.2 <u>Post-Term Covenant Not to Compete</u>. Upon termination or expiration of the Term or any Successor Term, or the transfer, sale or assignment of this Agreement by the Franchisee, neither the Franchisee, the Designated Business Manager nor the Franchisee’s owners will have any direct or indirect interest (i.e. through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two (2) years, in any Competitive Business in the Territory.

Section 22.7 of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

Section 3 of the Confidentiality & Non-Competition Agreement is hereby deleted in its entirety and the following is substituted in its place:

3. Non-Competition. Upon termination or expiration of the Franchise Agreement for any reason, Associate agrees that, for a period of 2 years commencing on the effective date of termination or expiration of the Franchise Agreement, Associate will not have any direct or indirect interest (through any immediate family member of Associate or its beneficial owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent or in any other capacity in any Competitive Business, located or operating in the Territory.

Section 4(b) of the Confidentiality & Non-Competition Agreement is hereby deleted in its entirety and the following is substituted in its place:

4(b). Except to the extent governed by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, this instrument shall be governed by and construed under the laws of the State of Maine.

MARYLAND

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and or assignment, shall not apply to liability under the Maryland Franchise Registration and Disclosure Law.

Representations in the Statement of Franchisee and the Acknowledgement therein are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Item 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 *et seq.*).

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on your right to join an association of franchisees.

(b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits us to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) you are prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or you do not receive at least 6 months advance notice of our intent not to renew the franchise.

(e) A provision that permits us to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) Your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
Antitrust and Franchise Unit
525 W. Ottawa St., G. Mennen Williams Building
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

MINNESOTA

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 13 of the Franchise Disclosure Document and Section 6.3 of the Franchise Agreement are amended to state that we will protect you against claims of infringement or unfair competition regarding your use of the Marks when your right to use the Marks requires protection.

The Franchise Disclosure Document and Franchise Agreement are amended to state that we will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require, except in certain specific cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a general release. The Franchise Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

NEW YORK

The following is added to the Risk Factors on the cover page:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF

IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLSOURE DOCUMENT.

Item 3 of the Franchise Disclosure Document is modified to read as follows:

Neither Reali Holdings Company, Inc., its predecessor, a person identified in Item 2, or an affiliate offering franchises under Reali Holdings Company, Inc.'s principal trademark has an administrative, criminal or civil action pending against it alleging a fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither , Reali Holdings Company, Inc., its predecessor, a person identified in Item 2, or an affiliate offering franchises under Reali Holdings Company, Inc.'s principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law; fraud, embezzlement fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Reali Holdings Company, Inc., its predecessor, a person identified in Item 2, or an affiliate offering franchises under Reali Holdings Company, Inc.'s principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any business activity as a result of an action brought by a public agency or department, including without limitation, an action affecting a license as a real estate broker or sales agent.

Item 4 of the Franchise Disclosure Document is modified to read as follows:

Neither Reali Holdings Company, Inc., its affiliate, its predecessor, officers or general partner during the ten year period immediately before the date of the franchise disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the Franchisor held this position in the company or partnership.

The following sentence is added to the end of the first paragraph of Item 5 of the Franchise Disclosure Document:

We use the proceeds from your payment of the Initial Franchise Fee to defray our costs and expenses for providing training and assistance to you and for other expenses.

The first paragraph of Item 17 of the Franchise Disclosure Document is modified to read as follows:

THESE TABLES LIST CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 17.w. of the Franchise Disclosure Document is revised to read as follows:

The foregoing choice of law should not be considered a waiver of any right conferred upon either the Franchisor or upon the Franchisee by the GBL of the State of New York, Article 33. This language has been included in this Franchise Disclosure Document as a condition of registration. The Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

The following shall be added to Section 20.2 of the Franchise Agreement:

Notwithstanding this section, Franchisee shall not be required to indemnify Franchisor for any liabilities which arose as a result of Franchisor's breach of this Agreement or other civil wrongs committed by Franchisor.

The following shall be added to Section 22.1 of the Franchise Agreement:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law. This language has been included in this Franchise Disclosure Document as a condition of registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law provisions and other dispute resolution provisions.

FRANCHISOR REPRESENTS THAT IT HAS NOT KNOWINGLY OMITTED FROM THE FRANCHISE DISCLOSURE DOCUMENT ANY MATERIAL FACT, NOR DOES THE FRANCHISE DISCLOSURE DOCUMENT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

Sections of the Franchise Disclosure Document and Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement and Confidentiality & Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The Franchise Disclosure Document and Franchise Agreement are amended accordingly to the extent required by law.

VIRGINIA

NONE.

WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.

WISCONSIN

Item 17 of the Franchise Disclosure Document and Sections 4 and 16 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

"The Wisconsin Fair Dealership Law, Ch. 135, Wis Stats, supersedes any provisions contained in the franchise or license agreement that are inconsistent with that law."

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of ___________________, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addenda is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addenda.

DATED this _______ day of ____________________, 20__.

FRANCHISOR:	**FRANCHISEE:**
REALI HOLDINGS COMPANY, INC.	
___________________________________	
By:_________________________________	By:___________________________
Title:_______________________________	Title:_________________________

EXHIBIT "J" TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

AREA DEVELOPMENT AGREEMENT

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ITEM **PAGE**

REALI HOLDINGS COMPANY INC. D/B/A AMATO'S
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (hereinafter the "Agreement") is made as of this ___ day of ______________, 20__, by and between Reali Holdings Company, Inc. d/b/a Amato's, a Maine limited liability company (hereinafter the "Company"), on the one hand, and _____________________, a _____________, ___________________________ (hereinafter the "Developer"), and the persons executing this Agreement as the "PRINCIPALS" (hereinafter the "Principals"), on the other hand.

RECITALS:

WHEREAS, Developer on behalf of itself and the Principals desires to obtain the exclusive right for Developer to develop ________ (___) Amato's franchises within the geographic areas described herein for a specified period, pursuant to the terms, conditions and provisions which are set forth in this Agreement; and

WHEREAS, the Company desires to have the Developer perform the development work provided for herein and to operate the developed Amato's franchises in accordance with its franchise agreements;

NOW, THEREFORE, in consideration of the mutual promises, which are set forth herein, the parties agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

"Agreement" means this agreement entitled "Area Development Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Competitive Business" means any business which operates, or grants franchises or licenses to others to operate a business that prepares, offers, sells and/or distributes Italian theme entrees that are the same as or substantially similar to the products offered by Developer under this Agreement; provided however, that the term "Competitive Business" shall not apply to any business operated by Developer (i) under a Franchise Agreement with Company, or (ii) in which Italian theme entrees are sold, as an ancillary product, constituting less than ten percent (10%) of the aggregate gross revenue of such business;

"Company" means Reali Holdings Company, Inc. d/b/a Amato's.

"Designated Territory" has the meaning given to such term in Section 2.1 as shown on the map set out in Appendix A hereof;

"Developer" shall be deemed to include not only the individual or entity defined as "Developer" in the introductory paragraph of this Agreement, but shall also include all partners of the entity that execute this Agreement, (if the entity is a partnership); all shareholders, officers and directors of the entity that execute this Agreement (if the entity is a corporation); and all members and managers of the entity that execute this Agreement (if the entity is a limited liability company). All such persons or parties are identified in Exhibit E as controlling principals. By their signatures hereto, all partners, shareholders, officers, directors, members and managers of the entity that sign this Agreement as Developer acknowledges, accepts and personally guarantees the duties and obligations imposed upon each of them, individually, by the terms of this Agreement;

"Development Fee" has the meaning given to such term in Section 4 hereof;

"Marks" means the mark "AMATO'S" and such other trade names, trademarks, service marks, designs, graphics, logos and other commercial symbols as Company may designate and not thereafter withdraw to be used in connection with this Agreement. There are no infringing or prior uses actually known to us that could materially affect the use of the Marks, with the exception of the following: Federal registrations for the trademarks AMATO'S, AMATO'S PIZZA (Class 42) and AMATO'S PIZZA (Class 30) exist (respectively, registrations 1353372, 1353371 and 1353126) in the name of Kenneth J. Amato d/b/a Amato's Pizza, 376 Butler Street, Etna, Pennsylvania 15223. On June 2, 2004, our Affiliate, Amato's Sandwich Shop, Inc. ("ASSI"), entered into a Consent Agreement for Concurrent Use and Registration of the Amato's mark, with Kenneth J. Amato d/b/a Amato's Pizza, wherein Mr. Amato agreed to limit his rights to use the Amato's mark to eight (8) counties in Pennsylvania; and six (6) counties in West Virginia, and consent to ASSI's concurrent registration of the term AMATO'S with the United States Patent and Trademark Office ("USPTO").

2. GRANT OF DEVELOPMENT RIGHTS.

2.1 Appointment. Company hereby grants to Developer the right and license to develop, construct, operate and manage ___________________(_____) Amato's stores (or __________ ( ) Amato's Xpress stores in strict accordance with the System and under the Marks within the Development Territory described in **Appendix A**. Each Amato's (Amato's Xpress) store shall be operated according to the terms of the individual Franchise Agreement with respect thereto. Such development will include locating and securing sites for furnishing, opening and operating the franchise retail locations in the Territory in strict accordance with the Company's then existing Operations Manual.

2.2 Development Territory; Reservation of Rights. If the Developer complies with the terms of this Agreement, the Development Schedule and the individual Franchise Agreement for each Amato's Store, then Company will not franchise or license others, nor will it itself directly or indirectly develop, own, lease, construct or operate in any manner, any Amato's Stores in the

Development Territory during the term of this Agreement. Franchisor reserves the right, among others:

(a) to own, franchise, or operate Amato's or Amato's Xpress Stores at any location outside of the Development Territory, regardless of the proximity to the Development Territory or to any specific Amato's or Amato's Xpress location in the Development Territory;

(b) to use the Marks and System to sell any products, similar to those which Franchisee will sell, through alternative channels of distribution within or outside of the Development Territory, other than through Amato's or Amato's Xpress Stores located in the Development Territory. This includes, but is not limited to, retail locations such as grocery stores, and other channels of distribution such as television, mail order, catalog sales, wholesale sale to unrelated retail outlets, or over the Internet. The Internet is a channel of distribution reserved exclusively to Company, and the Developer may not independently market on the Internet or conduct e-commerce;

(c) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a retail store, at any location, including within the Development Territory, which may be the same as, similar to or different from the Amato's or Amato's Xpress Stores developed by the Developer; and

(d) to purchase or be purchased by, or merge or combine with, any businesses wherever located, including a business that competes directly with the Developer's Amato's or Amato's Xpress Stores.

2.3 Term. Developer's rights contained in this Agreement will expire five (5) years from the date set forth above, unless sooner terminated as hereinafter provided, or extended by mutual written agreement of each of the parties hereto.

2.4 Exclusivity. During the term of this Agreement, the Company will not license or allow any other corporation or person to operate an Amato's franchise within the Territory, or open or operate any Company-operated Amato's retail locations within the Territory. This provision shall not apply in any manner whatsoever to Company's ability to license, franchise or operated a company or affiliate owned Amato's Xpress retail location within the Territory.

2.5 Termination. If this Agreement is terminated as a result of a material breach by the Developer, the Company will have the full and absolute right to franchise other parties to operate Amato's businesses within the Territory and/or to operate an Amato's business itself within the Territory.

2.6 Governing Agreement. This Agreement is not a Franchise Agreement and Developer shall have no right to use, in any manner, the Marks or System by virtue of this

Agreement. Each Amato's or Amato's Xpress Store will be governed by the individual Franchise Agreement executed by Company and the Developer for each Amato's or Amato's Xpress Store.

3. **DEVELOPMENT OF TERRITORY**.

3.1 Development Schedule. Developer hereby covenants and agrees to develop at least a total of _____ (__) Amato's franchises within the Territory during the term of this Agreement in strict accordance with the development schedule set forth in Appendix B attached hereto and incorporated herein by reference (the "Development Schedule"). The Development Schedule contains a specific minimum number of Amato's retail locations to be open and operating by Developer within the Territory during certain time periods, and if any franchise retail locations are temporarily or permanently closed for business (except for authorized holidays or temporarily for major repairs), such closed retail locations will not be included, while closed, as open and operating in computing such minimum numbers of open and operating Amato's franchises and in satisfying the deadlines set forth in the Development Schedule.

3.2 Deadlines. The parties acknowledge and agree that the deadlines set forth in the Development Schedule are of the essence of this Agreement. No modification or amendment to the Development Schedule or any consent to or waiver of any deadline or other obligation on this Agreement will either (a) be effective unless made by written mutual agreement of the parties or (b) create any obligation to grant additional modifications, amendments, consents or waivers.

4. **PAYMENT**.

In consideration of the Company's grant to Developer of the right to develop Amato's franchises in the Territory as provided for herein, Developer agrees to pay to the Company upon execution by the parties of this Agreement a non-refundable Development Fee equal to _________________________ DOLLARS ($_____________) (the "Development Fee"). The Development Fee is fully earned by the Company through and upon its execution hereof as a result of its forbearance from developing the Territory itself or through other parties and is not refundable in any manner whatsoever.

5. **DEVELOPMENT PROCEDURES.**

5.1 Continuing Approval Mandatory. Developer specifically understands and agrees that it must at all times remain operationally and financially approved for each franchise developed hereunder to be approved by the Company. Developer's failure to do so will constitute good cause for the Company to disapprove any pending franchise application or site approval request by Developer.

5.2 Site Approval. Developer will utilize its own financial, real estate, construction and any other resources required to develop the Amato's franchises. Each retail location site proposed for an Amato's franchise will be submitted by Developer to the Company in strict accordance with the Company's procedures for approving new franchise retail store sites as such procedures exist at the time of submission. Developer will secure each site, conditioned upon the Company's approval, by directly leasing or purchasing the property upon terms which will satisfy the requirements of the Company's then-current form of Franchise Agreement, including without limitation a minimum twenty-year right to possession of the property (if such is then a requirement of the Company's then-current form of Franchise Agreement), unless Developer has otherwise specifically obtained the Company's consent in writing signed by an officer of the Company.

5.3 Franchise Agreements and Fees. Developer and the Company will execute the Company's then current Amato's Franchise Agreement approximately thirty days prior to opening of each franchise developed hereunder. Developer specifically agrees to pay for each franchise the fees and royalties set forth in such then current form of Franchise Agreement and the Company's then current initial franchise fee; provided, however, that (a) Developer will receive for each franchise opened under the Development Schedule a credit of $_________ against such initial franchise fee and that (b) during the first sixty months following the date of this Agreement, such initial franchise fee will be fixed at $__________. The balance of the initial fee, if any, after deducting such credit will be paid by Developer upon execution of the Franchise Agreement for each such franchise. Moreover, regardless of the language contained in the executed or then current Amato's Franchise Agreement, the Royalty Fee charged by Company to Developer shall not exceed six percent (6%) under any of the franchise agreements entered into by the parties, so long as Developer fulfills all of its obligations under this Agreement in a timely manner. In the event that Developer fails to fulfill any of its obligations under this Agreement in a timely manner, the language of the executed or then current Amato's Franchise Agreement shall control with respect to the issue of increasing royalty payments.

6. EXISTING AMATO'S FRANCHISE: ACQUISITIONS.

6.1 Company Owned Franchises. The Company does not currently operate any Amato's or Amato's Xpress businesses in the Developer's Territory.

6.2 Acquisitions: First Right of Refusal.

(a) The Company may during the term hereof acquire a chain of competing businesses from a third party with the intention of converting some or all of such competing businesses to Amato's businesses and/or franchises, in which event Developer agrees that the Company may so convert any of such competing businesses located within the Territory, so long as the Company satisfies the following conditions:

(i) The Company will first send a written offer to Developer to purchase all such competing businesses within the Territory at the Company's total acquisition cost (including without limitation its "soft" costs as defined in (c) below for such businesses;

(ii) Developer will have thirty days from the date such offer is sent to accept such offer, and until Developer has either rejected such offer or such thirty day period has elapsed, no conversion or other offer to third parties will be made by the Company; and

(iii) Failure of Developer to accept such offer within said thirty-day period will constitute a rejection.

(b) If Developer has accepted the above offer and converted such competing businesses to Amato's franchises to the Company's satisfaction, such businesses will apply toward meeting Developer's development obligations under the Development Schedule. If the Company converts or franchises another party to convert such businesses to Amato's franchises, such franchises will not have any effect on Developer's obligations under the Development Schedule.

(c) For purposes herein, "soft costs" will mean all internal and external costs incurred by the Company in connection with the acquisition. These will include without limitation cost of funds, personnel time (e.g., in analyzing, negotiating, approving and permitting the acquisition, etc.), and out-of-pocket expenses (e.g., travel, lodging, meals, professional fees to attorneys, architects, engineers, etc.) in connection with the acquisition as applied pro rata to each franchise being offered to Developer.

7. EXPENSES.

Except as otherwise set forth herein, all legal and other costs and expenses incurred by each party hereto in connection with this Agreement and the transactions contemplated herein will be paid by the party, which incurs such expense.

8. DEFAULT.

8.1 Default by Developer. Company will have the right to terminate this Agreement upon thirty (30) days written notice to Developer if the Developer fails to perform any obligation of Developer contained in this Agreement and fails to cure said failure within thirty (30) days of its receipt of such notice.

8.2 Deadlines Missed by Developer. The parties hereto agree that TIME IS OF THE ESSENCE of this Agreement. The failure of the Developer to meet any deadline set forth in the Development Schedule will constitute a material default under this Agreement without any opportunity to cure such default or notice under Section 8.1 hereof. If the Developer fails to meet such a deadline, the Company at any time thereafter may immediately terminate this Agreement effective upon written notice from the Company.

8.3 Other Defaults. Default under any Franchise Agreement between Developer and the Company will constitute a material default under the Agreement and the Company may terminate this Agreement in such event unless such default is timely cured by the Developer in accordance with the terms of the pertinent Franchise Agreement. For purposes of this Section 8, any Franchise Agreement issued by Company to the Developer or its affiliates, or any Entity or joint venture, or their affiliates, in which the Developer or any stockholder, partner or joint venturer of the Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to the Developer.

8.4 Remedies and Termination Rights. Upon such default, Company shall have the right, at its option, and in its sole discretion, to do any or all of the following:

(a) terminate this Agreement;
(b) terminate the territorial exclusivity granted to the Developer;
(c) reduce the size of the Developer's Development Territory or the number of Amato's or Amato's Xpress stores the Developer may develop in the Development Territory;
(d) accelerate the Development Schedule on immediate written notice; or terminate any or all other Franchise Agreements granted to the Developer.

9. FINANCIAL PERFORMANCE REPRESENTATIONS.

Developer and each of the Principals expressly acknowledge that neither it nor they have relied upon any financial performance representations such as oral or written statements or suggestions made by any representative of or any other person purporting to be acting on behalf of the Company regarding the potential future sales, revenues or profits which may be derived from operation of Amato's franchises or development of the Territory.

10. ASSIGNMENT

10.1 By Company. Company shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and Company shall thereby be released from any and all further liability to Developer.

10.2 By Developer. Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer or Developer's principals. Developer has represented to Company that Developer is entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of transferring the development rights hereunder.

(a) Neither Developer nor any partner, member, or shareholder thereof shall, without Company's prior written consent, directly or indirectly assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or in Developer. Any such proposed assignment occurring by operation of law or otherwise, including any assignment by a trustee in bankruptcy, without Company's prior written consent, shall be a material default of this Agreement.

(b) Any assignment, transfer or other disposition by Developer of a single-unit an Amato's or Amato's Xpress store within the Development Territory will be governed by the Franchise Agreement to which such single-unit Amato's or Amato's Xpress franchise is bound.

10.3 Assignment Procedure. If Developer wishes to sell, transfer or otherwise assign any portion, or all, of the Development Territory, or this Agreement, Developer shall notify Company which may approve or disapprove the same in its sole discretion, and in addition Company may require any or all of the following as conditions of its approval:

(a) All of Developer's accrued monetary obligations and all other outstanding obligations to Company, its affiliates and suppliers must be fully paid and satisfied;

(b) Developer must not be in default of any provision of its Franchise Agreements, any amendments thereof or successors thereto, or any other agreement between Developer and Company, its subsidiaries, parents, or affiliates;

(c) Developer and each of its affiliates, shareholders, members, partners, officers and directors must execute a general release, under seal, the consideration for which shall be the approval of the transfer, in a form satisfactory to Company and a form substantially similar to the one attached hereto as Appendix D, of any and all claims against Company and its parents, subsidiaries, and affiliates, officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(d) The transferee must enter into a written assignment, under seal and in a form satisfactory to Company, assuming and agreeing to discharge all of Developer's obligations under the relevant Franchise Agreements and, if deemed necessary by Company, the transferee's principals, individually, shall guarantee the performance of all such obligations in writing in a form satisfactory to Company;

(e) The transferee must demonstrate to Company's satisfaction that the transferee meets Company's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate Amato's or Amato's Xpress stores (as may be evidenced by prior related experience or otherwise); has at least the same managerial and financial acumen required of new Area Developers and shall have sufficient equity capital, as determined by Company in Company's sole discretion, to operate the Amato's or Amato's Xpress stores; and

(f) At Company's option, the transferee must execute or, upon Company's request, shall cause all interested parties to execute, for a term ending on the expiration date of the Franchise Agreement(s) and with such renewal term as may be provided by the Franchise Agreement(s), the standard form of Franchise Agreement then being offered to new Area Developers and Franchisees, and such other ancillary agreements as Company may require for the Amato's or Amato's Xpress Franchisees, which agreements shall supersede the Franchise Agreements between Developer and Company in all respects and the terms of which agreements may materially differ from the terms of the Franchise Agreements, including, without limitation, the implementation of other fees and different royalty rates.

10.4 Liability. Developer and its principals shall remain liable for all direct and indirect obligations to Company in connection with the Amato's or Amato's Xpress franchises prior to the effective date of transfer and will continue to remain responsible for their obligations of nondisclosure, noncompetition and indemnification as provided in the Franchise Agreements and guaranty, and shall execute any and all instruments reasonably requested by Company to further evidence such liability.

10.5 Transfer Fee. Developer or its approved transferee shall pay to Company, at the time of said transfer, a Transfer Fee equal to Seven Thousand Five Hundred Dollars ($7,500.00) for each Amato's or Amato's Xpress franchise to be transferred, unless the transferee is already a Amato's or Amato's Xpress Franchisee, in which case the Transfer Fee is One Thousand Five Hundred Dollars ($1,500.00) for each Amato's or Amato's Xpress franchise to be transferred, or unless the transferee is the child, parent, sibling or spouse of Developer, in which case the Transfer Fee is waived, to cover Company's administrative and other expenses in connection with the transfer of the Amato's or Amato's Xpress franchises by Developer.

10.6 Entity Ownership. If the Area Developer is a corporation, partnership, limited liability company, or any other form of business or association ("Entity"), each shareholder, member, manager, or partner ("Controlling Person") which is granted the rights to serve as Developer hereunder shall be a party to a shareholders agreement, operating agreement, or partnership agreement which shall provide, among other things, that upon any dissolution of the Entity, or upon any divorce decree among the parties who are also Controlling Persons, that ownership of the shares, membership interest, or partnership interest shall be transferred to the Controlling Person, for agreed upon consideration, which has primary responsibility for sales and marketing activities, typically the president, following any such dissolution or decree. The form and content of the shareholders agreement, operating agreement, or partnership agreement must be approved by Company prior to execution.

11. CONFIDENTIALITY

11.1 Scope. Nothing contained in this Agreement shall be construed to require Company to divulge to Developer any trade secrets, techniques, methods or processes except the material contained in Company's manuals and training materials, and then only pursuant to the terms, conditions and restrictions contained in the applicable Franchise Agreement. Developer acknowledges that its knowledge of Company's know-how, processes, techniques, information and other proprietary data are derived entirely from information disclosed to it by Company and that such information is proprietary, confidential and a trade secret of Company. Developer agrees to adhere fully and strictly to the confidentiality of such information and to exercise the highest degree of diligence in safeguarding Company's trade secrets during and after the term of this Agreement. Developer shall divulge such material only to its employees and agents and only to the extent necessary to permit the efficient operation of the Amato's or Amato's Xpress stores. It is expressly agreed that the ownership of all such items and property is and shall remain vested solely in Company.

11.2 Disclosure. Developer agrees that all terms of this Agreement shall remain confidential and shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures other than the existence of this Agreement without the prior written consent of Company, unless compelled by law or ordered to do so by a court of competent jurisdiction. It is agreed and understood that Developer may disclose the terms of this Agreement to its professional advisors and lenders. Company shall be free to make such disclosure of the terms of this Agreement as it determines, in its sole discretion, to be in the best interest of Company or the System.

12. NONCOMPETITION

12.1 Competition During Term. Developer covenants that during the term of this Agreement and subject to the post-term provisions contained herein, except as otherwise approved in writing by Company, Area Developer shall not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners or corporations:

(a) Divert or attempt to divert any business or customer of the Amato's or Amato's Xpress franchises to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company's Marks or the System;

(b) Employ or seek to employ any person who is at that time employed by Company or by Developer or any other Developer or Franchisee of Company, or otherwise directly or indirectly induce such person to leave his or her employment; or

(c) Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Amato's or Amato's Xpress franchises.

12.2 Post-Term Competition. Developer covenants that, except as otherwise approved in writing by Company, Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business which is the same as or substantially similar to Amato's or Amato's Xpress franchises and which is located within a radius of one hundred (100) miles of the Development Territory. However, Sections 12.1 and 12.2 shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

12.3 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If any or all portions of the covenants in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12. The running of any period of time specified in this Section 12 shall be tolled and suspended for any period of time in which the Franchisee is found by a court of competent jurisdiction to have been in violation of this restrictive covenant. Franchisor may, unilaterally, at any time, in its sole discretion, revise any of the covenants in this Section 12 so as to reduce the obligations of Franchisee hereunder. Franchisee further expressly agrees that the existence of any claim it may have against Franchisor whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 12.

12.4 Modification. Developer understands and acknowledges that Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 12.1 and 12.2 in this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall forthwith comply with any covenant as so modified, which shall be fully enforceable.

12.5 Irreparable Injury. Developer acknowledges that Developer's violation of the terms of this Section 12 would result in irreparable injury to Company for which no adequate remedy at law may be available, and Developer accordingly consents to the issuance of an injunction, without the requirement of posting a bond, by any court of competent jurisdiction prohibiting any conduct by Developer in violation of the terms of this Section 12.

12.6 Additional Covenants. At Company's request, Developer shall require and obtain execution of covenants similar to those set forth in this Section 12 (including covenants applicable upon the termination of a person's relationship with Area Developer) from any or all of the following persons:

(a) all directors and Managers of the Amato's or Amato's Xpress franchises;

(b) all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of Developer and of any corporation directly or indirectly controlling Developer if Developer is a corporation; and

(c) the members or general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner) if Developer is a limited liability company or general or limited partnership.

12.7 Form. All covenants required by this Section 12 must be in forms satisfactory to Company, including, without limitation, specific identification of Company as a third party beneficiary of such covenants with the independent right to enforce them.

13. MISCELLANEOUS

13.1 Non-Waiver

No failure of Company to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of either Company or Developer in variance with the terms hereof, shall constitute a waiver of Company's right to demand exact compliance with the terms hereof. Waiver by Company of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Company's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Company to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair Company's rights nor shall such constitute a waiver by Company of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Company of any payment(s) due to it hereunder shall not be deemed to be a waiver by Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.2 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day of the transmission by confirmed facsimile, telegraph or other reasonably reliable electronic communication system; (c) two (2) business days after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All notices, payments, and reports required by this Agreement shall be sent to Company at the address below:

Company: Developer:

Reali Holdings Company, Inc. d/b/a Amato's
312 St. John's Street
Portland, Maine 04102

Copy To: Copy To:

Timothy J. Bryant, Esq.
Preti Flaherty
P.O. Box 9546
One City Center
Portland, ME 04112-9546
Fax: (207) 791-3111

13.3 Cost of Enforcement or Defense

If Company brings any legal action or other proceeding for the enforcement of this Agreement, or is forced to defend itself because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, it shall be entitled to recover reasonable attorneys' fees, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals, bankruptcy and post judgment proceedings), incurred in that action or proceeding, in addition to any other relief to which Company may be entitled. Attorneys' fees include paralegal fees, administrative costs and all other charges billed by the attorney.

13.4 Approvals

Whenever this Agreement requires the prior approval or consent of Company, Developer shall make a timely written request to Company therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Company makes no warranties or guarantees upon which Developer may rely and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore.

13.5 Entire Agreement

This Agreement, any exhibit attached hereto and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Company and Developer concerning the subject matter hereof, and shall supersede all prior agreements. No other representation has induced Developer to execute this Agreement and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in the Area Development Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

13.6 Severability

Each paragraph, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and/or provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid paragraphs, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Company determines that said finding of illegality adversely affects the basic consideration of this Agreement, Company may, at its option, terminate this Agreement. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Company or Developer and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement. Developer expressly shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

13.7 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13.8 Force Majeure

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

13.9 Indemnification

Developer agrees to hold harmless and indemnify Company and its affiliates and Company's respective members, shareholders, officers, directors, employees and agents and successors or assigns (collectively “Company Indemnitees”) from and against all losses, damages, fines, costs, expenses, lost profits, loss, damages, or liability (including attorneys’ fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, proceeding or inquiry, or any settlement thereof which arises from or is based upon (a) Developer’s rights arising out of or related to, directly or indirectly, this Agreement; (b) violation, breach or asserted violation or breach or any federal, state or local law, regulation, rule or industry standards, including any liability arising from labor or employment law violations; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Company or Company’s affiliates; (d) libel, slander or other form of defamation of Company or the System by Developer; or (e) acts, errors or omissions incurred in connection with or arising out of this Agreement, directly or indirectly, including any negligent or intentional acts. In addition, Developer shall indemnify Company Indemnitees for any and all losses, compensatory damages, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, settlement amounts, judgments, damages to Company’s reputation and goodwill, costs of advertising material, media time and space and substituting and replacing the same, all costs of recall, refunds, compensation, all public notices and other such amounts which may result from any of the actions, commissions or items listed in this Section.

14. DISPUTE RESOLUTION

14.1 Choice of Law

This Agreement and the rights of the parties will not take effect unless and until this Agreement is accepted and signed by Company. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Maine (without reference to its conflict of laws principles), excluding any franchise law regulating the registration, disclosure or relationship between a company and developer, which currently exists or may be adopted by the State of Maine, shall not apply, unless the jurisdictional requirements of such laws are met independently without reference to this section. References to any law or regulation, refer also to any successor laws or regulations or any published regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds the function of such agency.

14.2 Jurisdiction and Venue

Developer acknowledges that this agreement is entered into in Cumberland County, Maine, and that any action sought to be brought by either party shall be brought in the appropriate state court located in Portland, Maine or in the United States District Court located in Portland, Maine. The parties do hereby waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The foregoing choice of jurisdiction and venue does not preclude the bringing of any action by the parties or the enforcement by the parties of any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction, or restrict the ability of the parties to confirm or enforce awards in any appropriate jurisdiction.

14.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Company or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing herein contained shall bar Company's right to obtain injunctive relief against threatened conduct that shall cause it loss or damages including obtaining restraining orders, preliminary and permanent injunctions.

14.4 Limitations of Claims

Any claim concerning the franchised business or this Agreement or any related agreement brought by Developer will be barred unless an action for a claim is commenced within one (1) year from the date on which Developer knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.

14.5 No Punitive or Exemplary Damages

Developer and Company each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agrees that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and/or legal fees as provided in section 21.3.

14.6 Waiver of Jury Trial

Developer and Company each irrevocably waive trial by jury in any action, whether at law or equity, brought by either of them.

14.7 Injunctive Relief

Company may bring an action for injunctive relief in any court having jurisdiction to enforce the Company's non-competition trademark, and/or proprietary rights, in order to avoid irreparable harm to the Company, its affiliates, or the franchise system as a whole.

14.8 Mediation

The parties agree to attempt to resolve any dispute, claim or controversy arising out of or relating to this Agreement by non-binding mediation in Portland, Maine, conducted by a single mediator, no later than ninety (90) days after litigation is commenced by either party to this agreement. Either party may commence the mediation process by providing to the other party written notice, pursuant to Section 21.2 herein, setting forth the subject of the dispute, claim or controversy and the relief requested. Within ten (10) days after the receipt of the foregoing notice, the other party shall deliver a written response to the initiating party's notice. The initial mediation session shall be held within ninety (90) days after the initial notice. The parties agree to share equally the costs and expenses of the mediation (which shall not include the expenses incurred by each party for its own legal representation in connection with the mediation). The mediator shall be agreed upon by the parties within thirty (30) days after the initial notice. If the parties do not or are not able to agree upon a mediator within thirty (30) days after the initial notice, then the Franchisor shall have the right to unilaterally select the mediator.

The parties further acknowledge and agree that mediation proceedings are settlement negotiations, and that, to the extent allowed by applicable law, all offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties or their agents shall be confidential and inadmissible in any litigation or other legal proceeding involving the parties; provided, however, that evidence which is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

The provisions of this section may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including reasonable attorneys' fees, to be paid by the party against whom enforcement is ordered.

15. ACKNOWLEDGMENTS

A. Receipt of Agreement

Developer represents and acknowledges that it has received, read and understood this Agreement and Company's Franchise Disclosure Document; and that Company has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

B. Receipt of Franchise Disclosure Document

Developer acknowledges that it has received a copy of this Agreement and the attachments thereto, at least seven (7) days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has received the Franchise Disclosure Document at least fourteen (14) days prior to the date on which this Agreement was executed.

C. Consultation by Developer

Developer has been advised to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business franchised hereby and the prospects for that Franchised Business. Developer has either consulted with such advisors or has deliberately declined to do so.

D. Multiple Originals

In the event the parties execute multiple copies of this Agreement, each executed copy will be deemed an original.

E. Risk

Developer has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that, like any other business, an investment in a Franchised Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Developer. Company does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the Franchised Business contemplated hereby.

F. No Guarantee of Success

Developer acknowledges that it has not received or relied on any guaranty, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business that it will operate pursuant to this Agreement. Developer acknowledges that there have been no representations by Company's directors, employees or agents, that are not contained in, or inconsistent with, the statements made in the Franchise Disclosure Document or with the provisions of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day, month and year first above written

COMPANY: REALI HOLDINGS COMPANY, INC.
D/B/A AMATO'S

By:___________________________
Its

DEVELOPER:

By:___________________________
Its:

PRINCIPALS:

____

____

APPENDIX A
TERRITORY

Name of Developer:

Description of Territory:

Developer shall have the exclusive right to operate franchise retail locations in the following ____________ (___) cities/towns:

APPENDIX B-
DEVELOPMENT SCHEDULE

Franchise # 1	___ months from the date of this Agreement
Franchise # 2	___ years from the date of this Agreement
Franchise # 3	___ years from the date of this Agreement

APPENDIX C

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTEE AND ASSUMPTION OF OBLIGATIONS is given this____ day of________ 20__, by and between____ ____ ______.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement and accompanying exhibits, on the date herewith ("Agreement") by Reali Holdings Company, Inc. d/b/a Amato's ("Company"), each of the undersigned hereby personally and unconditionally (1) guarantees to Company and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ______________________________________ ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (2) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the provisions of Sections 12.1 and 12.2. Each of the undersigned waives: (1) acceptance and notice of acceptance by Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (4) any right it may have to require that an action be brought against Developer or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (1) its direct and immediate liability under this guarantee shall be joint and several; (2) it shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Company of any remedies against Developer or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Company may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)	PERCENTAGE OF OWNERSHIP IN DEVELOPER
______________________________ Print Name: Date:	______________________%
______________________________ Print Name: Date:	______________________%
______________________________ Print Name: Date:	______________________%
______________________________ Print Name: Date:	______________________%
______________________________ Print Name: Date:	______________________%

EXHIBIT D

GENERAL RELEASE

This General Release ("Agreement") is made and entered into this ________ of ______, 20__, as follows:

1. The Parties.

The Parties to this Agreement are Reali Holdings Company, Inc. d/b/a Amato's, a Maine limited liability company, ("Company") and _________________ ("Developer").

The Parties entered into an Area Development Agreement on or around _____________, which granted Developer the right to operate multiple AMATO'S franchises in certain parts of (insert Territory Description) (hereinafter the "Area Development Agreement").

By means of this Agreement, Developer, intends to fully and unconditionally release and discharge any and all claims it/he/she may have against Company, as set forth in Sections 4 & 5 below, in connection with the Area Development Agreement, including any claims asserted, or which could have been asserted prior to the execution of this Agreement, and any other claims, known and unknown.

2. Consideration.

In consideration of making this Agreement, and for other good and valuable consideration, the adequacy of which the Parties expressly acknowledge, the Parties agree as follows:

a. Company shall grant Developer's request to terminate/renew/transfer (Select One), the Area Development Agreement;

b. Developer shall pay in full any and all outstanding amount owed pursuant to the terms of the Area Development Agreement;

c. Developer shall be in full compliance with all applicable terms of the Area Development Agreement; and

d. Developer shall execute a General Release of any and all claims it may have against Company.

The Parties further agree that Company's consent to the aforementioned termination/renewal/transfer (Select One) of the Area Development Agreement is itself full and adequate consideration for the release set forth in Sections 4 & 5 of this Agreement.

3. Releases.

Developer, on behalf of itself/himself/herself, its/his/her corporate officers, directors, shareholders, heirs, personal representatives, successors, assigns, representatives, creditors, agents, lawyers and insurers, do hereby fully and expressly release, acquit, remise, and forever discharge Company, and each of its respective heirs, personal representatives, successors, assigns, representatives, agents, lawyers, insurers, officers, directors, shareholders, subsidiaries, affiliates, and employees, of and from any and all claims, demands, actions, liabilities, losses, proceedings, and rights of action of any kind arising out of or related in any way to the Area Development Agreement, Developer's purchase and/or operation of the Company's franchise pursuant to the Area Development Agreement, known or unknown and/or the manner of settlement of any claims relating thereto, which may have occurred prior to the date of this Agreement.

Developer agrees and understands that its/his/her individual and/or collective post terminations duties, responsibilities and obligations called for under the Area Development Agreement shall survive the execution of this Agreement, including, without limitation, any and all duties to defend and indemnify Company in any lawsuits brought by former customers of Developer, related to work performed during the operation of the franchised business.

4. Releases Include Unknown Claims.

Developer understands and agrees that the released claims are intended to and do include any and all claims of every nature and kind whatsoever, known, unknown, suspected or unsuspected which he has or may have against Company, as described in Section 4 of this Agreement.

Developer further acknowledges that it/he/she, individually and/or collectively, may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the released claims and agree that, in such event, this Agreement shall nevertheless be and remain in effect in all respects, notwithstanding such different or additional facts, or the discovery thereof.

5. Warranty of Capacity to Execute Agreement.

The Parties represent and warrant that no other person or entity has or had any interest in the claims, demands, obligations, or causes of action related to or referred to in this Agreement, except as otherwise set forth herein, and that they have the sole right and exclusive authority to cause this Agreement to be executed, and to receive sums specified herein, and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

6. No Admission of Liability.

This Agreement constitutes the release of existing or potential disputed claims and does not constitute an admission of liability on the part of any party as to any matters whatsoever. It is understood and agreed that this settlement is the compromise of doubtful and disputed, existing and/or potential, claims.

7. Modification.

No provisions of this Agreement may be changed, altered, modified, or waived except in writing signed by all of the Parties.

8. Entire Agreement.

The Parties each further acknowledge that no representation, promise or inducement has been made other than as set forth in this Agreement, and that none of them enters into this Agreement in reliance upon any other representation, promise or inducement not set forth herein. The Parties further acknowledge and represent that they assume the risk for any mistake or facts now known or unknown.

9. Understanding.

The Parties acknowledge and represent that they have read this Agreement in full and understand and voluntarily consent and agree to each and every provision contained herein.

10. Confidentiality.

The Parties covenant that they shall not disclose to any person or entity the terms or conditions of this Agreement, which are hereby expressly agreed to be confidential. The Parties further covenant to refrain from discussing, disclosing, or otherwise revealing to any person or entity, the terms or conditions of this Agreement, except to the extent that any such disclosure is required by law or valid court order, and except to the extent necessary to enforce their respective rights under this Agreement.

11. Attorneys' Fees and Costs.

The Parties shall bear their respective costs and attorney fees incurred in preparing and/or executing this Agreement; *provided, however,* that in the event of a breach of this Agreement, the non-breaching party shall be entitled to recover from the breaching party the reasonable costs and attorney fees expended in order to enforce the terms of this Agreement.

12. Controlling Law; Venue.

The Parties agree that Maine law shall govern the validity and interpretation of this Agreement. The Parties stipulate that jurisdiction and/or venue shall lie exclusively in the State of Maine, Cumberland County Superior Court, for any action involving the validity, interpretation, or enforcement of this Agreement, or for any claim for breach of this Agreement, for damages, or for any other relief brought under this Agreement.

13. Multiple Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SEEN AND AGREED

DEVELOPER

__________________________ ________________________
Witness

COMPANY
REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

__________________________ __________________________
Witness

By:
Its:

EXHIBIT "K" TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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

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

California:	________________
Hawaii:	________________
Illinois:	________________
Indiana:	________________
Maryland:	________________
Michigan:	________________
Minnesota:	________________
New York:	________________
North Dakota:	________________
Rhode Island:	May 14, 2023
South Dakota:	________________
Virginia:	________________
Washington:	________________
Wisconsin:	________________

EXHIBIT "L" TO DISCLOSURE DOCUMENT

REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S

RECEIPT OF DISCLOSURE DOCUMENT

RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this disclosure document to you at your first personal meeting to discuss the franchise.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit A**.

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

Issuance Date: April 30, 2023.

See **Exhibit A** for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 30, 2023, that included the following Exhibits:

A. LIST OF STATE OR PROVINCIAL AUTHORITIES AND AGENTS FOR SERVICE OF PROCESS
B. RESERVED
C. FRANCHISE AGREEMENT
D. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
E. FINANCIAL STATEMENTS
F. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
G. LIST OF FRANCHISEES AND AREA DEVELOPERS
H. FRANCHISEE DISCLOSURE QUESTIONNAIRE
I. STATE- ADDENDA
J. AREA DEVELOPMENT AGREEMENT
K. STATE EFFECTIVE DATES

____________________	___________________________	___________________________
Date	Signature	Printed Name
____________________	___________________________	___________________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and keep it for your records.

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Illinois, Iowa, Maine, Nebraska, New York, Oklahoma, Rhode Island, or South Dakota law, if applicable, we must provide this disclosure document to you at your first personal meeting to discuss the franchise.

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I. STATE- ADDENDA
J. AREA DEVELOIPMENT AGREEMENT
K. STATE EFFECTIVE DATES

____________________	___________________________	___________________________
Date	Signature	Printed Name
____________________	___________________________	___________________________
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to REALI HOLDINGS COMPANY, INC. D/B/A AMATO'S, 312 St. John Street, Portland, Maine 04102.