FRANCHISE DISCLOSURE DOCUMENT

MKO Franchising LLC, a California limited liability company
3605 Market Street #6
Riverside, CA 92501
Phone: (949) 391-2900 Website: www.babashotchicken.com

As a franchisee, you will operate a fast-casual restaurant under the name "Baba's Chicken®."

The total investment necessary to begin operation of a Baba's Chicken® restaurant is between $112,300 and $388,500. This includes $55,500 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Baba's Chicken® restaurant Multi-Unit business will be a minimum of $262,300 for a minimum of two units, with no maximum This includes a minimum of $155,500 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501, phone (949) 391-2900 or email: info@babashotchicken.com.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: June 24, 2025, amended February 2, 2026

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.
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 D 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 Baba's Chicken® 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 a Baba's Chicken® franchisee?	Item 20 and Exhibit J 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. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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.

MICHIGAN SPECIFIC-NOTICE

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:

(a) A prohibition of the right of a franchisee to join an association of franchisees.

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee 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 thirty (30) days, to cure each failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of your Restaurant are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years; and (ii) the franchisee is 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 the franchisee does not receive at least six (6) months notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor 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 of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor 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 the franchisor's then current reasonable qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in the subdivision.

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

(j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

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 the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

TABLE OF CONTENTS

Item **Page**

Exhibits

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "we", "us," or "our" means MKO Franchising LLC, the franchisor. "You" or "your" means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, and its Affiliates

We are a California limited liability company that was formed on January 22, 2025. Our principal business address is 3605 Market Street #6, Riverside, CA 92501. We do business under the name "Baba's Chicken®," and other trademarks we designate (the "Marks"). We began offering franchises in May 2025. We do not conduct any business activities other than franchising.

Our affiliate, MHOC Inc. ("MHOC"), is a California corporation with a principal business address of 219 Maravilla Dr, Riverside CA 92507. MHOC that was formed on November 25, 2019. MHOC owns the Marks that we license to you and operates a Restaurant under the Marks that will be used for training you as a franchisee. MHOC does not offer franchises in any line of business or provide products or services to our franchisees.

Other than as stated above, we do not have any affiliates. We have never offered franchises in any other line of business. We do not have any predecessors or parent. Other than as stated above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchise

We offer franchises that serve fried chicken sandwiches, tenders, and related food and drink items served in an inviting, comfortable, modern atmosphere operated under the Marks ("Restaurants"). Restaurants are operated under a system that includes our valuable know-how, information, trade secrets, training methods, Manual, standards, designs, trademark usages, 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 Restaurants, all of which may be changed, improved, and further developed from time to time (the "System").

Each Restaurant will typically be conducted through a retail restaurant location that is located in or close to an indoor or outdoor retail center or mall that has easy access to highways or major thoroughfares and adequate parking, and in an environment where there are many different types of retail outlets.

You must operate your Restaurant following our standard business operating practices and sign our standard franchise agreement ("Franchise Agreement"). Your Restaurant must offer the products and services we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Restaurant at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Restaurant.

Multi-Unit Development Agreement

We also offer a Multi-Unit Development Agreement ("MUDA"). Under this program, we identify and assign a development area (the "Development Area") where you must develop, open, and continuously operate a specified number of Restaurants on the schedule described in the Development Schedule attached to the MUDA (your "Development Obligation"). The Development Area may consist of one or more cities, counties, or another geographically-defined territory.

Your Development Obligation, including the number of Restaurants and the length of each Development Period, is described in Addendum 1 to the MUDA. Development Periods may vary in length depending on the particular development arrangement. For each Development Period, you must have the cumulative number of Restaurants required to be open and operating, subject to the automatic grace period described in the MUDA.

For each Restaurant you develop under a MUDA, promptly after we approve the site for the Restaurant, you must sign a separate Franchise Agreement on our then-current form. Each then-current Franchise Agreement may contain terms that differ in material respects from the Franchise Agreement included in this disclosure document. You must sign a separate Franchise Agreement for each Restaurant, and each individual Franchise Agreement governs the rights and obligations applicable to that specific Restaurant. Any Restaurant you develop at a Non-Traditional Location will not count toward your Development Obligation unless we agree otherwise in writing.

Market and Competition

The market for our services and products generally is highly competitive and is well-developed. You will have to compete with franchised operations, national chains and independently owned companies serving dine-in, take-away, and delivery fried chicken sandwiches, tenders, and related items. You may also encounter competition from other Baba's Chicken® Restaurants.

Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, regional or national economic health, neighborhood demographic and traffic patterns, new technologies, and competition that provides related products.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, your Restaurant will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

You must comply with all local, state and federal laws applicable to businesses generally, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations. You also must obtain all applicable permits and licenses including a license to serve beer and alcohol. Availability, costs and requirements for a beer and alcohol license vary by market and we recommend you investigate your ability to obtain a license for beer and alcohol before signing the Franchise Agreement. As a franchisee you are responsible to ensure your compliance with all applicable local, county, state and federal laws and regulations, which apply generally to the liquor, restaurant and foodservice industry. These include health, sanitation, food preparation, waste disposal, food handling, smoking restrictions, discrimination, employment, sexual harassment and advertising laws. Some laws require point of sale disclosures, including statements concerning nutritional and dietary characteristics of the food served at your Restaurant. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act, The Patriot Act, etc.) with which you must comply. You should consult with your attorney and local, county, state and federal government agencies concerning these and other laws and ordinances that may affect the operation of a Restaurant before you sign a Franchise Agreement. You also must obtain all applicable real estate permits and licenses and operational licenses. It is your, and only your, responsibility, on a continuous basis to investigate and satisfy all local, county, state and federal laws as they vary from place to place and may change from time to time.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

Partner: Ommar Choudhry

Ommar Choudhry has held this position since our inception in January 2025. Ommar is also the Partner of MHOC and has been so since November 2019. Between June 2021 and January 2025, Ommar was an Owner of Round Table Pizza in Rancho Cucamonga, California. Since June 2019, Ommar has been a Parner in Weinerschnitzel in Riverside, California.

Chief Financial Officer: Mahmoud Hemood

Mahmoud Hemood has held this position since our inception in January 2025. Mahmoud is also the Chief Financial Officer of MHOC, and has been so since November 2019.

Kasem Rasheed: Secretary

Kasem Rasheed has held this position since our inception in January 2025. Since March 2023, Kasem has been the Chief Financial Officer of the Cash Flow Project in Newport Beach, California. Since February 2019, Kasem has been a partner in Weinerschnitzel in Lake Forest, California.

ITEM 3

LITIGATION

Anam Baluch v. Novara Motorsports, Inc., Ommar Choudhry, and Kasem Rasheed, in the Superior Court of California, County of Orange – North Justice Center, Case No. 30-2024-01421535-CU-FR-NJC. On or about March 2024, Plaintiff Anam Baluch filed a lawsuit against Novara Motorsports, Inc., Ommar Choudhry, and Kasem Rasheed (collectively, the "Defendants"). Plaintiff alleges that Defendants induced her to invest $390,000 by falsely promising profitable returns and shares of Novara stock, but failed to deliver on those promises or return her funds. Plaintiff asserts claims for fraud, negligent misrepresentation, conversion, and breach of fiduciary duty, and seeks compensatory damages of at least $390,000, plus interest and costs. Defendants deny all allegations and have filed counterclaims against Plaintiff for breach of contract, breach of fiduciary duty, defamation under California Civil Code §§ 45 and 46, and negligent interference with prospective economic relations. Defendants allege that Plaintiff invested $390,000 in exchange for 150,000 shares of Novara stock pursuant to a contractual agreement. The case is currently in the discovery phase, with depositions scheduled for August 2025. Mediation is anticipated in September or October 2025.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $50,000 in a lump sum when you sign the Franchise Agreement. Your initial franchise fee is not refundable under any circumstances.

Grand Opening Advertising Fee

You are required to pay a Grand Opening Advertising Fee totaling $5,500, which is designated for promotional activities to support the launch of your Restaurant. This fee is payable in three installments: (1) $2,500 due prior to the opening of your Restaurant; (2) $2,000 due at the beginning of your second month of operations, and (3) $1,000 due at the beginning of your third month of operations. We will use these funds on your behalf to promote your Restaurant in your local market. This fee is non-refundable.

Multi-Unit Development Fee

If you sign a MUDA, you must pay us a non-refundable, lump-sum development fee (the "Development Fee") in the amount stated in Addendum 1 to the MUDA. The Development Fee is due when you sign the MUDA and is consideration for the exclusive development rights granted for the Development Area during the term of the MUDA. The Development Fee fully satisfies the initial franchise fee obligations for the number of Restaurants identified in Addendum 1 as being covered by the Development Fee. For each of those Restaurants, after we approve the site you will sign a separate Franchise Agreement on our then-current form, but no additional initial franchise fee will be due at that time.

Your Development Fee is not refundable under any circumstances.

Site Selection Assistance

If we determine that an on-site evaluation of a site you propose is necessary or appropriate, we will conduct up to two (2) on-site evaluations at our expense. If additional on-site evaluations are required, you must reimburse us for our reasonable expenses, including travel, lodging, and meals.

These initial fees are uniform to all franchisees under this offering.

ITEM 6

OTHER FEES[1]

Type of Fee	Amount	Due Date	Remarks
Royalty	4% of your Gross Sales (Note 2).	Payable monthly on the tenth day of each month, or other day of the month we designate in the Manual.	Based on your Gross Sales during the previous month (or other period we designate).
Additional Royalty for Alcoholic Beverage Sales	Dollar amount of the Royalty and Brand Fund Contributions that would have been charged on the difference between excluded sales and the Royalty and Brand Fund Contributions you actually paid us.	Payable weekly on Wednesday, or other day of the week or month we designate in the Manual.	If a state or local law prohibits or restricts your ability to pay us Royalty and Brand Fund Contributions on alcoholic beverages, you will pay us the difference between those fees you paid us and the fees that would have otherwise been paid.
Brand Fund Contribution	An amount we designate, up to 2% of your Gross Sales.	Payable monthly on the tenth day of each month, or other day of the month we designate in the Manual.	Based on your Gross Sales during the previous month (or other period we designate).
Local Advertising Cooperative Contribution	An amount we designate, up to 1% of your Gross Sales.	Payable monthly on the tenth day of each month, or other day of the month we designate in the Manual.	If a Cooperative has been established for your market, you must participate. Each member will vote on the Cooperative's actions at the rate of one Restaurant, one vote. Neither we nor our affiliates have controlling voting rights in any Cooperative.
Additional Requested Training	Our then-current tuition fee as published in the Manual; currently $5,000 per attendee. Also, you must pay all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters.	Prior to our providing any such training or advice.	Payable if you or your employees attend our initial training program. You must pay all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a Restaurant other than yours.

Type of Fee	Amount	Due Date	Remarks
Site Evaluation Assistance	Our reasonable expenses, including travel, lodging, and meals.	Within 15 days of receiving an invoice	If we determine that an on-site evaluation of a site you propose for your Restaurant is necessary or appropriate, we will conduct up to two (2) on-site evaluations at our expense. If additional on-site evaluations are required, you must reimburse us for our reasonable expenses, including travel, lodging, and meals.
Additional Requested Assistance	Then-current fee (currently $400 per day). Also, you must pay all travel, lodging, meals, and other expenses we incur if we are away from our headquarters.	Prior to our providing any such training or advice.	We will charge this fee for additional advice or training you request.
Transfer Fee (unit franchise)	$7,500	No fewer than five (5) days before you complete your transfer.	Applicable only if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.
Transfer Fee (multi-unit franchise)	$5,000 per unopened unit	No fewer than five (5) days before you complete your transfer.	Applicable only if you choose to transfer your Multi-Unit Agreement. Our consent is required for any transfer.
Successor Franchise Fee	$15,000	Upon signing your successor franchise agreement.	Payable if you wish to obtain the right to continue operating as our franchisee after the end of your initial franchise term.
Conference or Convention Fee (Note 3)	Amount we establish, which will be between $500 and $1,000 per person.	Prior to the convention or conference.	Each person who attends the conference or convention on your behalf will be required to pay this fee. You, your Operating Principal and/or General Manager will not be required to attend more than 2 meetings, or spend more than 4 days at any meeting, in any calendar year.
Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month.	As incurred.	Payable only if the audit shows an understatement greater than 2% of reported amounts

Type of Fee	Amount	Due Date	Remarks
Management Fee (Note 3)	$500 per day that we manage your Restaurant, plus our direct expenses incurred on your behalf.	As incurred.	Due when we (or a third party) manage your Restaurant after your death or disability, or by exercising our step-in rights.
Late, Dishonored Payment, or Insufficient Funds Fee (Note 3)	$100 each time.	As incurred.	Payable only if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason.
Costs, administrative expenses, and attorneys' fees	Will vary under circumstances (Note 4).	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of the Franchise Agreement.	Due when you do not comply with the Franchise Agreement.
Late Payments	$100 per day that a payment is overdue	Payable when any payment is overdue.	Payable only if you do not pay your bills on time. Interest begins from the date of underpayment.
Product Inspection and Testing	Our reasonable costs of inspection and testing, which we estimate will not exceed $1,500.	Upon demand.	Payable if you ask us to evaluate or approve a proposed supplier.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand.	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Indemnification	Will vary under circumstances.	As incurred.	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your Restaurant.
Liquidated Damages	The combined monthly average of your Royalty Fees and Brand Fund Contributions (without regard to any fee waivers or other reductions) beginning with the date on which you open your Restaurant through the date of early termination, multiplied by the lesser of: (i) 24 months, or (ii) the number of full months remaining in the Term.	Within fifteen (15) days of the early termination of your franchise.	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

1. All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees. All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

2. "Gross Sales" means the aggregate of all sales made and revenue and income that you derive from operating the Restaurant, including from all sales of food, beverages or other goods, merchandise or services, whether payment is in cash, by credit card, gift cards, or other generally accepted form of payment, and whether the transaction is for dine-in, delivery by you or third-party delivery service, or catering services. Gross Sales includes (a) the full sale price to the consumer for items sold through third-party delivery services, with no discount for the delivery service's fee or commission; (b) all proceeds from any business interruption insurance, (c) revenue from the sale of menu items to employees, and (d) the value of products and services bought by customers by redeeming authorized gift cards. Excluded from Gross Sales are: (i) sales taxes and other taxes separately stated that you collect from customers and pay to taxing authorities; (ii) refunds and credits made in good faith to arms' length customers; (iii) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers; (iv) proceeds from the sale of gift cards; (v) proceeds from isolated sales of trade fixtures having no material effect on ongoing operations; (vi) employee tips; and (vii) the value of menu items that you furnish to employees at no cost to the employee.

If you do not timely report your Gross Sales to us, we will have the right, at our option, to debit your account in an amount equal to either: (a) one hundred and twenty percent (120%) of the fees transferred from your account for the last period for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the POS System and accounting software.

3. Unless we have indicated otherwise, for any fee that is listed as our then-current fee in the table above, we have the right to increase fees by a maximum of 10% per year, calculated cumulatively over the term of the Franchise Agreement. Additionally, we may also increase these fees by the amount of any increases in fees from third parties for the underlying products or services which will be added to the capped fee increase.

4. If you fail to (a) pay us any amounts when due, (b) submit required reports, information, or records on time, or (c) otherwise comply with the Franchise Agreement, and we need to take action—such as hiring a lawyer, using a collection agency, or involving any third party—you must reimburse us for all related costs. These include reasonable legal fees, investigation fees, travel and hourly expenses of our staff or agents, and costs to remove our branding from your restaurant if you don't do it. If we prevail in any legal action or are involved in a dispute due to your actions or your restaurant's actions, you will also be responsible for our attorneys' fees (including appeals), court costs, expert witness fees, collection agency commissions, costs to recreate sales reports, and interest on all these expenses.

[This Area Intentionally Left Blank]

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Single Restaurant Only)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	$50,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Leasehold Improvements (Note 1)	$15,000 to $150,000	As Incurred	As Agreed	Contractors and Vendors
Rent (Notes 2 and 3)	$2,000 - $15,000	As Incurred	As Agreed	Landlord
Furnishings and Fixtures (Note 4)	$5,000 to $40,000	As Incurred	As Agreed	Approved Suppliers
Kitchen Equipment (Note 5)	$10,000 - $60,000	As Incurred	As Agreed	Approved Suppliers
Signage	$2,500 - $6,000	As Incurred	As Agreed	Approved Suppliers
Supplies and Initial Inventory	$6,000 - $10,000	As Incurred	As Agreed	Us and Approved Suppliers
Point of Sale System and Installation	$1,500 - $5,000	As Incurred	As Agreed	Approved Suppliers
Utility Deposits	$1,200 - $3,000	As Incurred	As Agreed	Utility Service Providers
Licenses & Permits (Note 6)	$1,000 to $3,000	As Incurred	As Agreed	City / State / County / Licensing Authority
Insurance Deposits and Premiums	$600 - $3,000	As Incurred	As Agreed	Insurance Carrier
Professional Fees	$0 to $3,000	As Incurred	As Agreed	Accountant(s) and Attorney(s)
Travel, Lodging, and Meal Expenses for Training (Note 7)	$2,000 to $5,000	As Incurred	As Agreed	Us, Airlines, Hotels, Rental Car Companies, Restaurants, and Others
Grand Opening Advertising (Note 8)	$5,500	As Incurred	As Agreed	Us
Additional Funds (3 months) (Note 9)	$15,000 - $30,000	As Agreed	As Incurred	Employees, Marketing Companies, Other Approved Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 10)	$112,300 to $388,500			

YOUR ESTIMATED INITIAL INVESTMENT (MULTI-UNIT FRANCHISE) (NOTE 11)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
First Restaurant	$112,300 to $388,500			
Multi-Unit Rights Fee	$150,000 minimum; no maximum.	Lump Sum	Upon signing of the Multi-Unit Agreement	Us
TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 11)	$262,302 minimum; no maximum			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Restaurant. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your Restaurant may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. Payments you make to us and our affiliates are not refundable under any circumstances. We do not know whether any of the money you pay to third parties will be refundable.

1. Leasehold Improvements. These amounts include the expected expenses for building out your Restaurant. These amounts are our best estimate of the range of costs of leasehold improvements, based on our experience and our affiliate's experience in constructing Baba's Chicken® restaurants in Southern California, and will likely vary substantially based on local conditions, including the availability and prices of labor and materials (estimate is based upon non-union labor); the site's condition, configuration, location, and size; the demand for the site among prospective lessees; the site's previous use; county or city building application and inspection fees; county, city, or state codes; the cost to access existing plumbing; and any construction or other allowances the landlord grants. They do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a "vanilla shell" space that, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Restaurant. The lower figure assumes that you remodel an existing restaurant space. These amounts do not reflect costs for the construction of a free-standing Restaurant, which also would result in a significantly greater initial investment. The low estimate assumes that you are taking over a space that was previously operated as a restaurant.

All construction costs and contracts will be negotiated directly between the contractor, other contractors and yourself. These costs may vary substantially based on local conditions, time of year, or availability of labor and materials. They may also vary greatly depending on the terms of your lease and the amount of costs to be incurred by the landlord.

2. Rent. This estimate does include tenant improvement allowance and any free rent that you may receive from the landlord for your Restaurant. These costs could be substantially higher in certain markets, depending on the square footage of the space; the city or town in which it is located; condition of the space; population density; and the types of common area or other charges that will be allocated to you. You should carefully investigate all of these costs in the area where you wish to establish your Restaurant.

3. Location and Real Estate. Your Restaurant will typically be located in or near strip centers, outdoor malls or freestanding locations. Proximity to a dense business park or area is also highly desirable. Each Restaurant is expected to be between 700 and 2,000 square feet in size. We anticipate that most of our franchisees will lease space for their Restaurants. As a result, these amounts do not reflect costs for the purchase of real estate of for your Restaurant, which also would result in a significantly greater initial investment.

4. Furnishings and Fixtures. You must obtain and use furnishings and fixtures meeting our specifications, including, but not limited to, tables, chairs, food, trolleys and office furniture. They also include the estimated purchase cost of equipment (including ovens, a dishwashing machine, food

processors, slicers, mixers and blenders, hotplates), kitchen utensils and appliances, and tableware and cutlery. The furniture, fixtures and equipment will vary, depending on the size and seating capacity of the Franchised Business. This table assumes that your furnishings and fixtures will be purchased not leased.

5. Kitchen Equipment. You must obtain and use equipment meeting our specifications including but not limited to grills, fryers, ovens, hoods, work top tables, shelving, stainless fabrication, ice machines and other items including small wares. This table assumes that your equipment will be purchased not leased.

6. Licenses and Permits. These are estimates of obtaining local business licenses which usually remain current for one calendar year. The costs of these permits and licenses will vary greatly depending on the geographic area in which your Restaurant is located. This estimate includes the purchase of a full liquor license from the local government authority based on the cost of such a license in Riverside County California, but the cost of these licenses can vary from state to state.

7. Training Expenses. We require you and certain members of your team to participate in our initial training program described further in (Item 11). These estimates may vary depending on the number of attendees you wish to bring, mode of transportation distance of transportation, selection of lodging and dining options.

8. Grand Opening Advertising. You are required to pay a Grand Opening Advertising Fee totaling \$5,500, which is designated for promotional efforts related to the launch of your Restaurant. This fee is paid in three parts: \$2,500 is due before your Restaurant opens, \$2,000 is due at the beginning of your second month of operations, and \$1,000 is due at the beginning of your third month. These funds are used by us on your behalf and are non-refundable.

9. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including sales taxes, recruitment, on-site training expenses, payroll processing, janitorial services as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cleaning, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This estimate also includes the estimated cost of salaries for your employees, but does not include an estimated salary for you.

In formulating the amount required for additional funds, we relied on our and our affiliate's experience as developers and operators (since 2019) of Baba's Chicken® restaurants in Southern California that are similar to the franchise being offered to you. Our estimates are based on our and our affiliate's experience in building, developing, and operating those restaurants.

10. Figures May Vary. This Estimated Initial Investment 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Restaurant. These expenses include payroll costs, but assume that you will not draw a salary. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Restaurant. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market demand for your product; the prevailing wage rate; competition; and the sales level reached during the initial period. You should conduct your own independent investigation of the costs of opening a Restaurant in the geographic area in which you intend to open your Restaurant. Additional funds for the operation of your Restaurant will be required after the first three months of operation if sales produced by your Restaurant are not sufficient to produce positive cash flow. You should also review the figures listed in this Item carefully with a business advisor before making any decision to purchase a Restaurant.

11. Multi-Unit Development Agreement. The total initial investment for a MUDA is calculated by adding: (a) the estimated initial investment required to open your first Restaurant, and (b) the Development Fee shown in the MUDA, which covers the number of Restaurants identified in Addendum 1 to the MUDA. Because development obligations and Development Fees vary depending on the size of the Development Area and the number of Restaurants you agree to develop, your total initial investment will vary accordingly. Our estimate does not include the cost to build or open any Restaurant other than the first one. You will incur the full initial investment applicable to each additional Restaurant when you develop them. There is no fixed maximum number of Restaurants we may authorize you to develop under a MUDA; the number will depend on our evaluation of your experience, operational capacity, and financial resources.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the Baba's Chicken® System, you must maintain and comply with our quality standards. Any required standards exist to protect our interest in the System and the Marks and not for the purpose of establishing any control, or the duty to take control, over those matters that clearly are reserved to you. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the "Manual") that we will loan to you.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved equipment, signs, stationery, supplies and other items or services necessary to operate your Restaurant ("Approved Supplies List"). From time to time we, our affiliate or a third party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplies List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing and we will be required to consider your request. The procedure for submitting a request will be outlined in the Manual. We will require you to reimburse us for our reasonable costs incurred with respect to evaluating a supplier or product for which you request our approval. We will have up to 45 days to conduct our evaluation before we render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We have the right to charge you for our costs of inspection or testing. We may re-inspect the facilities and products of any supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) quality of the products or items; (2) ability to make product in conformity with our specifications; (3) reputation and integrity of supplier; (4) financial condition and insurance coverage of the supplier; (5) payment terms; (6) delivery schedule; (7) conformity with local and national health laws; and (8) pricing. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

Required Purchases or Leases

A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Manual. Neither we nor our affiliates are approved suppliers for products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, of them in the future.

Franchisees are required to purchase all proprietary logoed items and specified food products directly from our approved suppliers. These items are produced to meet our exact brand specifications and ensure consistency across all locations. The required items include, but are not limited to:

- Logoed Items: Includes logo boxes, logo bags, logo water bottles, and logo paper products.
- Food Items: Includes French fries, chicken, coleslaw mix, sauces, and any other food products specifically designated for Baba's Chicken in our Manual.
- Advertising and Promotional Materials: Includes marketing materials that may be required for purchase from us or from approved third-party suppliers.
- Merchant Services: Includes credit card processing services, which must be obtained through an approved supplier.
- POS System and Software: Includes the Point-of-Sale system and designated software, which must be purchased from approved suppliers. Periodic upgrades may be required.
- Premises Surveillance System: Includes an internet-connected surveillance system that must provide us with 24/7 remote access.
- Employee Uniforms: Includes uniforms that must be purchased in accordance with specifications outlined in our Manual.

All required items must be sourced exclusively from suppliers we designate. Franchisees may not substitute or procure these items from alternative vendors. We and our affiliates are not currently approved suppliers of these items, but we reserve the right to become approved suppliers—or the sole approved suppliers—in the future.

Insurance

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party with waiver of subrogation. All policies must be underwritten by companies having an A.M. Best rating of A- or higher. We and our affiliates are not approved suppliers of the required insurance policies.

The insurance policies must include, at a minimum: (1) comprehensive commercial general liability for the franchised business with an umbrella of at least $1,000,000 per occurrence, $2,000,000 aggregate limit, and $75,000 damage to rented premises per occurrence; (2) products and completed operations coverage with an aggregate coverage of $1,000,000; (3) personal and advertising injury coverage of $1,000,000 per occurrence, with $10,000 per person in medical benefits; (4) all perils property and casualty coverage; (5) excess or umbrella liability insurance with limits of not less than $2,000,000 per occurrence, $2,000,000 aggregate, and $2,000,000 products and completed operations coverage; (6) business interruption coverage providing for at least six months coverage of profits and necessary operating expenses; (7) vehicle coverage, including any hired or non-owned vehicles used in your Restaurant's operation of $1,000,000 coverage; (8) worker's compensation in the greater of $1,000 for each incident and $1,000 for each employee, or in such minimum amounts as required by law; (9) employer's liability insurance; (10) unemployment insurance; (11) state disability insurance; and (12) other insurance to meet any applicable legal requirements, or as required by your landlord.

We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Manual. Your insurance policies must be primary and non-contributory with respect to general liability, auto liability and excess liability and provide endorsements.

Real Estate and Site Selection

You must purchase or lease real estate for your Restaurant according to the criteria that we will make available to you in the Manual. You must operate the Restaurant at a location that meets our site selection requirements and that we have approved. If you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Addendum 5). You must construct and equip your Restaurant according to our approved design, specifications and standards. We are not presently an approved supplier of the real estate for your Restaurant, but we reserve the right to be an approved supplier of real estate in the future.

<u>Proportion of Required Purchases and Leases to All Purchases and Leases</u>

We estimate that the purchase or lease of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Restaurant, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 65% and 85% of your total cost to establish a Restaurant and between 40% and 80% of your total cost of operating a Restaurant (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

<u>Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue</u>

We do not have purchasing and distribution co-operatives as of the issuance date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We expect that we will negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees.

We may derive revenue or other material consideration from required purchases or leases by franchisees from approved suppliers, but as of the issuance date of this Franchise Disclosure Document, we have not derived any revenue or other material consideration from any such purchases or leases. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases.

Our officers, Ommar Choudhry, Mahmoud Hemood, and Kasem Rasheed own an equity interest in us (the franchisor) and our affiliates, and we and our affiliates are approved suppliers. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement 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	Item In FDD
a	Site Selection & Acquisition/Lease	Sections 3.1 – 3.6, and Addenda 1, 4, and 5 of the Franchise Agreement; Sections 2.1 and 7.1 of the MUDA	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.2 – 3.6, 9.2 – 9.5, 8.2, 11.1, 14.1 of the Franchise Agreement	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 – 3.7 of the Franchise Agreement; Section 7.1 of the MUDA	Items 7, 8, and 11
d	Initial & Ongoing Training	Sections 10.1 – 10.6 of the Franchise Agreement; Article 6 of the MUDA	Items 6, 7, and 11
e	Opening	Section 3.7 of the Franchise Agreement	Item 11
f	Fees	Article 6, Section 18.7 of the Franchise Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 9 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2, 9.3, 9.4, 9.5, 9.10, 9.13, 9.14, 9.15, 9.16, & 9.18 of the Franchise Agreement	Items 8, 11, 12, and 16
j	Warranty & Customer Service Requirements	Section 9.11 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Sections 2.1 and 9.21 of the Franchise Agreement; Section 2.1 of the MUDA	Item 12.
I	Ongoing Product/Service Purchases	Sections 9,2 9.3, 9.4, 9.5, 9.7, 9.10, & 9.13 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.7 & 9.10 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement; Section 11.2 of the MUDA	Item 6
q	Owner's Participation, Management, Staffing	Section 9.1 of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Sections 6.5, 6.7, Article 11, and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 of the Franchise Agreement	Items 6 and 11

	Obligation	Section In Agreement	Item In FDD
t	Transfer	Article 15 of the Franchise Agreement; Article 8 of the MUDA	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement; Sections 4.2, 9.1, 9.2, and 9.3 of the MUDA	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement; Section 9.1 of the MUDA	Items 15 and 17; Exhibit I
x	Dispute Resolution	Article 19 of the Franchise Agreement; Section 9.1 of the MUDA	Item 17
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

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

Except as listed below, MKO Franchising LLC is not required to provide you with any assistance.

Pre-Opening Assistance. Prior to the opening of your Restaurant, we will provide the following initial services:

1. We do not select the site for your Restaurant, but we will not unreasonably withhold our acceptance of a site that meets our requirements. We must approve or disapprove your site within a reasonable time after we receive from you notice of the site's location. We describe the site selection process later in this Item. (Franchise Agreement, Article 3)

2. If you have a MUDA, we will approve the location of future Restaurants and any protected areas for those Restaurants when you begin developing them. Our then-current standards for sites and protected areas will apply. (MUDA, Article 7)

3. If you lease the location for your Restaurant, we will review your proposed lease and approve or reject it based on its adherence to our requirements. We will complete our review of your lease as soon as practicable, but in no event longer than fifteen (15) days after we receive it from you. (Franchise Agreement, Article 3)

4. Designate the Protected Area for your Restaurant, based on its location. (Franchise Agreement, Article 3)

5. Communicate with you and the approved suppliers for the initial design and construction of your Restaurant regarding our standards and specifications for the design, layout, appearance and equipment in

your Restaurant location, as well as our approval or disapproval of the construction plans and specifications for your Restaurant. (Franchise Agreement, Article 3)

6. We will provide training to you (and/or your managing owner) on the System, System guidelines, and operational and brand standards (the "Initial Training Program"). We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Business. We describe the Initial Training Program later in this Item. (Franchise Agreement, Article 10)

7. Loan to you, or provide you with electronic access to, one copy of the Manual. We describe the Manual later in this Item. (Franchise Agreement, Article 9)

8. Provide to you advertising, marketing, and promotional materials and conduct your grand opening advertising campaign, which we describe later in this Item. We or our affiliate will also make available to you advertising and promotional materials at your expense. (Franchise Agreement, Article 8)

Site Selection

You are responsible for identifying and securing a suitable location for your Restaurant. We do not select the site, and we generally do not own or lease the premises to you. It is your responsibility to find a location that complies with local ordinances, building codes, and our site selection criteria. However, we will provide you with guidance regarding our standards for selecting a site, and you must obtain our written approval before committing to any location.

You must select a site within the Protected Area defined in your Franchise Agreement. Once you submit a proposed location, including the street address and any required demographic or market data in the format we specify, we will evaluate the site and respond within 15 days with either approval or disapproval. If we approve the site, it will be listed in Addendum 1 of your Franchise Agreement. Our approval is based on our determination that the site meets our criteria and is within your Protected Area. However, our approval does not guarantee that the location will be profitable or successful. If we determine that an on-site evaluation is necessary or appropriate, we will conduct up to two (2) on-site evaluations at our expense. If additional on-site evaluations are required, you must reimburse us for our reasonable expenses, including travel, lodging, and meals.

The factors that we consider in approving your site(s) include (but are not limited to) general location and neighborhood; demographics and population density; educational background of neighboring daytime and nighttime populations; estimates regarding future population growth; daytime population versus nighttime population; visibility; traffic patterns, access, and parking; size; physical characteristics of any existing buildings; median, mean, and per capita household income; lease terms; local competition; and proximity to businesses as well as density of business population.

You must obtain our approval of a site no later than four (4) months after signing the Franchise Agreement, and you must have a fully executed lease for an approved location no later than six (6) months after signing. If: (a) you and we cannot agree on a site within four (4) months of the Effective Date; (b) you fail to sign a lease for an approved location within six (6) months; or (c) you fail to open and begin operating your Restaurant within eight (8) months of the Effective Date (for non-freestanding locations) or twelve (12) months (for freestanding locations), we may terminate the Franchise Agreement. If we terminate the Agreement for any of these reasons, we will not refund any portion of the initial franchise fee you paid. (Franchise Agreement, Article 3).

Time to Open.

We estimate that there will be an interval of time of six to eight months between the execution of the Franchise Agreement and the opening of your Restaurant (if you have an inline or non-freestanding location) or between nine and twelve months (if you have a freestanding location). The factors that may affect this length of time include obtaining a satisfactory site; the type of site (e.g., an existing vanilla shell structure or a build-to-suit pad); remodeling and decorating the site; obtaining our approval of revisions to architectural and other design plans that vary from our standard plans; time for obtaining building permits; zoning and local ordinances; weather conditions; materials shortages; hiring as needed; obtaining financing arrangements; and delayed installation of equipment, fixtures and signs. If your Restaurant is located within an end cap, shopping mall, Non-Traditional Site or other similar location, you must open your Restaurant within eight (8) months after signing the Franchise Agreement. If your Restaurant is in a free-standing building, you must open your Restaurant within twelve (12) months after signing the Franchise Agreement. If you do not open your Restaurant within that time period we will have the right to terminate the Franchise Agreement. If we exercise that right, we will not refund any portion of the initial franchise fee. (Franchise Agreement, Article 3)

Post-Opening Obligations. During the operation of your Restaurant, we will:

1. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Article 10)

2. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Article 10)

3. At your request (or if we require it in the case that you are performing below our System standards), provide you with additional training. We have the right to charge you our then-current tuition fee as published in the Manual (currently, $400 per day). Also, you must reimburse us our reasonable travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. If the training occurs at a place other than your Restaurant, you must pay for your (and your employees' travel, lodging, meals, and other expenses. (Franchise Agreement, Article 10)

4. At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Restaurant. You must pay us our costs for these items. (Franchise Agreement, Article 8).

Post-Opening Optional Assistance. During the operation of your Restaurant, we may:

5. Conduct annual or other periodic conferences and/or meetings for all franchisees, managers, and other personnel. We have the right to require you and your General Manager to attend these conferences. We will charge you a fee for each person who attends the conference or meeting on your behalf (currently, between $500 and $1,000). (Franchise Agreement, Article 10)

6. Advise you of operating problems found at your Restaurant by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Restaurant as we deem appropriate. (Franchise Agreement, Article 10)

7. Institute, maintain and administer a central advertising account (the "Brand Fund") for such advertising or public relations programs, as we, in our sole discretion, may deem appropriate to promote Restaurants locally, regionally, or nationally. We describe the Brand Fund later in this Item. (Franchise Agreement, Article 8)

8. Coordinate the presence of the System on the Internet, including but not limited to e-commerce, website use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Restaurants and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the Franchise Agreement, we will list your Restaurant location on our Internet website. We reserve the right to de-list or remove your Restaurant from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use of social media and social networking sites by you that mentions or uses the Marks. (Franchise Agreement, Article 7)

9. We will periodically make changes to the products that we authorize and require you to sell at your Restaurant. (Franchise Agreement, Article 9)

10. We may create a gift card or other customer loyalty program. (Franchise Agreement, Article 9).

11. In our discretion, negotiate purchase agreements with approved suppliers to obtain discounted prices for franchisees and other Restaurants in the System. (Franchise Agreement, Article 10)

12. Provide you with suggested minimum and maximum prices for the products and services you sell. You are not required to follow all such pricing rules or guidelines, except that we have the right to establish maximum prices to be charged by you for sales promotions or otherwise.. (Franchise Agreement, Article 9).

There is no specified date or time for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Restaurant.

Advertising

Grand Opening Advertising

In connection with your grand opening, you are required to pay a Grand Opening Advertising Fee totaling $5,500, which is allocated for promotional activities to support the launch of your Restaurant. This fee is payable in three parts: $2,500 is due prior to the opening of your Restaurant, $2,000 is due at the beginning of your second month of operations, and $1,000 is due at the beginning of your third month. We will use these funds on your behalf to promote your Restaurant. (Franchise Agreement, Section 8.2)

Local Advertising.

We require you to spend, on a monthly basis, one percent (1%) of your Gross Sales on your local advertising and marketing efforts. All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency, for review, samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within thirty (30) days after we receive the materials from you, you must resubmit them to us. If you do not receive a written response from us within seven (7) days of the day you resubmit them to us, they are deemed to be approved. If you do not spend the required amount every month, we have the right to charge you the difference between the amount you spent and the amount you were required to spend. We will deposit those amounts into the Brand Fund. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Article 8.2).

Brand Fund

We reserve the right to create a fund for marketing the System, the Marks, and Restaurants (the "Brand Fund"). At our option, we can require you to pay us on a monthly basis (or other period we designate) a continuing Brand Fund Contribution. Your Brand Fund Contribution will be an amount we designate up to two percent (2%) of your monthly Gross Sales. The fees you pay to the Brand Fund are not refundable.

Your contribution to the Brand Fund will be in addition to all other advertising requirements set out in this Item 11. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Restaurants owned by us will contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, our affiliate, or designees, at our discretion. We may use a professional advertising agency or media buyer to assist us. The Brand Fund may be commingled with our operating account and may not be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized, except that we must use the money in the Brand Fund for marketing and advertising the Marks and System. We may use any media for disseminating Brand Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Brand Fund. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly or on a pro rata basis. We will not use the Brand Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will (in our sole discretion) either be refunded or applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.

The Brand Fund is not audited. Upon your written request (which must be at least 90 days after the end of the previous fiscal year) we will provide to you an annual accounting for the Brand Fund that shows how the Brand Fund proceeds were spent during the previous year. We did not collect or spend any Brand Fund Contributions during our last fiscal year. (Franchise Agreement, Sections 8.4 – 8.7).

Cooperatives

In our discretion, we may designate geographic areas for the establishment of Cooperatives. We have the right to require you to pay an amount we designate up to one percent (1%) of your Gross Sales to a Cooperative on a monthly or other periodic basis. This amount could be higher if you and the other members of the Cooperative vote to increase the contribution level beyond the amount we require. If your Restaurant is within one of these geographic areas, you must become a member of the Cooperative. You need not join more than one Cooperative for the same Restaurant. All Restaurants (including Restaurants owned by us or our affiliates) must become members in any Cooperatives that we establish for geographic regions in which they own locations.

Each Cooperative will be organized and governed in a form and manner that we approve, and we reserve the right to change the way that the Cooperatives are organized and governed in our sole discretion. We reserve the right to administer the fund, or to have an advertising agency do so. We have the right to examine the books, records, and accounts of the Cooperative and to audit the Cooperative. Each Cooperative must prepare annual financial statements and submit them to us. The statements will be made available to you for your review.

We require that each Cooperative governs from written organizing documents. As of the date of this Disclosure Document, no Cooperative has been formed and no governing documents are available for you to review. No changes to the organizing documents are permitted without our advance written approval.

We, in our sole and absolute discretion, have the right to require any Cooperative to be formed, or have the governing documents changed. We also have the right to require that any Cooperative dissolve or merge into another Cooperative. (Franchise Agreement, Section 8.8).

Advertising Council

We do not have an advertising council composed of franchisees, but we reserve the right to create one.

<u>POS System</u>

You must purchase and use in your Restaurant a POS System meeting our requirements. The POS System will consist of the following: computer (central processing unit) and related hardware, cash drawers, card swipes, finger print sensors, credit card modems, caller ID, proprietary software, and other hardware and software as we specify. The POS System will generate reports on the sales and expenses of your Restaurant and will automate certain of your administrative functions.

We estimate that the cost of purchasing or leasing the POS System, including software and labor, will be between $1,500 and $3,000. If you lease your equipment, the monthly leasing fee will depend on factors such as lease term, lease rate, down payment, residual value, credit worthiness of lease.

You will be responsible to upgrade or update the POS System during the term of the franchise, to ensure the system adheres to the most current software versions and software license terms.

We reserve the right to require you to upgrade or update the POS System at any time. There are no contractual limitations on the frequency and cost of this obligation, except that we will not require you to make any changes, modifications, or upgrades to the POS System that are not also made by Restaurants owned by us or our affiliates. We anticipate that the annual cost of maintenance will be approximately $1,200. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the POS System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology.

Neither we, nor any affiliate or third party, will be obligated to provide ongoing maintenance, repairs, upgrades or updates for the POS System. We currently require that you purchase a maintenance, repair, upgrade or update service contract for the POS System from our third-party approved supplier(s). The annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be dictated by the POS System supplier. Currently, the monthly fee that you pay our approved supplier for the software includes maintenance and updates for that software.

You are required to use the POS System to record all sales at your Restaurant. There are no limitations on the type of information we can access, or the times or frequency of when we access such information. No compatible equivalent component or program has been approved by us. (Franchise Agreement, Article 11).

Manual

We will loan you one copy of the Manual after you sign the Franchise Agreement. The purpose of the Manual is to communicate to you and our other franchisees both our requirements and our suggestions for the operations of your Restaurant, so that customers of the System have a uniform and quality experience across Restaurant locations. The Manual is not intended to mandate how you handle employment issues with your employees, except to the extent that their conduct has a direct bearing on the System or the Marks.

We may modify the Manual at any time. Its total number of pages is 45. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the Manual, as instructed by us. We disclose the Table of Contents to the Manual as Exhibit E to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

Initial Training Program

We provide a comprehensive Initial Training Program at our (or our affiliate's) restaurant in Riverside, California, or another location we designate, designed to prepare you and your key personnel for the successful launch and operation of your franchised business. The program typically spans three weeks, although the duration may vary based on your progress and performance (the "Initial Training Program"). We offer this program as frequently as needed to accommodate new franchisees. Up to two individuals may attend the Initial Training Program. You are responsible for all expenses related to attendance, including travel, lodging, and meals.

Completion of the Initial Training Program to our reasonable satisfaction is mandatory for you, your Operating Principal, and your General Manager. The program is led by qualified instructors as outlined in the training schedule provided below. If your Operating Principal or General Manager fails to complete the program satisfactorily, you will be given a reasonable period to appoint a qualified replacement. If you personally do not complete the program to our satisfaction, we reserve the right to terminate the Franchise Agreement without refund.

The Initial Training Program is focused on equipping owners and managerial staff with the knowledge and skills necessary to operate the business. We do not provide training for your employees or independent contractors; you are solely responsible for their hiring, training, supervision, and management.

If you request that your new hires attend the Initial Training Program, or if we determine that any of your employees require additional training, we may require their participation. In such cases, you will be responsible for the then-current tuition fee (currently $5,000 per person), as well as all associated costs including salary, travel, lodging, and meals.

To support your successful launch, we will also provide at least one representative to deliver on-site training at your franchise location. This representative will assist with both pre-opening preparations and the opening of your business, ensuring that your team is supported during this critical phase.

The estimated hours for each training subject are outlined in the table below. Please note that our training curriculum is subject to change and is detailed in the Manual. (Franchise Agreement, Articles 9 and 10).

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Food preparation and kitchen operation including ordering product, cleaning, maintenance, inventory control, product mix, reports and other kitchen systems	0	60	Riverside, California
Front of the House training includes server, computer, customer satisfaction and overall Front of the House management training	0	30	Riverside, California
Administrative and business includes cash out, record keeping, bookkeeping and miscellaneous office procedures	8	10	Riverside, California
On-the-Job Instruction (Managerial Training)	0	20	Riverside, California
Totals	8	120	

The instructional materials used for all topics of training will consist of the Manual and other manuals; job descriptions; specification sheets; e-learning tools; application forms; and quizzes.

Our Trainers

Below is a list of our trainers as of the issuance date of this Franchise Disclosure Document. We may replace any or all of our trainers with qualified replacements. If a replacement trainer is used for training purposes, they will have adequate training and qualifications to provide all necessary training to your owners and managerial staff.

Cecilia Robles, Restaurant Manager
Cecilia Robles is the Manager of our Restaurant in Riverside, California. She has served in that role since February 2020. Her work duties are directly related to front and back of house training, ordering, receiving, preparation and cooking.

Other Training

In the event you are not operating your Restaurant according to the Manual, we have the right to require you and your staff to attend additional training, which will occur (at our option) either at your Restaurant or at a Restaurant we operate. You may also request additional training, which we will provide at our option and subject to our availability. We will charge you our then-current tuition fee as published in the Manual, which is currently $400 per day. You must reimburse us for all travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. You must pay all travel, meal, lodging, salary, and living expenses for your attendees if the training occurs at a Restaurant other than yours.

You, your Operating Principal, General Manager, and other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. We will not require attendance at more than 2 national or regional meetings, or spend more than 4 days at national or regional meetings or training courses (after you complete the initial training program) per calendar year. Besides attending these courses, you must attend an annual meeting of all franchisees at a location we designate. You are responsible for all related travel and living expenses and wages.

ITEM 12

TERRITORY

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.

Franchise Agreement (Unit Franchise)

If we approve a "Protected Area" for your Restaurant, it will be described on Addendum 1 to your Franchise Agreement and is tied to your "Approved Location." During the franchise term, and so long as you are not in material default of your Franchise Agreement or any other agreement with us or our Affiliates, we will not establish, nor license another party to establish, a Restaurant under the Marks within your Protected Area.

Your Protected Area is determined only after we approve your specific site. If no site has been approved when you sign the Franchise Agreement, we will include only a general description of your anticipated location. This general description does not grant territorial rights or exclusivity, and we may sell other franchises in that area. Your Protected Area is recorded only after site approval.

Your Protected Area will be between one and three miles, measured from the front door your Restaurant, unless: (a) your Restaurant is located in a densely-populated area, in which case we will have the right to grant you a Protected Area that is smaller than one mile; or (b) your Restaurant is located at a Non-Traditional Location, in which case you will not be given a Protected Area. There is no minimum area for your Protected Area. In determining the total population within your Protected Area, we generally consult the United States Census estimate, available via the Internet website located at quickfacts.census.gov.

You must operate only from your Approved Location. Any relocation requires our prior written consent, and you must pay our then-current relocation fee. We will not approve a relocation into another franchisee's Protected Area and may withhold consent to a relocation outside your Protected Area.

You may not distribute printed local advertising (such as direct mail, flyers, door hangers, coupons, or circulars) outside your Protected Area without our written permission. We and other franchisees may advertise within your Protected Area. You may use social media only as permitted in the Manual or with our approval, and you may not maintain an independent website; instead, we will list your Restaurant on our system website and may allow you to add certain approved local content.

You are not permitted to distribute advertising items (i.e., coupons, circular advertising, or other forms of advertising that we permit) outside of your Protected Area. Other Restaurants will not be permitted to conduct permitted advertising within your Protected Area. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Area.

You may use, reference or promote your Restaurant in connection with social media networks or platforms, but only with our approval and in compliance with our applicable policies. You are not permitted to have an individual website for your Restaurant, but we (so long as you are in compliance with the Franchise Agreement) will list your Restaurant on our System Internet web site, and we may provide you the opportunity to add some content to that site.

Your Protected Area will not be modified solely due to population changes. However, we may reduce your Protected Area or terminate your Franchise Agreement if you are in uncured default—including failure to maintain standards or pay fees when due. Upon renewal, transfer, or successor franchise, we may adjust or redesign your Protected Area according to our then-current territory standards.

Multi-Unit Development Agreement (MUDA)

Under the MUDA, you receive development rights, not operating exclusivity. You must develop the number of Restaurants shown in Addendum 1 to the MUDA (your "Development Obligation") within the Development Area and on the schedule shown in the Development Schedule in Addendum 1.

While the MUDA remains in effect, and so long as you timely satisfy your Development Obligation and comply with the MUDA and all related agreements, we will not authorize another franchisee or developer to open a Restaurant under the Marks within your Development Area, subject to the exclusions listed below. When a Restaurant opens, your rights and obligations for operating that Restaurant are governed solely by the individual Franchise Agreement for that Restaurant. Restaurants opened at Non-Traditional Locations do not count toward your Development Obligation.

If you fail to meet a required Development Period (including the applicable Grace Period) or materially default under the MUDA, we may terminate your development rights. Any previously signed Franchise Agreements will remain in effect unless independently breached. When your MUDA terminates or expires, we may franchise or operate Restaurants anywhere within the former Development Area, except where limited by Protected Areas granted under existing Franchise Agreements.

Limitations on Territorial Rights Under the Franchise Agreement and MUDA

Except for the limited territorial protections described above, we and our Affiliates retain all rights inside and outside your Protected Area and Development Area, including (without limitation) the rights to:

(1) Operate or license businesses under trademarks other than the Marks, inside or outside your areas, even if those businesses offer menu items, products, or services similar or competitive to those of the Restaurants.

(2) Offer, sell, and deliver products or services through alternative channels of distribution, including retail, grocery, wholesale, catering, e-commerce, digital platforms, or mail order, using the Marks or other marks.

(3) Open or license Restaurants at Non-Traditional Locations anywhere, including inside your Protected Area or Development Area.

(4) Sell branded products or services to customers located within your areas, provided the products are not sold from a brick-and-mortar Restaurant under the Marks within your Protected Area.

(5) Operate or franchise Restaurants outside your Protected Area or Development Area on any terms, regardless of proximity.

(6) Acquire, merge with, or be acquired by other restaurant concepts, and operate those businesses in any location, including inside your areas, provided that we will not rebrand an acquired business inside your Protected Area or Development Area to use the Marks.

(7) Maintain websites and social media accounts using the Marks, and advertise (and allow other franchisees to advertise) within your Protected Area or Development Area.

You are not entitled to any compensation if we exercise these retained rights.

Right of First Refusal

You will not have the right of first refusal to acquire additional franchises within your Protected Area. We do not customarily grant to franchise owners options, rights of first refusal or similar rights to acquire additional franchises outside of their respective protected areas or multi-unit territories.

Other Franchise Systems

We and our affiliates have the right to operate other restaurant concepts, but as of the date of this Franchise Disclosure Document, neither we nor our affiliates have operated or franchised other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates develop, purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities under marks different than the Marks in your Protected Area.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Restaurant. You may also use our other current or future trademarks to operate the Restaurant. We have registered, or applied to register, the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Trademark	Application Number Application Date	Registration Number Registration Date	International Class of Goods
BABA'S CHICKEN (Word Mark)	88750353 January 8, 2020	6107040 July 21, 2020	43

We have filed all required affidavits relating to the registered Marks shown above.

We are party to an Intellectual Property License Agreement dated June 16, 2025, with MHOC, under which MHOC granted us a non-exclusive, non-transferable license to use certain trademarks, copyrights, trade secrets, and know-how (the "Intellectual Property") solely in connection with operating and franchising fast casual restaurants under the Baba's Chicken® brand. The agreement is effective through June 1, 2045, with five 10-year renewal options, and may be terminated for cause, including material breach or bankruptcy. If terminated, franchisees may be required to enter into direct agreements with MHOC or operate under substitute trademarks. MHOC retains full ownership of the Intellectual Property and may require us to cease use if it determines that continued use infringes third-party rights.

No currently effective agreements significantly limit our rights to use or license the use of the Marks. There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

You will have the right to use all of our Marks in the operation of your Restaurant. However, you must use the Marks only for the operation of your Restaurant and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks. We will have sole control over any litigation or proceeding.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Restaurant, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes ("Improvements") in the operation of your Restaurant, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work-made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights to the item.

We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Restaurant, Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these Improvements. You will have each of your employees sign an agreement requiring employee cooperation with these requirements. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the "Confidential Information"). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Manual and in guidance furnished to you during the term of the Franchise Agreement.

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of a Restaurant during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure of Confidential Information to employees of your Restaurant.

The Manual will at all times remain our property exclusively. We may revise the Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Restaurant must be under your direct, day-to-day, full-time supervision at all times. If you are a legal entity, you must designate both an Operating Principal and a General Manager, each of whom must be approved by us. Your Operating Principal must own at least fifty-one percent (51%) of your equity interests.

Your General Manager does not need to hold any ownership interest. You, your Operating Principal, and your General Manager must attend and successfully complete our Initial Training Program. If your Operating Principal or General Manager does not complete or pass our Initial Training Program, you must designate a replacement acceptable to us, and that person must attend and pass the Initial Training Program. Your Operating Principal and General Manager must use their best efforts in operating the Restaurant.

If you sign a Multi-Unit Development Agreement MUDA and are a business entity, you must designate one individual to serve as your Operating Principal for the MUDA. This individual must be acceptable to us and will be principally responsible for communicating and coordinating with us regarding all business, operational, development, and administrative matters concerning the MUDA and all Restaurants you develop under it. Your MUDA Operating Principal will have full authority to act on your behalf in performing, administering, and—if applicable—amending the MUDA and the Franchise Agreements executed as part of your development rights. The same individual may serve as the Operating Principal for one or more of your Restaurants, subject to our approval. The MUDA Operating Principal must complete all required training and satisfy all qualification standards we apply to multi-unit developers.

You may not change your Operating Principal (under either a Franchise Agreement or a MUDA) without our prior written approval. Until we approve a replacement, we may continue to direct all notices and operational communications to your then-current Operating Principal.

If you are a legal entity, all of your directors, officers, members, partners, and any individual who owns an interest in you or in the Franchise Agreement must sign our Owner Agreement (Addendum 2 to the Franchise Agreement). Each such person must agree to be personally bound by all obligations of the Franchise Agreement, including the confidentiality and non-competition provisions, and must comply with the restrictions on ownership interests. If you are married, your spouse must also sign the Owner Agreement. You must also ensure that your General Manager and any employees with access to our Trade Secrets or other confidential information sign our Confidentiality/Non-Competition Agreement (Exhibit I), and you must provide us with copies of these agreements.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only services and products that have been approved and specified by us in the Manual and any updates that are incorporated in the Manual from time to time. You may not offer for sale any services or products not specifically approved by us in writing and you may not use your Restaurant premises for any other purpose than the operation of a Restaurant and the sale of services or products approved by us. You must offer any products and/or services that we designate as required products and/or required services in the Manual. There are no limits on our ability to make changes to the services or products we require you to sell.

You may not sell products or services to customers located within another franchisee's Protected Area. You may not sell products or services from or at any location other than the location of your Restaurant. We may (but are not required to) approve you to operate a cart or kiosk on a temporary basis at a special event or special location. In that event, you may only provide catering or delivery services within the service area we approve. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

If permitted by applicable law, we may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, and we reserve the right to retain the amount of any unredeemed gift cards.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	Agreement starts on the date it is signed and ends 10 years after the date you open your Restaurant for business.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire 2 additional terms of 5 years each if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not less than 90 days or more than 180 days, to renew; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, including a smaller geographic Protected Area; each of your owners must execute a general release in the then-current form; you cannot be in default of any provision of the Franchise Agreement and not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; have the right to continue to occupy your approved location or move to a different location we approve; you must remodel your Restaurant; prove that you have all current licenses, insurance, and permits; have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us, and; be in compliance with our then-current training requirements; and pay a $15,000 successor agreement fee. If you seek to acquire a successor 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 franchisee	Section 17.6	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 17.1 – 17.3	We can terminate the Agreement, automatically or by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. "Cause" defined - curable defaults	Section 17.3	You have 30 days after notice to cure breaches relating to your: (a) failure to obtain or maintain required insurance coverage;

Provision	Section in Franchise Agreement	Summary
		(b) failure to pay any amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (c) employees or independent contractors failure to obtain and maintain any permit or license necessary for operating your Restaurant; (d) owners engaging in a dispute with one another (deadlock) that materially affects the operation of your Restaurant, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period; (e) failure to resolve customer complaints and/or disputes in a timely manner; (f) failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of your failure to comply You will have 30 days after notice to cure any breaches of the Franchise Agreement not listed in Sections 17.1 or 17.2, or 17.3.
h. "Cause" defined – non-curable defaults	Sections 17.1 and 17.2	Your Franchise Agreement will terminate automatically, without your ability to cure any defaults, if you: (a) Become insolvent or make a general assignment for the benefit of creditors; (b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent. (c) Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Restaurant; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction. (d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you. (e) Have a final judgment against you in the amount of twenty five thousand ($60,000) dollars or more that remains unsatisfied or of record for thirty (30) days or longer. (f) Dissolve or liquidate. (g) Have execution levied against your business or property. (h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon. You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you: (i) Fail to open your Restaurant on or before the date required under the Franchise Agreement; (j) Fail to obtain our approval of a location for your Restaurant within 4 months of the Effective Date; (k) Abandon your Restaurant or fail to keep it open for a period of three (3) consecutive days, unless it is for a reason beyond your control;

Provision	Section in Franchise Agreement	Summary
		(l) Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Restaurant; (m) Make an unauthorized transfer of the business; (n) Have your lease terminated. (o) Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Restaurant; (p) Receive from us 2 or more notices of default under the Franchise Agreement within a 12-month period regardless of whether you cured those defaults; (q) Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error; (r) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue; (s) Fail to allow or cooperate with audits or inspections; (t) Violate any covenant not to compete or relating to confidential information; (u) Interfere or attempt to interfere with our actual or prospective contractual relations with any person or company; (v) Engage in any activity that has a material adverse effect on the System or the Marks; (w) Offer or sell any unapproved product, service or program in your Restaurant or do not sell Authorized Products or Services; (x) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks; (y) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism; (z) Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period; or (aa) do not pay any amounts due to us, our Affiliates, a Cooperative of which you are a member, or the Brand Fund, within ten (10) days of our sending notice to you of your failure.
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination you must cease operating as a Restaurant, not compete with us, not divert customers, not use our confidential information, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Manual, records, files and any materials relating to the operation of your Restaurant, cancel or transfer all telephone numbers and directory listings to us, comply with all covenants, and pay us liquidated damages.
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee – defined	Section 15.2	Includes transfer of contract, premises of your Restaurant, assets, or change of any portion of your ownership (if you are a legal entity)

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot transfer the Franchise Agreement without our consent.
m. Conditions for franchisor approval of transfer	Section 15.3	We have the right to condition our approval of any transfer proposed by you upon the following: (a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates; (b) We must have declined our right of first refusal; (c) Your transferee must complete and submit all applications required for prospective franchisees at the time of the assignment and be approved by us; (d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option); (e) You must pay us a transfer fee of $7,500; (f) At your or your transferee's expense, upgrade, remodel, or replace the assets used by your Restaurant; (g) Your transferee must have completed the initial training program to our satisfaction; (h) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns; (i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our Affiliates; (j) Your transferee must assume all of your liabilities and obligations relating to your Restaurant; and (k) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement at least 60 days before you intend to transfer. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Restaurant.
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent Restaurant equipment supplier we select.
p. Death or disability of franchisee	Sections 15.7 and 17.8	The estate of the deceased or incapacitated franchisee must, within fifteen (15) days from the date of death or disability, appoint a new General Manager if the deceased or incapacitated person was the General Manger. If that does not happen, we have the ability to exercise our Step-In Rights and operate your Restaurant until a new General Manager is appointed. You or your estate will have six (6) months from death, disability, or incapacity to transfer your franchise to a new person approved by us.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 16.4	You must not be in any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products that are the same as or similar to those provided by Restaurants or in which our intellectual property or other confidential information could be used to the disadvantage of us, any of our Affiliates, or any Restaurant or franchisee (a "Competitive Business"), other than a franchise operated under a franchise agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	You may have no involvement in any Competitive Business within fifteen (15) miles of: (a) your (former) Protected Area; or (b) any other Restaurant that is then open or in development, for a period of 3 years after your Franchise Agreement is terminated or expires. You must not solicit customers of your Restaurant or any other Restaurant for a period of three (3) years. Except in the operation of a Restaurant under a valid franchise agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Manual and other confidential materials provided to you by us. You may not divert any business from us. You must also cancel or transfer all telephone numbers and directory listings to us.
s. Modification of the agreement	Section 20.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 19.9	Subject to state law, any arbitration or litigation must be pursued in courts located in Riverside, California. See any state-specific addendum attached in Exhibit G.
w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. The laws of the state where your Restaurant is located will govern your covenants not to compete and regarding confidential information. Otherwise, California law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

Multi-Unit Development Agreement (MUDA)

Provision	Section in Multi-Unit Agreement	Summary
a. Length of the franchise term	Section 4.1	The term continues through the last day of the final Development Period shown in Addendum 1, plus the applicable six-month Grace Period.
b. Renewal or extension of the term	Not applicable	The MUDA does not grant renewal or extension rights.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable.
d. Termination by franchisee	None	The MUDA does not grant you the right to terminate without cause.
e. Termination by franchisor without cause	None	We do not have the right to terminate the MUDA without cause.
f. Termination by franchisor with cause	Article 10	We may terminate if you fail to satisfy any Development Period (including the applicable Grace Period) or if you materially default under the MUDA, any Franchise Agreement, or any other agreement with us. Termination of the MUDA does not automatically terminate any existing Franchise Agreements; however, we may terminate the MUDA if we terminate any of your Franchise Agreements.
g. "Cause" defined - curable defaults	Section 10.6	In the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us, the notice and cure provisions of the Franchise Agreement, MUDA, or other agreement will control.
h. "Cause" defined – non-curable defaults	Sections 10.1 – 10.5	Non-curable defaults include: unapproved transfers; your failure to satisfy the Development Obligation in the Development Period; your failure to pay any fee to us; your opening of a Restaurant in your Development Area except as approved by us; any default of any other agreement between you and us; and any breach for unfair competition described in Article 9. Termination of the MUDA does not terminate existing Franchise Agreements, but we may terminate the MUDA if we terminate a Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Section 4.2	You lose all development rights. You may continue to own and operate Restaurants under existing Franchise Agreements, which remain in effect according to their terms.
j. Assignment of contract by franchisor	Section 8.1	We may assign our rights and obligations without restriction.
k. "Transfer" by franchisee – defined	Section 8.3	A "Transfer" includes any assignment of the MUDA or any transfer of ownership or control of you, including transfers of 20% or more of equity, changes in control, certain partner events, or mergers and reorganizations.
l. Franchisor approval of transfer by franchisee	Section 8.3	All Transfers require our prior written consent. We may withhold consent if you fail to meet the MUDA conditions for approval.
m. Conditions for franchisor approval of transfer	Section 8.3	(a) Before shares of a franchisee which is a business entity may be offered by private offering, you must provide us with copies of all offering materials; indemnify us, our Parent, officers, directors, manager(s), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them with the offering; and pay us a fee to reimburse us for our costs and expenses associated with reviewing the proposed offering, which fee is in addition to any transfer fee required under any Franchise Agreement; and

Provision	Section in Multi-Unit Agreement	Summary
		(b) Your written request for Assignment must be accompanied by an assignment fee of $5,000 per Restaurant in your Development Obligation that is not open on the date of your request.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.3	We may match any offer to acquire your rights or ownership interests.
o. Franchisor's option to purchase franchisee's business	None	Not applicable.
p. Death or disability of franchisee	Section 8.3 and Article 10	Your heirs have up to 60 days to seek our approval of a transfer after the death or incapacity of you or a controlling Owner. If they do not, we may terminate the MUDA.
q. Non-competition covenants during the term of the franchise	Section 9.1 and 13.1	During the term, no Restricted Person may engage in any Competitive Activity, divert customers, or act in any way injurious to the Marks. "Competitive Activity" means involvement—direct or indirect—in any business that competes with the Restaurants, including concepts selling Nashville-style hot chicken, fried chicken sandwiches or tenders, or offering similar menu items, formats, branding, or operations that could harm or disadvantage the System or the Marks.
r. Non-competition covenants after the franchise is terminated or expires	Section 9.1	For three (3) years after termination/expiration, Restricted Persons may not engage in Competitive Activities within the Development Area or within fifteen (15) miles of any Restaurant then operating or being developed. Trade Secrets may not be used in any business following termination.
s. Modification of the agreement	Section 11.11	The MUDA may be modified only by a written agreement signed by both parties.
t. Integration/merger clause	Section 11.16	Only the terms of the MUDA and any Franchise Agreement(s) are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document, MUDA and Franchise Agreement(s) may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 11.15	Subject to federal and your state's law, all disputes, except as explicitly listed in the Franchise Agreement, must be submitted to non-binding mediation in accordance with the commercial arbitration rules of the AAA. If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
v. Choice of forum	Section 11.15	Subject to applicable state law, any arbitration or litigation must be pursued in courts located in Riverside, California. See any state-specific addendum attached in Exhibit G.
w. Choice of law	Section 11.8	Federal trademark law, and other federal laws govern where applicable. The laws of the state where your Restaurant is located will govern your covenants not to compete and regarding confidential information. Otherwise, California law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the MUDA, subject to state law.

ITEM 18

PUBLIC FIGURES

We do not 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. Additionally, written substantiation for the financial performance representations above will be made available to you upon reasonable request. 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 by contacting contact Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1.

Systemwide Outlet Summary for Years 2022 through 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	1	0	0
	2023	1	0	0
	2024	1	0	0
Total Outlets	2022	1	0	0
	2023	1	0	0
	2024	1	0	0

TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2022 through 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

TABLE NO. 3

Status of Franchised Outlets for Years 2022 through 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

TABLE NO. 4

Status of Company-Owned Outlets for 2022 through 2024

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

TABLE NO. 5

Projected Openings for 2025 As of December 31, 2024

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
New York	0	1	0
Texas	0	1	0
Totals	0	3	0

No Franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No Franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

A list of our current franchisees as of the end of our fiscal year on December 31, 2024 is attached to this Disclosure Document as "Exhibit J-1." A list of franchisees that signed an agreement with us but were not yet operational as of the end of our fiscal year on December 31, 2024 is attached to this Disclosure Document as "Exhibit J-2."

Franchisees Who Have Left the System

No franchisees have left the System.

We have not created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit D are our audited financial statements as of December 31, 2024. Our fiscal year ends on December 31. We have not been franchising for three years or more and cannot provide all financial statements as required by this item.

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B: the Franchise Agreement

Addenda to Franchise Agreement:

1. Information Regarding You and the Franchised Business; Protected Area
2. Owner Agreement
3. Electronic Funds Transfer Authorization
4. Collateral Assignment of Lease
5. Addendum to Lease
6. Franchise Relationship Acknowledgement

Exhibit C: Multi-Unit Development Agreement
Exhibit E: Form of General Release
Exhibit F: State-Specific Addendum
Exhibit G: Compliance Questionnaire
We will not ask you to complete the Disclosure Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

Exhibit H: Confidentiality and Non-Compete Agreement

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit K. Please complete both copies, detach and return the copy marked “Our Copy” to us and keep the other copy in the Franchise Disclosure Document for your own records.

MKO Franchising LLC

EXHIBIT A

List of State Administrators and Agents for Service of Process

EXHIBIT A
LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	California Commissioner of Financial Protection and Innovation: <u>Los Angeles:</u> 320 West 4th Street, Suite 750 Los Angeles, CA 90012-2344 <u>San Diego:</u> 1350 Front Street, Suite 2034 San Diego, CA 92101-3697 <u>San Francisco:</u> One Sansome Street, #600 San Francisco, CA 94104	Commissioner Department of Financial Protection and Innovation One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677
Connecticut	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
Florida	Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800	Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221
Georgia	Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334	Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334
Hawaii	Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722
Illinois	Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465

State	Agents for Service of Process	Administrators
Indiana	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301

State	Agents for Service of Process	Administrators
New York	New York Department of State One Commerce Plaza 99 Washington Ave. Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, North Dakota 58505 Phone 701-328-2910	North Dakota Insurance & Securities Department 600 East Boulevard Avenue, Dept. 401 Bismarck, North Dakota 58505 Phone 701-328-2910
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501 (605) 773-3563	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation	State Corporation Commission

State	Agents for Service of Process	Administrators
	Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733	Division of Securities and Retail Franchising 1300 Main Street, 9th Floor Richmond, VA 23219
Washington	Director of Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4th Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street NW Washington, DC 20580 (202) 326-3128

MKO Franchising LLC

EXHIBIT B

Franchise Agreement

FRANCHISE AGREEMENT BETWEEN

MKO Franchising LLC
3605 Market Street #6
Riverside, CA 92501

and

____
____
____

TABLE OF CONTENTS

FRANCHISE AGREEMENT

This franchise agreement is entered into on the Effective Date between MKO Franchising LLC, a limited liability company organized under the laws of California ("**we,**" "**us,**" or "**our**"), and the person or legal entity identified in **Addendum 1** to this Agreement ("**you**" or "**your**").

Introduction: This Franchise Agreement

This franchise agreement ("**Agreement**") is written in a conversational tone to make it easier to read. In the context of the Agreement, MKO Franchising LLC is referred to as "we," or "us." When we refer to things we own or obligations we have, we use the word "our." The person, persons, or legal entity that sign this Agreement are collectively referred to as "you," and the obligations you have or the things you own are referred to as "your." When we refer to "you" or "your," we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners has to us. To further bind you and your Owners, we require each and every one of your of Owners who own ten percent (10%) or more of your equity, stock, membership, or partnership interests to sign the Owner Agreement, which is attached as **Addendum 2** to this Agreement.

In the Agreement, we sometimes capitalize the words we use. These are called "defined terms," and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in the **Appendix**, we have included a Glossary of Terms to help you easily locate the definition of a defined term.

The Agreement is organized into segments, articles, and sections. In the segment entitled "Recitals," we state the purpose for this Agreement. We will rely on all of the statements, representations, understandings, and promises you make to us in this Agreement and in the Compliance Questionnaire when we decide to counter-sign this Agreement with you.

RECITALS

A. We own a System for the establishment and operation of Restaurants;

B. We have the right to license the Marks and the System in connection with the operation of Restaurants; and

C. You want to obtain the rights to use the Marks and want to be assisted, trained, and licensed by us, as our franchisee, to use the System and the Marks in the operation of your Restaurant, and we are willing to grant you such rights under the terms and conditions of this Agreement.

You and we therefore agree as follows:

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS

You understand, represent to us, certify, and agree to the following:

1.1. Capital Modifications. You recognize that changes and modifications that we may make to the System may necessitate that you make capital expenditures during the Term in amounts that we cannot forecast. Except as stated in Section 9.7, nothing in this Agreement limits the frequency or cost of future changes to the System that we may require. You understand and agree that we have no ability to identify with specificity the nature of these future general improvements or their expected cost and accept the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date of this Agreement and that cannot be fully amortized over the period of time then remaining in the Term.

1.2. System Modifications. You understand and agree that we may modify the System and any of its components from time to time in our sole discretion as often, and in the manner, that we believe, in our sole discretion, is necessary to best promote Tacotarian® Restaurants, as a chain, to the public. We shall give you written notice of all changes either by supplements to the Operating Standards Manual, in writing or electronically, or otherwise. You shall, at your own cost and expense, promptly adopt and use only those parts of the System specified by us and shall promptly discontinue the use of those parts of the System which we direct are to be discontinued. You shall not change, modify or alter the System in any way, except as we direct.

1.3. System Variations. Because complete uniformity under various market circumstances may not always be possible or desirable, we may allow other franchises to deviate from the System in individual cases in the exercise of our sole discretion. You understand and agree that you have no right to object to any variances that we may allow to ourselves, our affiliates, or other franchisees, and have no claim against us for not enforcing the standards of the System uniformly. You understand and agree that we have no obligation to waive, make any exceptions to, or permit you to deviate from, the uniform standards of the System. Any exception or deviation that we do allow you must be stated in writing and executed by us in order to be enforceable against us.

1.4. Accuracy of Information. You have ensured that all information you have given us in connection with your application for this franchise was complete and accurate when you gave it to us. You represent to us that there have been no material changes in that information or other changes in material circumstances between the time you submitted the information to us and the Effective Date.

1.5. Permits, Licenses, and Applicable Law. You understand that restaurants are highly regulated businesses and that you will be required, under Applicable Law, to secure licenses and permission from the appropriate government authorities to operate your Restaurant. It is your responsibility to familiarize yourself with all Applicable Law, and we have made no representations as to the nature of such Applicable Law or your ability to qualify or comply with them.

1.6. Your Ownership. If you are a Business Entity, you represent that:

1.6.1. Each and every person who is an Owner of ten percent (10%) or more of your equity, stock, membership, or partnership interests has signed the Owner Agreement, attached as **Addendum 2**.

1.6.2. You are duly organized and validly existing under the laws of the state of your organization, and you are duly qualified to transact business in the state in which your Restaurant is located.

1.6.3. You have the authority to execute and deliver this Agreement and all related agreements and to perform your obligations under all such agreements.

1.6.4. Your organizing documents state that your activities are restricted to those necessary solely for the development, ownership and operation of a Restaurant in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates.

1.6.5. The articles or certificate of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interests are restricted by the terms of this Agreement.

1.6.6. All certificates representing direct or indirect legal or beneficial ownership interests in you, now or later issued, do or will bear a legend that conforms with the Legal Requirements reciting or referring to such restrictions.

If you are an individual or sole proprietorship but later become a Business Entity, you must ensure that you comply with, and that your organizing documents are consistent with, each one of the above requirements and representations.

1.7. Disclosure of Ownership Interests. You and, if you are a Business Entity, each of your Owners represents, warrants and agrees that the statements in **Addendum 1** are current, complete and accurate. You agree that updates or changes to **Addendum 1** will be furnished promptly to us, so that it (as revised and signed by you) is at all times current, complete and accurate.

1.8. Alcoholic Beverages. You understand that your right to sell and serve alcoholic beverages may be strictly controlled, and that (depending on local Applicable Law) you may need to have a license or permit to sell them.

1.9. Anti-Terrorism Laws. Neither you, nor your Owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf.) You agree not to hire or have any dealings with any person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your Owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that you and your Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities in this Agreement pertain to your obligations under this Section.

1.10. Payments Made to Us. You understand that the primary purpose of our providing any continuing services to you is to enhance and protect the value of the Marks. You further acknowledge and agree that, unless specifically designated as such, any fees received by us are not in exchange for specific services rendered to you, but rather are intended to support the System and Marks.

1.11. No Business Opportunity. We will not provide or designate restaurants or locations for you. We will not provide financial assistance to you. We have not represented to you that we will buy back from you any of the products, inventory, supplies or equipment that you purchase in connection with your Restaurant.

1.12. Defined Terms. Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**.

2. GRANT OF FRANCHISE

2.1. Grant of Franchise. Subject to the terms and conditions of this Agreement, we grant you the right to operate one (1) Restaurant only at the Approved Location, and only within the Protected Area, identified in **Addendum 1**. You agree to equip and operate, under the terms of this Agreement and the Manual, a single Restaurant operating under the System offering specific Authorized Products and Authorized Services as specified by us, only under the Marks and only from the Approved Location.

2.2. Restrictions on License. You cannot grant franchises or sub-licenses to any party or operate more than one Restaurant unless otherwise provided by separate agreement. Your Restaurant must only be used for purposes granted by this Agreement or the Operating Standards Manual. You cannot establish e-commerce, distribute, market, or implement any part of our System outside your Approved Location without prior written approval. No unauthorized business activities (e.g., jukeboxes, games, vending machines) or product sales are allowed at your Restaurant without prior written approval.

3. LOCATING, CONSTRUCTING AND EQUIPPING YOUR RESTAURANT

3.1. Approved Location and Relocation. Your Restaurant will be located at the Approved Location listed on **Addendum 1**. If no Approved Location has been inserted in the blank space provided in **Addendum 1** at the time you and we execute this Agreement, it will be inserted when determined as outlined in Section 3.2 below. You may not relocate your Restaurant without our prior written consent. We will not unreasonably withhold our approval of your relocation request, but we will not approve any such request if the proposed new location is outside of your Protected Area.

3.2. Site Selection. You are solely responsible for identifying and selecting the site for your Restaurant. You must conduct your own independent investigation of the market, including demographic characteristics, competition, and demand for the Restaurant's services in the area. We will provide general guidance and our site selection standards, but our assistance does not constitute a guarantee of success or profitability at any location.

3.2.1. Before committing to a site, you must submit a written request for our approval, including the proposed street address and any demographic or market data we require, in the format we specify. We will review your submission and respond within fifteen (15) days with either approval or disapproval. If we do not approve the proposed site, you must continue searching for an acceptable location. We reserve the right to approve or reject any proposed site in our sole discretion.

3.2.2. If we determine that an on-site evaluation is necessary or appropriate as part of our review, we will conduct up to two (2) on-site evaluations at our own expense. If additional on-site evaluations are required beyond the initial two, you must reimburse us for our reasonable out-of-pocket expenses, including travel, lodging, and meals.

WE, AND OUR AFFILIATES, OWNERS, EMPLOYEES, CONSULTANTS, AND AGENTS, DO NOT REPRESENT THAT WE HAVE ANY SPECIAL EXPERTISE IN SELECTING RESTAURANT SITES. OUR APPROVAL OF A SITE IS NOT A REPRESENTATION OR ASSURANCE THAT THE LOCATION WILL BE SUCCESSFUL OR PROFITABLE.

3.3. Our Approval of the Lease. You must obtain our approval of any lease for the Approved Location by submitting to us a copy of the proposed lease. You must submit a copy of the proposed lease to us after we accept your Approved Location. We will accept or reject the proposed lease as soon as practicable, but in no event longer than thirty (30) days after we receive it from you. You must not enter into any lease for the Approved Location unless you have received our acceptance. When executing the lease (and regardless of whether we have accepted the lease), you must not agree to any lease terms that would create (or purport to create) any obligations on our behalf, nor may you grant (or purport to grant) to your landlord any rights against us, or agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement. You must deliver to us a fully-executed copy of the final, approved lease promptly after it is fully executed. OUR REVIEW OF A LEASE, OR ANY ADVICE OR RECOMMENDATION OFFERED BY US, WILL NOT CONSTITUTE A REPRESENTATION OR GUARANTEE THAT YOU WILL SUCCEED AT THE APPROVED LOCATION, NOR WILL IT CONSTITUTE ANY EXPRESSION OF OUR OPINION REGARDING THE TERMS OF THE LEASE. You must sign a lease we have approved for a location we have approved no later than six (6) months after the Effective Date. If you fail to meet this deadline, we will have the right to terminate this Agreement.

3.4. Required Lease Terms. You must execute a "Collateral Assignment of Lease," in the form found in **Addendum 4**, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease. In addition, the lease must, unless we otherwise consent in writing, be modified by the Addendum to the Lease, attached as **Addendum 5**.

3.5. Obtain Our Approval of Your Plans. You must submit to us for approval all construction plans, specifications, and any proposed deviations for any construction and any remodeling of your Restaurant. We will approve or disapprove such plans within thirty (30) days of the date you submit them to us. Our approval of construction plans and specifications is not a warranty of their appropriateness, and means only that they comply with our minimum specifications. You must construct your Restaurant consistent with the plans we approve.

3.6. Developing Your Restaurant. We will communicate with you and the Approved Suppliers for the initial design and construction of your Restaurant regarding our standards and specifications for the design, layout, appearance and equipment in your Restaurant. You, however, are solely responsible for all aspects of developing and constructing your Restaurant. This means that you must, at your own expense: (a) secure all financing to develop and operate your Restaurant and acquire and maintain adequate capital reserves; (b) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (c) obtain all required permits and licenses; (d) purchase insurance for your Restaurant; (e) obtain all building inspections, approvals, occupancy and/or construction permits; and (f) engage a licensed architect and licensed contractor(s) or construction manager to construct, remodel, renovate, and/or equip all improvements to your Restaurant and decorate it according to the plans and specifications that we approve, and in accordance with the requirements of your lease, and communicate with us about your chosen architects, contractors, or managers.

3.7. Commencement Deadline. You agree that all construction or remodeling will be completed, and that your Restaurant will be open and operating, no later than twelve (12) months after the Effective Date (the "**Commencement Deadline**"), unless we otherwise agree in writing. If you fail to open your Restaurant on or before the Commencement Deadline, we will have the right to deem your failure to constitute a material default of this Agreement, and we will have the right to terminate the Agreement, without refunding any fees that you have paid to us. **You must obtain our written approval before opening your Restaurant, and you must notify us of your anticipated opening date at least sixty (60) days in advance of that date.** We will not approve your opening unless: 1) you, your General Manager, and Operating Principal have completed the Initial Training Program to our satisfaction; 2) you have obtained all required licenses; and 3) you are in full compliance with this Agreement.

4. PROTECTED AREA

4.1. Protected Area. Subject to the terms and conditions of this Agreement (including Section 4.2) and provided you are not in material default of this Agreement and/or any other agreement between us (or any of our Affiliates), which default remains uncured after the expiration of an applicable cure period (if any), we will not during the Term operate, nor permit any third party to operate, a Restaurant under the Marks within the Protected Area.

4.1.1. If your Approved Location has not been identified as of the Effective Date, it will be identified, and entered on **Addendum 1**, at the time you obtain our approval of it. You and we will describe your *anticipated* location in general terms in the "general description" in Section C of **Addendum 1**. Your and our listing of the general description of your location does not give you any rights of exclusivity in the identified area, and is only used for a reference. We may sell other Restaurants in the area identified in Section C of **Addendum 1**.

4.1.2. After we have approved a location for your Restaurant, we will enter it in Section D of **Addendum 1**. The Protected Area is dependent on the location of your Restaurant.

4.1.3. If your Approved Location is a Non-Traditional Location, you will not have any Protected Area.

4.2. Exclusions from Protected Area; No Other Protection. You acknowledge that, other than the limited exclusivity we grant you in Section 4.1, **we and our Affiliates retain all other rights within your Protected Area** (if we grant one to you). For example, these rights include (but are not limited to) the rights to:

4.2.1. Use, and to franchise or license other persons to use, the Marks and System for the operation of Restaurants or any other businesses that are similar or dissimilar to your Restaurant at any location outside of the Protected Area.

4.2.2. Use, franchise and license other third parties to use, the Marks and System for the operation of Restaurants at any Non-Traditional Location, even if it or they are inside of the Protected Area.

4.2.3. Sell Authorized Products or provide Authorized Services to customers located within your Protected Area, for so long as they are not sold at or provided from Restaurant locations within your Protected Area.

4.2.4. Use, license and franchise the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Protected Area, in association with operations that are similar to, the same as, or different from Restaurants.

4.2.5. Offer or sell Authorized Products and Services, or grant others the right to offer and sell Authorized Products and Services, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Protected Area.

4.2.6. Maintain any websites or social media sites utilizing domain names or identifiers incorporating the Marks or derivatives of them. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

4.2.7. Advertise and promote, and to permit other franchisees to advertise and promote, other Restaurants operated under the System and the Marks within your Protected Area.

4.2.8. Acquire, merge, combine with, or be acquired by businesses that are the same as or similar to your Restaurant and operate such businesses regardless of where such businesses are located, including inside the Protected Area, and to be acquired by any third party which operates businesses that are the same as, or similar to, your Restaurant, regardless of where such businesses are located, including inside the Protected Area. We will not, however, re-brand any such businesses located inside the Protected Area by allowing them to use the Marks.

4.3. Limitations on Operating Outside of Your Protected Area. You may not advertise in, or solicit orders from areas outside of the Protected Area except under the circumstances stated in Section 4.4. You may not use telemarketing or internet-based marketing of any services or products except as permitted in writing by us, in the Manual or otherwise.

4.4. Operating Outside of Your Protected Area. You will be permitted to temporarily advertise or solicit in areas contiguous to the Protected Area in which there is no operating Restaurant with protected area rights (each an "**Unassigned Area**"). You acknowledge that other Restaurants in your area will have similar opportunities to provide services within the Unassigned Area. You may not establish, construct, maintain or operate a Restaurant or any other type of sales, production, or other facility outside of the Protected Area. You will not receive any right of first refusal or any other type of rights to an Unassigned Area because you operate or operated there. We may sell any Unassigned Area at any time, without giving you advance notice. After we give you notice to cease operating in the Unassigned Area, you must do so immediately. You must, if asked to do so (and without compensation), orderly transition your customers (in the applicable Unassigned Area to our designee.

4.5. Special Events or Locations. If you want to operate a cart or kiosk on a temporary basis at a special event or special location within your Protected Area or an Unassigned Area, you must obtain our written approval, which we will not unreasonably withhold, so long as you hold any necessary licenses or permits for such services. You will be required, at your sole cost and expense, to obtain a vehicle, insurance, catering and delivery equipment and mefnus, approved by us, as set forth in the Manual, prior to offering catering or delivery services. You must operate your Restaurant at all times while operating at special events or special locations. You must follow the policies stated in the Manual while operating at special events or special locations. You may not sell or provide any product or service outside of your Restaurant unless it is at approved special events or special locations. Any income from special events or special locations must be included in your Gross Sales reporting.

5. TERM; RIGHT TO ACQUIRE SUCCESSOR FRANCHISE

5.1. Term. The term of this Agreement (the "**Term**") commences on the Effective Date, and, unless sooner terminated in accordance with Article 17, will expire on the tenth (10th) anniversary of the date you open and begin operating your Restaurant (the "**Commencement Date**").

5.2. Right to Acquire Successor Franchise. If we are still offering franchises in the area where your Restaurant is located, then after the expiration of the initial Term, you may, at your option, acquire a successor franchise for two (2) additional terms of five (5) years each, unless you are signing this Agreement under a successor franchise agreement for an existing Restaurant, in which case your successor term will be will be amended to be consistent with this Section 5.2. To qualify for a successor franchise, we have the right to insist on your fulfillment of any or all of the following conditions:

5.2.1. You must give us written notice of your election to acquire a successor franchise not less than ninety (90) days nor more than one hundred and eighty (180) days prior to the end of the Term.

5.2.2. You must execute our then-current standard form of franchise agreement (the "**Successor Franchise Agreement**"), which may, in our sole discretion, include substantially different terms than those contained in this Agreement, including but not limited to, higher, additional, or different fees (including a higher Royalty Fee and Brand Fund Contribution) and a smaller Protected Area, but you will not have to pay a new initial franchise fee.

5.2.3. You and each of your Owners must have executed a general release, in our then-current form (the current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release you give us will not be inconsistent with any state law regulating franchising.

5.2.4. You are not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between you and us or our Affiliates, and you have not committed and received notice of two (2) or more breaches of this Agreement during any twelve-(12) month period during the Term, even if such breaches were timely remedied.

5.2.5. You must have the right to continue to occupy the Approved Location, or obtain our approval to relocate your Restaurant to a different location that we have approved.

5.2.6. You must make or provide for, in a manner satisfactory to us, such changes as may be necessary to bring your Restaurant up to our current standards, including, without limitation, installation of new equipment and software and the remodeling and/or renovation of your Restaurant and décor to reflect the then-current standards and image of the System.

5.2.7. You must provide proof that you have all current licenses, insurance, and permits in compliance with Legal Requirements for you to continue operating your Restaurant.

5.2.8. You must be compliant with our then-current qualification and training requirements.

5.2.9. You must pay us a successor franchise fee of fifteen thousand dollars ($15,000).

5.3. Interim Period. If you do not sign the Successor Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after it expires, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a franchise to do so; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after the date of the notice to terminate the Interim Period. In the latter case, all of your obligations will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period. In this Agreement, all references to the Term will include any Interim Period.

6. PAYMENTS

6.1. Initial Franchise Fee. In consideration of the parties' promises and covenants to one another, you must pay us a non-refundable, lump-sum initial franchise fee of fifty thousand dollars ($50,000) upon execution of this Agreement **("Initial Franchise Fee")**. We will credit towards the Initial Franchise Fee the prorated portion of any multi-unit rights fee that you have paid us under a multi-unit franchise agreement.

6.2. Royalty Fee. You must pay us, on or before the Payment Date, a continuing royalty fee ("**Royalty Fee**") equal to four percent (4%) of your Gross Sales that you earned during the prior Reporting Period just-ended.

6.3. Payment to Brand Fund. At our option, we can require you to pay us, on or before the Payment Date, a continuing Brand Fund Contribution equal to an amount we designate up to two percent (2%) of your Gross Sales during the Reporting Period just-ended. We will deposit the Brand Fund Contribution into an advertising and marketing fund that we maintain ("**Brand Fund**").

6.4. Additional Royalty for Alcoholic Beverage Sales. If a state or local law in which the Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect the Royalty Fee, Brand Fund Contribution, or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then we and you shall increase the percentage rate for calculating the Royalty Fee and Brand Fund Contribution, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fee and Brand Fund Contribution to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales.

6.5. Time and Manner of Payments. With the exception of the Initial Franchise Fee, we may require you to make all payments owed under this Agreement by means of electronic funds transfer ("**EFT**"), or such other manner that we designate from time-to-time. You must ensure that each Royalty Fee and Brand Fund Contribution payment is, without exception, accompanied by a statement of your Gross Sales during the just-ended Reporting Period on a form approved by us, which form may be electronic.

6.5.1. We must receive from you all fees due for each Reporting Period on or before the applicable Payment Date.

6.5.2. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method, and to execute our "EFT Authorization Agreement," which is attached to this Agreement as **Addendum 3**. Under this procedure, you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due on those amounts. You must make funds available to us for withdrawal by electronic transfer no later than the Payment Date.

6.5.3. If funds in your account are insufficient to cover the amounts payable at the time we make our funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies we have.

6.5.4. If you have not timely reported your Gross Sales to us for any Reporting Period, then we will have the right to debit your account, at our option, in an amount equal to either: (a) one hundred and twenty percent (120%) of the fees transferred from your account for the last Reporting Period for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the POS System.

6.6. Application of Funds; Withholding of Payments. If you become delinquent in the payment of any monetary obligation to us, we will have the absolute right to apply any payments received from you to any obligation owed, whether under this Agreement, or under any other agreement, between you and us, notwithstanding any other designation by you as to application. You agree that you will never withhold payment of any amount due to us or our Affiliates for any reason at any time, including but not limited to: (a) your claim that we have not performed any one of our obligations under this Agreement; or (b) any other claim against us or dispute with us of any kind or nature.

6.7. Late Reports and Payments. If we do not timely receive any fee or any other amount due under this Agreement on or before the applicable due date, or if we do not receive a report that you are required to give us on or before the date that it is due, you will pay us a late fee equal to one hundred dollars ($100), plus for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments.

6.8. Reimbursement of our Costs of Collection. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, or your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with this Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. These amounts must be paid to us by you within five (5) days after you cure the default, or upon demand by us if your default is not cured.

6.9. Taxes; Payments to Others. All payment obligations pertaining to your Restaurant, including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely your obligations and not ours. We will not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other taxes levied against you or your assets, or against us, in connection with your Restaurant, or any payments you make to us under this Agreement or any other agreement. You must reimburse us for any gross receipts, sales, use or other tax assessed by any taxing authority in the state where your Restaurant is located, on any fees or other amounts payable by you to us under this Agreement. We will not be liable or responsible for your compliance (or failure to comply) with any and all Legal Requirements.

6.10. Annual Increases. We have the right to increase our flat fees by a maximum of 10% per year, calculated cumulatively over the term of the Franchise Agreement. Additionally, we may also increase these fees by the amount of any increases in fees from third parties for the underlying products or services which will be added to the capped fee increase.

7. TRADEMARK STANDARD AND USE REQUIREMENTS

7.1. Ownership. You agree that the Marks, Intellectual Property, and System are our (or our Affiliate(s)) exclusive property, and that you will never assert any claim to any goodwill, reputation or ownership relating to or associated with the Marks or Intellectual Property. You also recognize that all goodwill relating to your use of the Marks belongs solely to us, and not to you, and that after this Agreement expires, is terminated, or Transferred, you will have no right to any such goodwill. You will never engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. You will not contest or assist any other party to contest our rights in any of the Marks or the goodwill associated with the Marks. You will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. You agree to provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all rights, title and interest in and to the Marks, including all items we reasonably request to assist us in registering, maintaining and enforcing our rights in the Marks. You acknowledge that we will suffer irreparable damage and will have no adequate remedy at law as a result of your unauthorized or infringing use of the Marks, and you agree that we will have the right to seek injunctive relief in a court of competent jurisdiction in the event that you use the Marks in an unauthorized or infringing manner. You agree to comply with all of our requirements when you use the Marks, and that you will never engage in any activity that we determine to be harmful to the reputation of us, the Marks, the System, or Restaurants generally.

7.2. Changes. We, from time to time in our discretion, may modify all or any part of the Marks. We may require you to use one or more additional or substitute Marks. You will have no rights or claim of damages, offset, or right to terminate this Agreement as a result of any such modification and we will not have any liability or obligation to you with respect to your required modification or discontinuance of any Marks. Within sixty (60) days of receiving notice of such modifications, you must cease using the former Marks and commence using the modified Marks at your sole cost and expense.

7.3. Permitted Use. Your right to use: the Marks; any proprietary software; other materials in which we claim a copyright, trademark, or other right to exclusive use; the Trade Dress; trade secrets; Confidential Information; and other Intellectual Property as granted in this Agreement, is limited to your use of those materials, items, or Intellectual Property in connection with your operation of your Restaurant, and otherwise as described in this Agreement and as authorized in the Manual, or as we may prescribe in writing from time to time.

7.3.1. You may use only the Marks to identify and distinguish the services offered by you. You cannot use Intellectual Property for any service or product that is not specifically authorized in the Agreement or Manual without our express written consent. You must comply with all of our trademark, trade name and service mark notice marking requirements, including affixing "SM," "TM," or "®," adjacent to all Marks in any and all uses of the Marks.

7.3.2. You will not use anything that resembles or is deceptively or confusingly similar to the Marks, the System, or the Intellectual Property, in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. You will use the Marks only for the uses and in the manner we permit. You acknowledge that you are required, to the extent possible, to prevent persons or parties associated with or employed by you from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Internet, Social Media, and Domain Name. You do not have the right to establish an independent website or URL incorporating our Marks or any portion or variation of them. You do not have the right to establish any e-commerce business without our prior written consent. However, for so long as you are not in default of this Agreement, we will list your Restaurant location on our Internet website. You, your employees, independent contractors, sales associates and representatives may not use, license, or register any domain name or URL (or other means of identifying you or your Restaurant on the Internet) that uses a mark, image, or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without our prior written consent. At our request, you must promptly assign or redirect (or cause to be assigned or redirected) to us any domain name, URL, or other identification that violates this Agreement or the policies stated in the Manual at your expense and without compensation from us. The content you submit to us or use for any Internet marketing must be true, correct and accurate. At our request, you will promptly modify any of your Internet marketing material containing the Marks to conform to the standards stated in the Manual. You agree and acknowledge that your on-line promotional strategies must comply with our on-line policy. You further agree and acknowledge that we may review, monitor, and require changes to all on-line content on your websites, social media sites, blogs, electronic communication and other on-line sites on which our Marks or Intellectual Property are used. You must provide us with full, administrator-level rights to access and administer all social media accounts that relate to your Restaurant.

7.6. Infringement. You must notify us of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks or the Intellectual Property, but you may not take any action against suspected infringers without our express written permission. You must notify us within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation of them. If you notify us in a timely manner of a claim against you relating to the Marks, we will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks. In the event we take legal action to protect our Marks or authorize you to do so, we will be responsible for all costs (including reasonable attorneys' fees) related to such legal action. You must execute any and all documents, do such acts and things that may be necessary, and cooperate with us and with any action undertaken by us concerning litigation relating to the Marks.

8. ADVERTISING

8.1. Your Advertising. All of your advertising, promotion and marketing must be completely clear and factual and not misleading, and must conform to the highest standards of ethical marketing and the policies which we prescribe from time to time, in the Manual or otherwise. You may not use any advertising or promotional materials that we have disapproved at any time or for any purpose, and you may not advertise your Restaurant in connection with any other business without our written consent. Upon our request, you will provide to us for our review samples of any and all advertising and promotional material bearing the Marks. With the exception of advertising materials created and provided to you by us, at least thirty (30) days before using them, you must submit to us all advertising materials you intend to use, which approval will be in our sole discretion. You may not use such materials until they have been approved by us, and you must promptly discontinue use of any advertising material upon our request. If we have not responded to your request in writing within thirty (30) days of receiving your advertising material, you must resubmit them. If we have not responded to your request in writing within seven (7) days of your resubmitting the material to us, they will be deemed approved.

8.2. Grand Opening Advertising. You are required to pay a grand opening advertising fee totaling $5,500, which we will use on your behalf to promote the launch of your Restaurant. This fee is payable in three parts: $2,500 is due prior to the opening of your Restaurant, $2,000 is due at the beginning of your second month of operations, and $1,000 is due at the beginning of your third month. We will allocate these funds toward approved marketing efforts, which may include discounted or free food promotions, radio or television advertisements, public figure appearances, or other promotional activities designed to support your Restaurant's grand opening.

8.3. Local Advertising. During each and every month of the Term, you must spend an amount we designate up to one percent (1%) of your Gross Sales ("**Local Advertising Requirement**") for marketing, public relations efforts, advertising, and promotion within your Protected Area and the area surrounding your Protected Area. If you own multiple Restaurants in a contiguous area, we may, but are not obligated to, reduce your Local Advertising Requirement. You will make the expenditures directly, subject to our approval (as stated in Section 8.1). The medium in which you choose to advertise is within your reasonable business judgment. Within thirty (30) days of the end of each calendar quarter, you must furnish to us, in a manner approved by us, an accounting of your expenditures on local marketing and promotion for the preceding calendar quarter.

8.4. Brand Fund. We may, in our discretion, establish and maintain a Brand Fund to promote public awareness of the Marks and to improve our System. We may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity (including customer surveys and customer interviews); (iv) brand development; (v) research and development of technology, products and services; (vi) website development and maintenance and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any outside agencies we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the fund; (xii) preparing and distributing financial accountings of the fund; (xiii) any other programs we deem necessary or appropriate to promote or improve the System; and (xiv) our and our Affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We will not use the Brand Fund for creating or placing any advertisement that is principally a solicitation for new franchisees, but we may include information concerning franchise opportunities in all advertising prepared using the Brand Fund.

8.5. Your Acknowledgement. You agree and acknowledge that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally and that we have no obligation, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your Brand Fund Contribution contributions, or to ensure that your Restaurant or any other particular Restaurant benefits directly or pro rata from the advertising or promotion conducted or developed by the Brand Fund. You further acknowledge that we own all rights, and retain all copyrights, in all design and content developed using the Brand Fund, and that we will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with the Brand Fund, as well as the specific ways the Brand Fund is allocated to production, placement, and other costs. We have no fiduciary duty to you or to any other person with respect to the collection or expenditure of the Brand Fund. Our sole duty regarding the Brand Fund is to spend the money only in the ways described in this Article 8. Each Restaurant owned by us, or our Affiliate(s), will contribute to the Brand Fund on the same basis and at the same percentage as you do.

8.6. Fund Accounting. All contributions to the Brand Fund will be deposited into and disbursed from a bank account which may be commingled with our other accounts, except that we will account for the Brand Fund separately from the other funds in such account(s). Upon your written request that is at least ninety (90) days after the end of the calendar year, we will furnish to you a report for the preceding year showing the expenditures made from the Brand Fund during such calendar year and amount remaining for use (if any) during the following year. This report will not be audited.

8.7. Unused Funds; Termination. We anticipate that all contributions to, and earnings of, the Brand Fund will be spent for the purposes stated above during the fiscal year in which the contributions and earnings are received. However, if unexpended amounts remain in the Brand Fund at the end of the fiscal year, then at our option, either: (a) all expenditures in the following fiscal year will be made first out of the unspent contributions, and then out of new contributions; or (b) we will refund a pro rata portion of the surplus to each Restaurant (including Restaurants owned by us or our Affiliates) based on what that Restaurant contributed to the Brand Fund. Although the Brand Fund is intended to be of perpetual duration, we may in our sole discretion terminate the Brand Fund or suspend it. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent. We reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable (which may include a reasonable interest rate).

8.8. Cooperative Advertising. We have the right, in our sole discretion, to designate geographic areas for purposes of establishing local or regional advertising cooperatives ("**Cooperatives**") comprised of the Restaurants located within such geographic area. If your Restaurant is within the territory of an existing Cooperative at the time you open for business, you must immediately begin participating in the Cooperative. If a Cooperative applicable to your Restaurant is established during the Term, you must begin participating no later than thirty (30) days after the date the Cooperative begins operating. In no event will your Restaurant be required to contribute to more than one Cooperative; however, if you own multiple Restaurants, each Restaurant owned by you will be required to contribute to the Cooperative applicable to that Restaurant. We (or our Affiliates, as the case may be) will become a member in any Cooperative established for an area that includes a Restaurant owned by us or our Affiliates. The following provisions will apply to each Cooperative:

8.8.1. Purpose; Governance. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, promotional materials for use by members in local advertising. Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, that we approve in advance in writing. Each Restaurant within a Cooperative will have one (1) vote for any matters on which the Cooperative's members are permitted to vote. We reserve the right to change, in our sole discretion, the form and manner of the organization and governance of any Cooperative and you agree to implement any such change immediately upon notice from us. No changes in the bylaws or other governing documents of a Cooperative will be made without our prior written consent.

8.8.2. Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval.

8.8.3. Contribution Amount. You and each other member of the Cooperative must contribute to the Cooperative on a weekly, monthly, or other periodic basis, on such specific days as established by the Cooperative or by us, the amount determined by the membership. We can set the amount of your required contribution to the Cooperative in our discretion, but in no event will we require you to spend more than a total of one percent (1%) of your Gross Sales towards your Cooperative contribution, unless you and the other members of the Cooperative vote to increase the contribution level beyond the amount we require. Your contributions towards the Cooperative will be credited towards your Local Advertising Requirement. Each required contribution will be submitted together with such statements or reports as we may require, or by the Cooperative with our prior written approval.

8.8.4. Audit. We and our designated agents will have the right to examine, copy, and audit, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative.

9. OPERATING YOUR RESTAURANT

9.1. Operating Principal; General Manager. Your Restaurant must at all times be operated under your direct supervision if you are an individual. If you are a Business Entity, your Restaurant must be operated under the direct supervision of your Operating Principal and a manager who: (i) is approved by us; (ii) has successfully completed the Initial Training Program and all other training programs required by us from time to time; and (iii) devotes his or her full time (a minimum of forty (40) hours per week) and best efforts to operating your Restaurant (your "**General Manager**"). We have the right to deal with the Operating Principal and General Manager on matters pertaining to day-to-day operations of, and reporting requirements for, your Restaurant. Your initial General Manager and Operating Principal is identified on **Addendum 1**. In the event that the Operating Principal or General Manager elects to end his/her relationship with you, you must replace the Operating Principal or recruit a new General Manager (as applicable) within thirty (30) days and submit his/her qualifications to us for review and approval.

9.2. Sale of Authorized Products and Services Only. You acknowledge that it is critically important to the System that all products and services sold by your Restaurant meet our quality standards. You must advertise and sell only Authorized Products and Services. You acknowledge that you may not be permitted to sell all Authorized Products and Services at all times, and that you will discontinue selling any products or services that we have disapproved, even if they were previously included in our Authorized Products and Services. Except as specifically authorized by us, you may not sell any Authorized Products or Services outside of your Restaurant or to any customer for the purpose of resale by the customer. You may not enter into strategic alliances, corporate alliances, product supply or product sourcing agreements without our prior written permission. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Manual or any other communication) relating to the appearance, function, cleanliness or operation of a Restaurant, including:

9.2.1. Design, layout, decor, appearance and lighting; periodic maintenance, cleaning, pest control and sanitation; use of interior and exterior signs, emblems, lettering and logos and the illumination of them. Your signs must conform in all respects to our specifications and requirements and the layout and design plan that we approve, subject only to restrictions imposed by Legal Requirements or by your lease.

9.2.2. Types, suppliers, models and brands of required fixtures, furnishings, food items, products, materials, items, equipment, signs, materials, supplies, and paper goods. You acknowledge and agree that from time to time, we may modify the list of approved types, brands, models or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier which is no longer approved by us.

9.2.3. Designated or Approved Suppliers (which may be limited to or include us or our Affiliates) of fixtures, furnishings, equipment, signs, products, materials, supplies, and services.

9.2.4. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, materials, supplies and services including direct labor, that you obtain from us, our Affiliates or others.

9.2.5. Required inventory levels of Authorized Products. We have the right to require you to purchase any or all of the Authorized Products sold at or from your Restaurant from us or our Affiliates, and you will maintain in sufficient supply all products, materials, supplies, ingredients, equipment, and items we designate and require you to have on-hand in your Restaurant.

You agree that you will not use products purchased from Approved Suppliers for any purpose other than operating your Restaurant. ALTHOUGH APPROVED OR DESIGNATED, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO ICaliforniaENTORY, SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO OR BY US.

9.3. Authorized Menu; Approved Suppliers. You must only prepare and sell such menu items and other food and beverage products as we designate and approve in writing from time to time (the "**Authorized Menu**") at your Restaurant. You must offer for sale from your Restaurant all items and only those items listed on the Authorized Menu and other Authorized Products. You must offer the full Authorized Menu during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with any reasonable modifications we make. You must cease selling any previously approved product, service, or menu item within thirty (30) days after receipt of notice that the product, service, or menu item is no longer approved, unless the disapproved product poses a health threat, in which case you must stop using it immediately. You must use in the operation of your Restaurant and in the preparation of Authorized Menu items and other food and beverage products only the proprietary recipes, and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and you must prepare and serve Authorized Menu items and products in such portions, sizes, appearance, taste and packaging, all as we specify in the Manual or otherwise in writing, and you must purchase them only from Approved Suppliers. You acknowledge and agree that we may change these periodically and that you are obligated to conform to these requirements. We may authorize test marketing of proposed Authorized Products or Services at any Restaurant or Restaurants as we deem appropriate.

9.4. Constructing, Developing, and Operating Your Restaurant. In constructing, developing, and operating your Restaurant, you agree to use only those fixtures, furnishings, equipment (including the POS System), décor and signs that we have approved for Restaurants as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display at the Approved

Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time, and you agree to refrain from installing in your Restaurant any fixtures, furnishings, equipment, signs, or other items that we have not approved in writing. You agree to purchase or lease approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our Affiliates). You will pay the then-current price in effect for all such purchases you make from us and/or our Affiliates. We will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies we require you otherwise to obtain. You will establish independent commercial relationships with our Approved Suppliers for specific items.

9.5. Alternative Suppliers. If you want to make purchases from a supplier other than an Approved Supplier, you must first submit to us a written request to approve the proposed supplier, together with any documentation regarding that supplier that we reasonably request. Within forty-five (45) days after receiving a completed request, and completion of such evaluation and testing (if we require), we will notify you in writing of our approval or disapproval of the proposed supplier. We may revoke our approval at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. You must stop purchasing from a disapproved supplier upon notification from us that it has been disapproved. You must reimburse us for the costs we incur in reviewing and evaluating proposed suppliers or proposed supplies.

9.6. Acknowledgement of Markup or Rebates. You acknowledge and agree that we and our Affiliates have the right to a reasonable markup on all items that you are required to purchase from us and our Affiliates. Further, you acknowledge that we may receive from Approved Suppliers periodic volume rebates or other revenue or consideration as a result of your purchases. You further acknowledge and agree that we are entitled to keep such rebates and revenue for our own use, regardless of whether we choose to do so.

9.7. Maintenance, Renovation and Refurbishment. You must, at your sole expense, do all things necessary to comply with the System, including keeping the physical premises of your Restaurant and all of its equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Manual or as we otherwise require; and (ii) in a neat, clean, attractive, safe and sanitary condition; replacing equipment, and other assets only with those that we have approved as, in our discretion, they become worn out or otherwise unsuitable for use.

9.7.1. You must make, at your expense, all additions, repairs, replacements, improvements and alterations to your Restaurant and your equipment as we determine necessary so that your Restaurant, equipment, and assets that are viewed by the public will conform to the System's image, as may be prescribed by us from time to time. You must undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which we may reasonably specify. If, however, any condition presents a threat to customers or public safety, you must address the condition immediately.

9.7.2. No more frequently than once every five (5) years, you must refurbish and renovate your Restaurant at your sole expense to conform to our then-current building design, Trade Dress, sign requirements, color schemes, and presentation of the Marks. Otherwise, you recognize and agree that there are no limitations on this obligation, and acknowledge and agree that the requirements of this Section 9.7 are both reasonable and necessary to ensure continued public acceptance and patronage of Restaurants and to avoid deterioration or obsolescence in connection with the operation of your Restaurant.

9.8. Comply with Lease Requirements. You agree to refrain from any activity that may jeopardize your right to remain in possession of, or to renew the lease for your Approved Location. You also agree to comply with all terms of your lease or sublease, and all other agreements affecting the operation of your Restaurant.

9.9. Your Employees and Independent Contractors. You agree to maintain a competent, conscientious, trained staff, sufficiently literate and fluent in the English language and in a sufficient number; ensure that your employees and independent contractors provide competent, prompt, courteous, and knowledgeable service, and that they meet our minimum standards (as specified in the Manual) to preserve good customer relations. You must require your employees to wear uniforms while working at or for your Restaurant of such design and color as we may prescribe in the Manual. You further agree that in any office, break room, or other non-public area accessed by your employees or contractors, you will post a sign or other document containing language we require explaining the differences between you, their employer or contractor, and us, your franchisor. You must have all of your employees sign our then-current form of Franchise Relationship Acknowledgement. Our current form is attached as **Addendum 6**.

9.10. Manual. You must operate your Restaurant in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Manual. You must supervise your General Manager, managers, employees, independent contractors and Affiliates to ensure their compliance with the Manual. We have the right to prescribe additions to, deletions from or revisions of the Manual (the "**Supplements**"), all of which will be considered part of the Manual. All references to the Manual in this Agreement will include the Supplements. Supplements will become binding on you as if originally set forth in the Manual, upon being delivered to you (unless we specify a longer period). We will provide you with up to thirty (30) days to comply with any material change made by us to our standards. The Manual and any Supplements are material in that they will affect the operation of your Restaurant, but they will not conflict with or materially alter your rights and obligations under this Agreement. While the Manual are designed to protect our reputation and the goodwill of the Marks, they are not designed to control the day-to-day operations of your Restaurant.

9.10.1. We are permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Manual at any time, by addition, deletion or other modification to the provisions of the Manual, and such modification will be made in our sole judgment. Such modifications may obligate you to invest additional capital in your Restaurant ("**Capital Modifications**") and/or incur higher operating costs, except as stated in Section 9.7 (which applies to remodels to your Restaurant, but not to other Capital Modifications).

9.10.2. Upon the execution of this Agreement, we will loan to you one (1) copy of the Manual (which may be electronic). The Manual and all amendments to the Manual (and copies of it) are copyrighted and remain our property. They are loaned to you for the Term (and any successor period), and must be returned to us immediately upon the termination or expiration of this Agreement. The contents of the Manual are our Confidential Information. You must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Manual without our express prior written consent. You must keep any physical copies of the Manual up-to-date. You must also keep the Manual in a safe place at your Restaurant and ensure that they, and the information, are secured and protected from unauthorized access.

9.11. Consumer Relations and Protection of Goodwill. You must give prompt, courteous and efficient service to the public and operate your Restaurant in compliance with the Manual to preserve and enhance the value and goodwill of the Marks and the System. You will uphold, and take reasonable steps to ensure that your General Manager and employees uphold high standards of honesty, integrity, and fair dealing in dealing with the general public, customers, other franchisees and us. You must promptly respond to all complaints received from your clients or other individuals in an attempt to resolve the dispute in a reasonable business manner. If we are contacted by a customer of your Restaurant who lodges a complaint, we reserve the right (but are not required) to address the customer's complaints in order to preserve goodwill and prevent damage to the Marks. Nothing in this Section 9.11 or in any other provision of this Agreement is to be construed to impose liability upon us to any third party for any of your actions or obligations.

9.12. Hours of Operation. You must continuously operate your Restaurant for the hours and days of the week as specified in the Manual, unless different hours have been approved by us based upon the circumstances existing with the Approved Location.

9.13. Merchant Services. You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, electronic-fund-transfer systems, and near field communication vendors (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.14. Compliance With Data Security Guidelines. You must use your best efforts to protect your clients against a cyber-event, identity theft or theft of personal information. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. Having a secure managed firewall that meets our system standards is one part of the current requirement. You must at all times be compliant with all other Legal Requirements including: (a) the NACHA ACH Security Framework; (b) the operating rules and regulations of all credit card and merchant services providers; (c) state and federal laws and regulations relating to data privacy, data security and security breaches; and (d) our security policies and guidelines, as they may be amended from time to time.

9.15. Gift Cards and Customer Loyalty Programs. We may establish gift card or customer loyalty programs for use Systemwide. You must acquire and use all computer software and hardware necessary to process the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, and to process purchases made using them and be solely responsible for the service charges related to such processing. You must remit all proceeds from the sale of gift certificates and stored value cards to us or our designee according to the procedures that we prescribe periodically. We will reimburse or credit you (at our option) the redeemed value of gift certificates and/or stored value cards accepted as payment for products and services sold by your Restaurant.

9.16. Compliance With Legal Requirements. You agree to maintain the highest health standards and ratings applicable to the operation of your Restaurant. You agree to comply with all Legal Requirements and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct your Restaurant in any jurisdiction in which it operates. You acknowledge that you alone are responsible for complying with Legal Requirements and that we have no obligation to you or any other person for your compliance with Legal Requirements. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business. You acknowledge and agree that your indemnification responsibilities under this Agreement include your obligations under this Section 9.16. You specifically agree to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to us copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within ten (10) days of your receiving them. If your Restaurant is subject to any inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available classification with respect to each governmental agency. In the event your Restaurant fails to be rated in the highest classification or you receive notice that your Restaurant is not in compliance with all applicable standards, you must immediately notify us of such failure or noncompliance

9.17. Lawsuits. You must notify us in writing within five (5) days of your receiving any notification of: (a) the initiation of any action, suit, or legal proceeding against you; or (b) the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality relating to the Restaurant.

9.18. Pricing. We may periodically provide you with suggested minimum and maximum prices for the products and services you sell. Notwithstanding any suggestions, you have the sole and exclusive right as to the minimum prices you charge for the services offered at the Restaurant, except that we have the right to establish maximum prices to be charged by you for sales promotions or otherwise.

9.19. Improvement(s). If you, your General Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of your Restaurant or Restaurants generally (an "**Improvement**"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement will become our sole property and we will be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. You must fully disclose the Improvement(s) to us, without disclosing the Improvement(s) to others, and you must obtain our written approval prior to using such Improvement(s). You and your Owners agree to assign to us any rights you or your Owners may have or acquire in the Improvement(s), including the right to modify the Improvement, and you and your Owners waive and/or release all rights of restraint and moral rights in and to the Improvement. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.19 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights to the Improvement.

9.20. Premises Surveillance System. You must install and maintain a premises surveillance system, which must have a storage capacity that is able to (and does) store video for at least thirty (30) days after it is recorded. You must take any and all actions necessary to ensure that you and we have the continual ability to monitor the premises of your Restaurant from any Internet-connected computer.

10. OPERATIONAL ASSISTANCE BY US

10.1. Training. Prior to beginning operation of your Restaurant, you, (or if you are a Business Entity, your General Manager and Operating Principal) must attend, and successfully complete, to our satisfaction, an initial training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate (the "**Initial Training Program**"). The Initial Training Program will take place at a location designated by us (which could include a physical location and/or the Internet). You must not commence operation until your General Manager and Operating Principal have completed the Initial Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that you or your Owners are not qualified to operate a Restaurant, we have the right to terminate this Agreement. If you do not complete the Initial Training Program to our satisfaction (which may include passing our then-current management test) or obtain all necessary licenses, we have the right to terminate this Agreement and retain the Initial Franchise Fee, which we will consider fully earned. We will charge you a fee of five thousand dollars (PER PERSON?) ($5,000) for attending the Initial Training Program.

10.1.1. Should you have the need to replace your General Manager or Operating Principal, any replacement General Manager or Operating Principal (who must be approved by us) must attend the Initial Training Program at a time that it is offered by us within thirty (30) days of the resignation, termination, or non-approval of your former General Manager or Operating Principal. We also have the right to require any other management or key personnel to attend and complete our Initial Training Program to our satisfaction. The fee for any additional employees (who we have approved to attend) to attend the Initial Training Program is five thousand dollars ($5,000) per attendee.

10.1.2. You must pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by you, your General Manager, Operating Principal, your Owners, and/or other persons attending any training program.

10.1.3. We will not pay any compensation for services performed by trainee(s) in connection with training or other assistance, including providing services for us, our Affiliate(s) or other franchisee(s).

10.1.4. If you, your General Manager, or Operating Principal have previously attended and successfully completed the Initial Training Program in connection with the operation of another Baba's Chicken® Restaurant, we may elect to either: (i) not provide the Initial Training Program to you; or (ii) provide an abbreviated training program.

10.2. Initial Advertising and Marketing Assistance. We will draft and create (with your input) a press release and media advisory for you to use with local media in connection with your initial launch campaign. We will also assist you with an initial launch social media campaign. We have the right to exclusively control all social media accounts that you use in connection with your Restaurant, but we may (in our sole discretion) permit you to control such accounts during the Term while you are in compliance with this Agreement.

10.3. Periodic Training and On-Site Assistance. We may require you, your General Manager, and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Restaurant, at another Restaurant, or a training facility operated by us. You may also request our assistance on-site at your Restaurant. We have the right to require you to pay our then-current fee (as listed in the Manual) for the additional training. If any training takes place at any location other than a Restaurant that we (or our Affiliates) operate, we also have the right to require you to pay for the lodging, travel and meal expenses we incur for our personnel conducting the training. If training takes place somewhere other than your Restaurant, you will be solely responsible for the lodging, travel, living and meal expenses for those of your personnel attending the training.

10.4. Meetings, Conferences, or Conventions. We may, in our discretion, hold periodic meetings and/or annual conventions to discuss sales techniques, new Authorized Products and Services developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may include an annual convention. We have the right to require you and your General Manager to attend, except in no event will you or your General Manager or Operating Principal be required to attend more than two (2) meetings, or spend more than four (4) days attending them, in any calendar year. You must pay us our then-current fee for each person who attends the conference, meeting, or convention on your behalf, and you must also pay for the travel and living expenses of you, your General Manager, and any other person(s) attending the meeting or conference in connection with such attendance. Additionally, you and any person(s) attending the convention or meeting with you or on your behalf must stay (at your expense) at the host facility selected by us.

10.5. Advice and Consultation. We will impart to you our selling, promotional and merchandising methods and techniques associated with the System, and will provide to you general guidance. We may (but are not required to) visit your Restaurant periodically to consult with you and provide advice.

10.6. Remote Assistance. We will make a representative reasonably available to respond to your questions (by telephone or through the Internet) during normal business hours, as we determine necessary, to discuss your operational issues and support needs. We may also provide to you such periodic individual or group advice, consultation and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all Restaurants, as we may deem necessary or appropriate within our sole discretion. In addition, we may communicate with you concerning new developments, techniques and improvements as we deem appropriate in our sole discretion.

10.7. Site Visits. We may, in our discretion, either directly or by designee visit your Restaurant for the purpose of rendering advice and consultation or training with respect to your Restaurant, its operation and performance, or to determine whether you are in compliance with System standards. You agree that you and your General Manager will meet with us during any site visits.

10.8. Pricing and Rebates. We may (but are not required to) negotiate purchase agreements with Approved Suppliers to obtain discounted prices for franchisees and other Restaurants in the System.

11. USE OF TECHNOLOGY

11.1. POS System. You must purchase and install a point-of-sale system meeting our specifications (the "**POS System**"). You must make all improvements to the POS System in the manner, and when, specified by us in writing, even if such improvements require you to spend additional money on the POS System. There are no limitations on this obligation, except that we will not require you to make any changes, modifications, or upgrades to the POS System that are not also made by Restaurants owned by us or our Affiliates. You have sole and complete responsibility for the manner in which your POS System interfaces with other systems, including those of us and other third parties, as well as any and all consequences that may arise if your POS System is not properly operated, maintained and upgraded.

11.1.1. You must lease or purchase equipment and software for the POS System only from Approved Suppliers. This includes Restaurant management software and other software and hardware that we require. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the POS System. You may not authorize the use of the software by anyone else and will not configure, program or change any software programs.

11.1.2. We may from time-to-time designate, develop, or authorize others to develop proprietary or non-proprietary computer applications for use as part of the POS System, which you may be required to purchase and/or license and use in the operation of your Restaurant. You must execute any license, sublicense or maintenance agreement required by us or any other Approved Supplier of proprietary or non-proprietary computer applications designated by us.

11.1.3. You must: (a) promptly enter into the POS System and maintain all information that we require you to enter and maintain; (b) provide to us such reports as we may reasonably request from the data so collected and maintained, and (c) permit us to access your POS System at all times and any time by any commercially available means we specify from time to time. You must cooperate with us to permit us access your POS System and all of its data.

11.1.4. Any and all data collected or provided by you, downloaded from your POS System, or otherwise collected from you by us or provided to us, is and will be owned exclusively by us, and we have the right to use the data in any manner without compensation to you. During the Term, you are licensed, without additional compensation, to use such data solely for the purpose of operating your Restaurant. This license will automatically and irrevocably expire, without additional notice or action by us, when this Agreement terminates or expires.

11.2. Ownership of Customer Information and Goodwill. You acknowledge that we own all information and other business records ("**Customer Information**") with respect to the customers of your Restaurant, including all customer-related contact names, addresses, telephone numbers, e-mail addresses, and customer purchase records, and that Customer Information will include all information generated or recorded as a result of your efforts while using the Marks. You agree to use reasonable efforts to obtain and capture Customer Information, with customer permission, consistent with any customer tracking or loyalty program(s) we may establish from time-to-time. You agree to input Customer Information into the POS System, or other system or method of retention specified in the Manual, if we direct you to do so. You must not export Customer Information from the POS System or software. We have the right to use the Customer Information in any way we choose. You also agree that any goodwill resulting from your activities under this Agreement is our sole property.

12. AUDITS; INSPECTIONS

12.1. Financial Planning and Management. You must keep such complete records of your Restaurant as a prudent and careful businessperson would normally keep. You must keep your financial books and records as we may from time to time direct in the Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. On or before the Payment Date, you must submit to us a complete and accurate accounting of your Gross Sales for the previous Reporting Period in the format we request, which may be electronic, through the POS System or otherwise. You will prepare monthly income statements for your Restaurant, which we may require you to submit to us. Within thirty (30) days of the end of each calendar quarter, you must submit to us a financial statement prepared according to generally accepted accounting principles for that calendar quarter, and it must be signed and sworn by you to be true and correct. You will maintain an accounting system reflecting all operational aspects of your Restaurant, including uniform reports as may be required by us, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. You will also submit to us current financial statements; forms showing the sales, use, and gross receipt taxes paid by you; and such other reports or documents kept by you as we may reasonably request. On or before April 15 of each year, you must provide us with a copy of your federal tax return for the previous tax year. On or before March 15 of each year, you must provide us with annual financial statements relating to your Restaurant in a format that we reasonably require. You must maintain the records required under this Section 12.1 for a period of five (5) years after the termination, Transfer, or expiration of this Agreement.

12.2. Inspection Rights and Access to Records. During the Term and for a period of three (3) years following the termination or expiration of the Agreement, we (either directly or through a designated agent) have the right to visit the place where your records are located and inspect all aspects of the operation of your Restaurant, at any time during normal business hours and without providing any advance notice to you. You acknowledge that any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of your Restaurant or to assume any responsibility for your obligations under this Agreement.

12.2.1. As part of such visit, we have the right to: (a) inspect your Restaurant operating materials and supplies; (b) observe the operations of your Restaurant for such consecutive or intermittent periods as we deem necessary; (c) take photographs, movies or video recordings of your Restaurant;

(d) interview your personnel; (e) conduct customer surveys; (f) inspect and copy any books, Customer Information, records, and documents relating to the operation of your Restaurant, including contracts, leases, and material and information generated by or contained in the POS System; and (g) select and take products, inventory, supplies, equipment and other items from your Restaurant to evaluate whether they comply with our Manual. You must cooperate fully with us in connection with these inspections, observations, surveys and interviews. We may require you or your General Manager to correct any issues that we discover during the inspection.

12.2.2. You authorize us or our designee to make reasonable inquiries of your bank, suppliers and trade creditors concerning your Restaurant, and by this Agreement you direct such persons to provide us with such information and copies of documents pertaining to your Restaurant as we request.

12.2.3. We and our designee have the right to discuss your records and your Restaurant with your General Manager and any officers, directors and employees responsible for maintaining records.

12.2.4. You acknowledge and agree that we will have the continual right to monitor your Restaurant and your activities at the Restaurant through the premises surveillance system, and that we have the right to use the footage from the system for determining your compliance with this Agreement, the Manual, or applicable Legal Requirements.

12.2.5. We will have the right to share your financial information with your actual or prospective landlords or lenders, and among our franchisees generally. We will have the right to use your information in our franchise disclosure document.

12.3. Audit. We and/or our designated agents have the right at all reasonable times to examine and copy, at our expense, your books, records, accounts, sales tax records, Customer Information, and business tax returns relating to your Restaurant. We also have the right, at any time, to have an independent audit made of your books and records or to require you to participate in a mail-in audit or any other form of audit in accordance with the Manual. You agree to cooperate fully with our representatives and independent accountants in any examination. If an inspection or audit reveals that any payments due to us have been understated in any report to us, then you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. If: (a) you refuse to cooperate with an audit or an inspection; or (b) an inspection or audit discloses an understatement in any report of two percent (2%) or more, you must, in addition to repaying money owed with interest, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs), and we may require you to provide audited annual financial statements to us on a going-forward basis. The remedies in this Section 12.3 are in addition to any other remedies we may have as a result of your underreporting, including but not limited to the right to terminate this Agreement.

12.3.1. You must cooperate in scheduling any audit and providing access to records, which must be maintained and presented in reasonable order to allow the audit to be conducted in a reasonable time.

12.3.2. Your failure, refusal or neglect to dispute any fees or contributions that an audit reveals you owe, including any fees, costs and penalties assessed in connection with an audit, constitutes a waiver of any right to challenge such fees, unless you provides us written notice of your dispute, along with an explanation of the basis for your dispute, within thirty (30) days of the date we deliver the audit results to you in writing.

12.4. Consent to Use of Likeness and your Restaurant. You agree that we have the right to use the likeness (including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your Owners; and (c) your Restaurant, for any purposes relating to the promotion or marketing of the System or Marks.

12.5. Mystery Shoppers. You acknowledge that we may use mystery shoppers to evaluate you and your Restaurant.

13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES

13.1. Your Name. You must operate solely under the name identified on **Addendum 1** and may use "Baba's Chicken®" or our other Marks **only** as a "doing business as" (d/b/a) designation. You may not use other names in connection with any advertising or operation of your Restaurant. We have the right to review and require changes to any display of your name or the Marks.

13.1.1. You may not include "Baba's Chicken®" or any of the Marks in your legal name.

13.1.2. You must post a conspicuous notice on or near the front entrance of your Restaurant that clearly states: "EACH BABA'S CHICKEN® RESTAURANT IS INDEPENDENTLY OWNED AND OPERATED" or any modification of this statement as we may require in the Manual. You must include this disclaimer on all business cards, stationery, promotional and advertising materials, website and Internet communications, real estate documents, and all other materials you use.

13.1.3. In all public records, in relationships with other persons, and on letterhead and business forms, you must indicate that you independently own your Restaurant, and that you are solely a franchisee of MKO Franchising LLC.

13.2. Relationship of Parties. We and you intend that this Agreement creates only a franchisor and franchisee relationship, and no other. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with one another, each of us being independent from each other. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

13.2.1. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of your Restaurant, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

13.2.2. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, payments, unemployment insurance, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. 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.

13.2.3. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for your Restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to your Restaurant, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

13.2.4. You agree to inform each of your employees and contractors that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure we reasonably require explaining the differences between us (your franchisor) and you (their employer or contractor).

13.2.5. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Restaurant and that under no circumstance will we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Restaurant.

13.2.6. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

13.3. Owners Agreement. You and each of your Owners of ten percent (10%) or more of you must, jointly and severally, sign the Owner Agreement attached as **Addendum 2,** and you and each of your Owners will otherwise bind yourselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner (who must be approved by us as stated in Section 15.2) must sign and provide the Owner Agreement to us within ten (10) days after obtaining the interest.

14. INDEMNIFICATION; INSURANCE

14.1. Indemnification. You, and each of the Owners identified on **Addendum 1**, agree that you will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successors, assigns, and Affiliates (including but not limited to MKO Franchising LLC) and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the "**Indemnified Parties**") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:

14.1.1. The infringement, alleged infringement or any other violation by you, your Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

14.1.2. Your, or your Owners', violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

14.1.3. Your, or your Owners', libel, slander, or any other form of defamation.

14.1.4. Your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

14.1.5. Your, or your Owners': (a) violation or breach of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between you and us or our Affiliates; (b) acts, errors, or omissions, or those by any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of your Restaurant, including, but not limited to, any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for your Restaurant.

14.1.6. Any damages, incidents, or claims listed in this Section 14.1 that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

We have the right to defend any such action or claim against us at your expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 14.1 only, the term "claim" also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

14.2. Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.3. Insurance. During the Term, you must maintain in force, at your expense, policies of insurance, in the minimum amounts specified by us, issued by carriers approved by us, that have a rating of at least A- by A.M. Best, or the equivalent. Our current required policies and coverage amounts are stated in the Manual. You must also have all other insurance to meet any applicable Legal Requirements, or as required by your landlord. We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Manual.

14.3.1. Additional Named Insured. Each insurance policy must contain an endorsement naming us (and, if we so request, our members, directors, agents, and Affiliates) as "Additional Named Insured" (and not as "additional insureds") in the broadest form, extending to our negligence and errors and omissions, and cannot be limited to vicarious liability. You must provide us with thirty (30) days advance written notice of any material modification, cancellation, or expiration of the policy. Each policy must also include a waiver of the insurer's right of subrogation against any of us, and provide coverage for your indemnification obligations under this Agreement. The insurance afforded to additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to us.

14.3.2. Continuation of Policy. Regardless of the amounts we state above, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a twenty-four (24) month period following the end of the policy period.

14.3.3. Copies of Policies. You must provide us with copies of policies evidencing the existence of the insurance required by this Section 14.3 at least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, along with certificates evidencing such insurance.

14.3.4. Our Right to Obtain Insurance. In the event you fail to obtain the required insurance and to keep it in full force and effect, we may, but will not be obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, plus an administrative fee equal to twenty percent (20%) of the cost of such premiums, within five (5) days of the date we deliver you an invoice detailing such costs and expenses.

14.3.5. Acknowledgement. You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with your Restaurant. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require. Any insurance policies that we carry do not and will not limit or relieve you from any of your obligations under this Article 14.

15. **ASSIGNMENT**

15.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

15.2. Assignment by You. We have entered into this Agreement in reliance upon and in consideration of your singular personal skill and your qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in: (a) you; (b) any of your Owners; (c) substantially all of your assets; or (d) your Restaurant, can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a "**Transfer**"), without our prior written consent.

15.2.1. We will not unreasonably withhold approval of a Transfer if you comply with the conditions of this Article 15. Our consent to a Transfer will not be a waiver of any claims we may have against you.

15.2.2. If, after a Transfer approved by us, one of your Owners no longer has any interest in you or your Restaurant, then that person will be relieved of liability for any obligations to us that arise *after* the date of the Transfer, except for those obligations that arise under Articles 16 or 18.

15.3. Conditions for Approval of Transfer. We, in our discretion, may impose conditions on granting our consent to the Transfer, which conditions may include any or all of the following:

15.3.1. You and your Owners must be in full compliance with this Agreement, and must have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to us or our Affiliates.

15.3.2. The transferee must complete and submit all application documents required by us from prospective franchisees at the time of the assignment and be approved in writing by us.

15.3.3. The transferee must have, at our option, either: (i) assumed this Agreement by a written assumption agreement approved by us (which will include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee), or have agreed to do so at closing; or (ii) executed a replacement franchise agreement on the standard form of franchise agreement we are then offering to new franchisees, which may differ from this Agreement in all material respects, including but not limited to having a smaller Protected Area and higher or different fees than were granted in this Agreement.

15.3.4. You must pay us a transfer fee of seven thousand five hundred dollars ($7,500) no fewer than five (5) days before you complete the Transfer.

15.3.5. At the expense of either you or the transferee, upgrade, remodel, or replace the assets used by your Restaurant, including any and all of your equipment, to conform to our then-current standards and specifications for new franchisees, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

15.3.6. Prior to the date of Transfer, your transferee will attend training at our designated location as required under the-then current franchise agreement being used by us.

15.3.7. You and each Owner must have executed a general release, on our then-current form (our current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising.

15.3.8. If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee, Brand Fund Contribution, and other amounts due to us and our Affiliates pursuant to this Agreement.

15.3.9. You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those set forth in Sections 16.5 and 16.6.

15.4. Right of First Refusal. At least sixty (60) days before you intend to Transfer your Restaurant, you must give written notice to us of your intention to make a Transfer. This notice must include a fully-executed copy of any sale document, and any documents referred to in that or those document(s).

15.4.1. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona-fide offer from a third party made to you. If we exercise this right, we will do so within thirty (30) days of receiving from you all documents that we reasonably request in connection with the proposed Transfer. If we do not indicate to you our intention to exercise this right within that thirty (30) day period, we will be deemed to have elected not to exercise our right of first refusal. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed transferee).

15.4.2. We must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

15.4.3. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by us. This Section 15.4 will not apply to: (a) a Transfer by you or your Owners to adult children of you or your Owners; or (b) if you are a Business Entity, the Transfer of your shares to an Owner who was identified on **Addendum 1** of this Agreement as of the Effective Date and has signed an Owner Agreement with us in the form attached as **Addendum 2**.

15.5. Limited Assignment Right for Sole Proprietorships or Partnerships. If you are a sole proprietorship or partnership, we expressly consent to the Transfer of this Agreement, without payment of a fee, to a Business Entity owned and controlled by the same Owners, provided that you and each of the Owners execute: (a) an assignment agreement; and (b) the Owner Agreement attached as **Addendum 2**, and provided that you comply with the requirements of Section 1.6. You must notify us in writing of any proposed Transfer under this Section 15.5 and must provide and/or sign all documents we reasonably request relating to your legal entity including, but not limited to, assignment documents, articles of incorporation or organization and bylaws.

15.6. Death, Disability or Incapacity of You or Your Owners. Upon the death or permanent incapacity (mental or physical) of you or of any Owner who has a controlling interest in you, the executor, administrator, or personal representative of such person must Transfer such interest to a third party approved by us within six (6) months after such death or mental incapacity. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 15.6, the executor, administrator, or personal representative of the decedent must Transfer the decedent's interest to another party approved by us within six (6) months, which disposition will be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within the six (6) month period, we may, at our option, terminate this Agreement. In the event of your death or disability (if you are an individual), the Transfer of your interest in this Agreement and your Restaurant by will or intestate succession, or conveyance of such interest in the event of disability, to your individual heirs, will require our written consent, but will not give rise to our right of first refusal under Section 15.4. However, our right of first refusal will apply to any proposed Transfer or assignment by such heirs.

15.7. Termination, Resignation, Death or Disability of General Manager or Operating Principal. If, due to termination, resignation, death, or disability, no one is able to perform management or training supervisory duties relating to your Restaurant, you must, within a reasonable time not to exceed fifteen (15) days from the date of termination, resignation, death, or disability, appoint a new General Manager or Operating Principal (as the case may be). Each new General Manager or Operating Principal must, at your expense, attend and complete the Initial Training Program to our satisfaction within thirty (30) days of their appointment as your new General Manager or Operating Principal. If, in our sole judgment, your Restaurant is not being managed properly, or your employees are not being adequately supervised, at any time after the Operating Principal or General Manager's termination, resignation, death, or disability, we will have the right (but not the obligation) to exercise our step-in rights under Section 17.8.

15.8. Pledge or Encumbrance Without Consent Prohibited. Neither you nor your Owners will pledge, encumber, charge, hypothecate or otherwise give any third party a security interest in this Agreement, the Restaurant, your Business Entity, or the shares or assets of your Business Entity without our express prior written consent.

16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION

16.1. Your Acknowledgement. You acknowledge that you will obtain knowledge of our Confidential Information that is essential to the operation of your Restaurant, without which information you could not effectively and efficiently operate it. You further acknowledge that such Confidential Information was not known to you prior to execution of this Agreement. You further acknowledge and agree that all of the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

16.2. Use and Disclosure of Confidential Information. You will not use any Confidential Information for any purpose other than in the manner we permit or direct. You may disclose Confidential Information only to such of your employees, agents, independent contractors and representatives as reasonably necessary in order to operate your Restaurant. You may not, during the Term or afterward, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees and independent agents as must have access to it in order to operate your Restaurant, and you agree that your use of Confidential Information for any purpose other than the development and operation of your Restaurant in accordance with this agreement would constitute unfair competition. Any and all Confidential Information may not be used for any purpose other than conducting your Restaurant. You agree not to make any copies of, reproductions of, or extracts of any Confidential Information except strictly incidental to, and solely in furtherance and within the scope of your relationship with us. You will never reveal any Confidential Information to any person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. In the event that you should receive such a court order, you must provide us immediate oral and written notice of such order, and must cooperate with us in protecting the secret nature of the Confidential Information. If you at any time conduct, own, consult with, are employed by, or otherwise assist a similar or Competitive Business, the doctrine of "inevitable disclosure" will apply, and it will be presumed that you are in violation of this covenant. It will be your burden to prove that you are not in violation of this covenant. Notwithstanding any other provision of this Agreement, you may, in accordance with any applicable law which includes but is not limited to the federal Defend Trade

Secrets Act, disclose Confidential Information, including our trade secrets, (a) in confidence, to federal, state, or local government officials, or to an attorney of yours, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with any applicable law or create liability for disclosures expressly allowed by law.

16.3. Preservation of Confidentiality. You must not permit any person (including your Owners, General Managers, principals, officers, directors, independent contractors and employees) to access Confidential Information (including the Manual) without first requiring them to execute confidentiality agreements, in a form we approve, requiring that all Confidential Information that may be acquired by or imparted to such person be held in strict confidence and used solely for the benefit of you and us. All confidentiality agreements described in this paragraph must include a specific identification of us as a third-party beneficiary with the independent right to enforce the agreement. Our current approved form is attached to our Franchise Disclosure Document as **Exhibit I**.

16.4. Covenant Not to Compete: During Term. You covenant and agree that, during the Term and any successor term(s), neither you nor your Owners, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as consultant for, represent, act as an agent for, or divert or attempt to divert any customer, person, or business to, any Competitive Business anywhere.

16.5. Covenant Not to Compete: After Term. For the reasons stated in Section 16.2 above, you covenant and agree that, for a period of three (3) years after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (including but not limited to your Transfer of this Agreement), neither you nor your Owners, managers, General Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as a consultant for, represent, or act as an agent for, any Competitive Business within: (a) fifteen (15) miles of the Protected Area; or (b) a fifteen (15) mile radius of any other Restaurant that is then open or under construction.

16.6. Covenant Not to Divert Customers. You agree that, during the Term or any successor term(s), and for a period of three (3) years after the termination or expiration of this Agreement or any successor agreement(s), you will not divert or attempt to divert any customer to any Competitive Business.

16.7. You Acknowledge that these Covenants Are Reasonable. You agree that all covenants in this Agreement and this Article 16 are fair and reasonable in both duration and area, and will not impose any undue hardship on you. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to enforcement by us of the covenants in this Article. You further acknowledge that a violation of any covenant in this Article 16 will cause us irreparable harm, the exact amount of which may not ascertainable, and therefore, you consent that in the event of such violation, we will, as a matter of right, be entitled to apply for injunctive relief to restrain you, or anyone acting for you or on your behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which we may then be entitled. The covenants set forth in this Article 16 will survive the termination, expiration or Transfer of this Agreement. You agree to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, that we incur in connection with our enforcement of the covenants in this Article 16. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, YOU REPRESENT TO US THAT ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING.

16.8. Covenants Are Severable; Tolling. The parties agree that each covenant in this Article 16 must be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, you expressly agree 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 resultant covenant were separately stated in and part of this Agreement. Any period of time specified in this Article 16 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

16.9. Limited Exclusion. The restrictions contained in Sections 16.4 and 16.5 above will not apply to ownership of less than five percent (5%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only.

17. **DEFAULT; TERMINATION**

17.1. Automatic Termination Without Notice. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, if:

17.1.1. Insolvency. You become insolvent or make a general assignment for the benefit of creditors.

17.1.2. Filing of Bankruptcy Petition. You file a petition in bankruptcy, or such a petition is filed against you and you do not oppose it.

17.1.3. Adjudication of Bankruptcy. You are adjudicated as bankrupt or insolvent.

17.1.4. Receivership. A bill in equity or other proceeding for the appointment of a receiver of: (1) you; (2) your Restaurant; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.

17.1.5. Creditor Composition Proceedings. Proceedings for a composition with creditors under any state or federal law is instituted by or against you.

17.1.6. Final Judgment. A final judgment against you in the amount of twenty five thousand ($60,000) dollars or more remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed).

17.1.7. Dissolution. You voluntarily dissolve or liquidate, or have a petition filed for corporate or partnership dissolution filed against you and the petition is not dismissed within thirty (30) days.

17.1.8. Execution. Execution is levied against your business or property.

17.1.9. Levy or Foreclosure. The real or personal property of your Restaurant is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of your assets and it is not dismissed within thirty (30) days.

17.2. Immediate Termination With Notice and No Opportunity to Cure. We will have the right to terminate this Agreement immediately, without providing you an opportunity to cure, upon our delivery of written notice to you under any of the following circumstances:

17.2.1. Failure to Open. You fail to open your Restaurant on or before the Commencement

Deadline (as extended, if applicable).

17.2.2. Failure to Obtain Our Approval of Location. You fail to obtain our approval of a location for your Restaurant within four (4) months of the Effective Date.

17.2.3. Abandonment. You fail to keep your Restaurant operating for a period of three (3) consecutive days, except as may be allowed by us in the Manual or otherwise in writing.

17.2.4. Certain Acts. Conduct or activity by you, your General Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on your Restaurant, us, the System, Restaurants generally, the Marks, or the goodwill associated with them, including (but not limited to) a felony conviction of you or of any of your Owners, Operating Principal, or General Manager(s).

17.2.5. Unauthorized Assignment. You or an Owner purport to sell, assign, Transfer or encumber this Agreement, your Restaurant or an interest in you without our prior written consent in violation of Article 15.

17.2.6. Lease Termination. Your lease for the Approved Location is terminated.

17.2.7. Failure to Comply With Laws. You fail to comply with any material Legal Requirement applicable to the operation of your Restaurant, and fail within the time period allowed by law (if applicable) to cure the noncompliance following your receipt of notice of the noncompliance. If no time period is specified, the cure period will be twenty-four (24) hours from the receipt of such notice.

17.2.8. Repeated Defaults. We deliver to you two (2) or more written notices of default pursuant to this Article 17 within any twelve (12) month period, regardless of whether the defaults described in the notices ultimately are cured.

17.2.9. Understating Gross Sales. You submit on two or more occasions during the Term a report, financial statement, tax return, schedule or other information or supporting record (including submission by or through the POS System) which understates your Gross Sales by more than two percent (2%). This provision will only apply if you demonstrate that the understatement did not result from an inadvertent error or error made by the POS System.

17.2.10.Material Misrepresentations. You make any material misrepresentations relating to the acquisition of your Restaurant, or you make any materially false statements to us or our Affiliate(s) in connection with the operation of your Restaurant.

17.2.11. Failure to Allow Audit or Inspection. You refuse to allow or cooperate with the audits or inspections by us described in Article 12.

17.2.12. Violation of Restrictive Covenants. You or your Owners violate any of the restrictive covenants against competition or use or disclosure of our Confidential Information in Article 16.

17.2.13. Interference With Relationships. You interfere or attempt to interfere with our actual or prospective contractual relations with Approved Suppliers, other Restaurants, advertising agencies or any third parties.

17.2.14. Sale of Unapproved Products or Services. You offer or sell as part of your Restaurant any unapproved product, service or program; do not sell Authorized Products or Services, or do not use or disseminate (as applicable) all materials, notices and procedures specified by us.

17.2.15. Intellectual Property Misuse. If you challenge the validity of, materially misuse, or make any unauthorized use disclosure, or duplication of, the Marks or Confidential Information (excluding only independent acts of employees or others if you exercised your best efforts to prevent such disclosures or use).

17.2.16. Failure to Pay Amounts Owed. You do not pay any amounts due to us, our Affiliates, a Cooperative of which you are a member, or the Brand Fund, within ten (10) days of our sending notice to you of your failure.

17.2.17. Anti-Terrorism Laws. You violate, or make any misrepresentation regarding your compliance with, or violation of, Anti-Terrorism Laws by you, your Owners, officers, directors, General Managers, managers, members, partners, or agents.

17.3. Termination After 30-day Cure Period. We have the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within thirty (30) days after delivery of written notice: (a) you do not obtain or maintain required insurance coverage; (b) you do not pay all amounts for which we have advanced funds for or on your behalf, or upon which we are acting as guarantor of your obligations; (c) you fail to obtain and maintain any permit or license necessary for the operation of your Restaurant; (d) your Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of your Restaurant, which dispute or deadlock remains unresolved after the expiration of the thirty (30) day cure period; (e) you fail to resolve customer complaints and/or disputes as required by Section 9.11; (f) you fail to make a timely payment of any amount due to an Approved Supplier unaffiliated with us (other than payments which are subject to a bona fide dispute); or (g) you breach any other term of this Agreement that is not specifically identified in Sections 17.1 or 17.2 of this Agreement, and you do not correct such failure after we deliver to you notice of your failure to comply. The description of any breach in any notice served by us upon you will in no way preclude us from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

17.4. Effect of Laws. If applicable law will not allow the termination of this Agreement immediately as stated in Sections 17.1 or 17.2 above, the concerned default will be subject to the provisions of, and the cure period stated in, Section 17.3. If applicable law requires a longer cure period than that specified in this Agreement, the longer period will apply.

17.5. Our Pre-Termination Options. If you fail to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Manual (subject to applicable notice and cure periods), then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the following options as we deem necessary:

17.5.1. To suspend all services provided to you under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

17.5.2. To eliminate listing you in any advertising, marketing or promotional materials, including any directory listings, approved or published by us, and our principal website.

We may continue taking these actions until you comply with the requirements of any default notice that we have sent to you, and we acknowledge your compliance in writing. The options in this Section 17.5 will have no effect on, and will not release you from, any obligation you owe to us or to our Affiliates.

17.6. Termination by You. You can terminate this Agreement only with our prior written consent, or if we commit a material breach of this Agreement that is not cured within sixty (60) days after written notice from you. If the nature of the breach is such that we will be unable to cure it within the required sixty (60) day period, we can take such additional time as may be reasonably necessary within which to cure said breach provided that we have begun taking corrective action within the sixty (60) day period, and we pursue it diligently to completion.

17.7. Cross-Default. Any default by you under any agreement between you and us or you and our Affiliates (except for a default under a Multi-Unit Franchise Agreement with us for a failure to meet your development obligation), and your failure to cure within any applicable cure period, will be considered a default under this Agreement and will provide an independent basis for us to terminate this Agreement. If the default under the other agreement is such that it would entitle us to immediately terminate that other agreement, then we will be entitled to immediately terminate this Agreement in the manner stated in Section 17.2.

17.8. Step-In Rights and Management. To prevent any interruption of business of your Restaurant and any injury to the goodwill and reputation of your Restaurant, the System, or other Restaurants which may be caused by such interruption, in the event of: (a) your default under this Agreement; (b) our termination of the Agreement under Sections 17.1 through 17.3; (c) our reasonable belief that a condition of your Restaurant or any product sold at your Restaurant poses a threat to the health or safety of customers; or (c) your death or permanent incapacity (mental or physical), we will have the right (but not the obligation) to operate your Restaurant for as long as we deem necessary and practical. You hereby authorize us to undertake such operation, and agree that our operation of and making corrections to, your Restaurant within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Restaurant, we will have the right to collect and pay from the revenues of your Restaurant all expenses relating to the operation of your Restaurant including, without limitation, Royalty Fees and Brand Fund contributions, employee salaries, reimbursement of our expenses incurred in connection with such operation (including travel, lodging, and living expenses), and a management fee of five hundred dollars ($500) per day. You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

18. POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason, or (to the extent applicable) a Transfer by you:

18.1. Cease Use of Marks and System Materials. You must immediately cease all use of the Marks and Trade Dress, the Manual, materials relating to the System and its operation, and Confidential Information, and you must not use any trademarks, tradenames, service marks, or other commercial symbols that indicate or suggest a connection with us.

18.2. Representations of Affiliation. You must immediately refrain from making any representation whatsoever that you are our franchisee, or that you are or have been affiliated with us, and you must immediately take any affirmative action necessary to remove any use of the Marks in connection with your Restaurant. You must, at our option and request, assign to us all rights to all telephone numbers, e-mail addresses, URLs, domain names, social media identities, Internet listings, and Internet accounts related to your Restaurant. If you do not voluntarily comply with this Section 18.2, we may, at our option, execute in your name and on your behalf, any and all documents necessary to end your use of the Marks and you irrevocably appoint the person serving as our manager or President as your attorney-in-fact to do so. You must take all actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks. You must never use any trade name, trademark, or other identifying symbol that is confusingly similar to any of the Marks.

18.3. Assignment of Lease; De-Identification. We will have the option to assume your lease for the Approved Location, which option we can exercise at any time before or within thirty (30) days after expiration or termination of this Agreement. If we exercise this option, you must take any and all actions necessary to assign to us or our designee your interest in the lease. If we or our designee assume your lease, title to all leasehold improvements will convey to the assignee upon such assignment, without any further consideration. If we do not exercise our right to assume your lease, you must (at your sole cost and expense) modify the Approved Location, including all equipment, and all vehicles used by your Restaurant (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to us of, the telephone numbers) as may be necessary to distinguish the appearance of your Restaurant from that of other Restaurants, and you must make such specific additional changes to your Restaurant as we may reasonably request for that purpose. Such de-identification must be completed within fifteen (15) days after expiration or termination of this Agreement. If you do not make these changes, by signing this Agreement you nominate us as your attorney-in-fact to enter the premises of the Approved Location to make those changes on your behalf, and you agree to indemnify us and our designees from any and all damages that you or any third parties incur due to our exercising these rights.

18.4. Payment; Security Interest. You must pay all sums owed under the terms of any agreement with us or our Affiliates within fifteen (15) days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by us. Those sums will include all interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by us, whether or not the sums are incurred prior to or subsequent to the termination or expiration of this Agreement. The money you owe us will also include the Liquidated Damages and all other costs and expenses, including, without limitation, reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement. You grant to us a security interest (which will be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods used or related to your Restaurant, to the extent that we have not received all funds due and owing from you. This Agreement will constitute a security agreement granting to us a security interest in the above mentioned collateral, and you must execute any and all financing statements required by us to perfect our security interest in the collateral.

18.5. Return of Manual and Other Confidential Information. You must, within ten (10) days of the termination, deliver to us the Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Customer Information, records, files, instructions, correspondence, and any and all other materials relating to the operation of your Restaurant that were provided to you, or held by a third party on your behalf, and all copies of those items (all of which you acknowledge is our property). You will retain no copy or record of any of the items listed in this Section 18.5, with the exception only of your copy of this Agreement, correspondence between the parties and any other documents which you reasonably need to comply with law.

18.6. Our Right to Purchase Tangible Assets. We have the option to purchase your interest in any or all of your Restaurant's inventory, equipment, supplies, advertising materials and signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of our choosing and that we pay for, and we may set off against the purchase price any amounts that you owe us. We will exercise our option by delivering written notice before or within thirty (30) days after this Agreement expires or is terminated.

18.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination, your valid termination under Section 17.6, or your valid and approved Transfer of the Agreement), you will, within fifteen (15) days of such early termination, pay to us liquidated damages ("**Liquidated Damages**"). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees and Brand Fund Contributions through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to the combined monthly average of Royalty Fees and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed to us by you during the prior 12 months (or lesser time, if you were open fewer than 12 months), multiplied by the lesser of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

18.8. Use of Customer Information and Other Information. We have the right, during and after the Term, to access and use: (i) all information you provide to us contained in your sales and transaction reports, through the POS System, and in such other operational reports that we request from you; (ii) Customer Information; and (iii) the contact information of you or your Owners. We may use this information for business purposes that may include, without limitation, public relations, advertising, statistical compilations, investigations and resolutions of client complaints, and quality surveys. We have the right, after termination, to continue to use the information referred to in this Section 18.8. After termination or expiration of the Agreement, we will have the exclusive right to use Customer Information, and to make the Customer Information available to other Restaurants for such purposes as we deem appropriate.

18.9. Comply with Covenants. You must comply with each and every one of your covenants and obligations that apply after the termination, expiration, or Transfer of this Agreement as stated in Article 16.

18.10. Termination Without Prejudice. The expiration or termination of this Agreement will not relieve you of any of your obligations to us existing at the time of expiration or termination, nor will it terminate those of your obligations which, by their nature, survive the expiration or termination of this Agreement. The expiration or termination of this Agreement will be without prejudice to our rights against you; and in the event of a termination which is the result of your material breach or default under this Agreement, we will, in addition to our rights set forth above, also be entitled to all other rights and remedies that are available to us at law or in equity.

19. GOVERNING LAW; DISPUTE RESOLUTION

19.1. Governing Law. Article 16 (your covenants to maintain the secrecy of our Confidential Information and to not compete with us and other Restaurants) is governed by and must be interpreted in accordance of the laws of the state where your Protected Area is located. All other provisions of this Agreement are governed by and must be interpreted in accordance with the laws of the state of California, without reference to conflict of laws principles. By agreeing to the application of California law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or other statute, rule, or regulation of the state of California to which this Agreement or the parties' relationship would not otherwise be subject without the application of this Section 19.1. This Agreement may be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

19.2. Mandatory Mediation. Except as provided in Section 19.4, if any Dispute cannot be settled through direct discussions, the parties agree to submit the Dispute to mediation before resorting to arbitration. Mediation will be administered by the American Arbitration Association ("**AAA**") under its then-current Commercial Mediation Procedures ("**Mediation Procedures**") and before a mediator selected under them. Mediation will not defer or suspend our exercise of any termination right under Article 17. All aspects of the mediation process will be treated as confidential, may not be disclosed to others, and must not be offered or admissible in any other proceeding or legal action whatsoever.

19.2.1. Deadline for Mediation. The party requesting mediation must provide written notice of the request for mediation to the other party in the manner prescribed in the Mediation Procedures. The request must specify with reasonable particularity the matters for which mediation is sought. Mediation must be concluded within thirty (30) days of the issuance of the written request for mediation, or such longer period as the parties may agree upon in writing.

19.2.2. Location. The mediation must be held in Riverside, California or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Riverside, California.

19.2.3. Cost of Mediation and Consequences of Failure to Comply. The parties will equally share the cost of the mediation, including administrative costs and mediator fees. Should a party refuse to pay its share of the costs and fees in advance of mediation, that party will be in default of this agreement, and the Dispute may proceed directly to arbitration without mediation. Any costs or fees, including attorney fees, incurred by the non-defaulting party in pursuing mediation may be sought as damages in arbitration.

19.3. Arbitration. Except as specifically provided in this Agreement, any Dispute that is not resolved through mediation must be settled by binding arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules ("**Commercial Rules**"). Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties.

19.3.1. Governed by Federal Arbitration Act. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce, and that any arbitration conducted under this Agreement will be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16). The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act, and that arbitration must be conducted as provided in this Section 19.3.

19.3.2. Appointment of Arbitrator. The Dispute will be heard by a single arbitrator, chosen in accordance with the Commercial Rules. The arbitrator, and not any court, will have the sole authority to decide the Dispute, as well as to determine arbitrability of any Dispute.

19.3.3. Qualifications of the Arbitrator. At the option of either party, the arbitrator must be selected from a list of retired federal or state judges supplied by AAA, if available, who have substantive experience in franchise law.

19.3.4. Claims Barred. In connection with any arbitration proceeding, each party must submit any Dispute or claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) in the arbitration. Any such claim which is not submitted or filed as described above will be forever barred.

19.3.5. Payment of Fees and Costs. The parties will equally bear all administrative costs and arbitrator fees in accordance with the Commercial Rules. The parties agree that failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges will constitute a waiver by that party to present any evidence or cross-examine witnesses. In such event, the other party will be required to present evidence and legal argument as the arbitrator may require for the making of an award. Such waiver will not allow for a default judgment or award against the non-paying party in the absence of evidence presented as provided for above.

19.3.6. Mandatory Exchange of Information. In all matters the parties must exchange the following information within twenty (20) days of the appointment of the arbitrator without further order from the arbitrator. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide testimony. The parties must also disclose and provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. The arbitrator may entertain a request to compel the exchange of information or documents not provided by a party in possession of them.

19.3.7. Discovery. Each side may take three (3) depositions. Neither side's depositions may consume more than a total of eighteen (18) hours. No party may make a speaking objection at a deposition, except to preserve privilege. The total period for the taking of depositions shall not exceed six weeks. No interrogatories or requests to admit may be propounded by either party.

19.3.8. Location. The arbitration must be held in Riverside, California or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Riverside, California.

19.3.9. Time of Final Arbitration Hearing or Written Decision. The final arbitration hearing must be held no later than nine (9) months from the date of the arbitration demand. Except as otherwise noted in this Agreement, hearings will take place under the Commercial Rules.

19.3.10. Timing; Type of Award. The arbitrator must agree to comply with the schedule stated in Section 19.3.9 before accepting appointment. However, this time limit may be extended by the arbitrator for good cause shown, or by mutual agreement of the parties. The award of the arbitrator must be accompanied by a reasoned opinion, but they may not declare any trademarks owned by us or our Affiliates generic or invalid.

19.3.11. Award of Fees and Costs. The arbitrator must award to the prevailing party, if any, as determined by the arbitrator(s), all of their costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided. The "net award" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and the arbitrator' judgment.

19.4. Injunctive Relief. You acknowledge that a breach of this Agreement by you, which relates to any of the matters set out below, will cause us irreparable harm for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies we have under this Agreement, we are entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of you upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; (vii) covenants not to compete with us; and (viii) any act or omission by you or your employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of your Restaurant or other Restaurants; (c) constitutes a danger to your employees or to the public; or (d) may impair the goodwill associated with the Marks or the System. You are entitled to seek and obtain the entry of temporary and permanent injunctions to prevent our improper termination of this Agreement. The parties agree that such requests may be heard by the arbitrators or by a court (subject to Section 19.9), at the election of the party seeking the same. Neither party will be required to first mediate any claim for injunctive relief. Should a party elect to have its request heard by arbitrators, all such requests shall be heard in accordance with the then-current Commercial Rules. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If we secure any such injunction, you agree to pay to us an amount equal to the aggregate of our costs and expenses, including without limitation reasonable attorney fees, costs, and expenses, that we incur in obtaining such relief. You agree that your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held. You waive all claims for damages by reason of the wrongful issuance of any such injunction.

19.5. Waiver of Right to Jury Trial. Each party irrevocably waives its rights to trial by jury regarding any Dispute or proceeding arising out of this agreement or the transactions relating to its subject matter.

Your Initials:________ Our Initials:__________

19.6. Waiver of Right to Bring Class, Group, or Collective Action. Arbitration or litigation of any Dispute must proceed solely on an individual basis. The parties expressly and irrevocably waive the right for any Dispute to be arbitrated or litigated on a class action basis, or on bases involving Disputes arbitrated or litigated in a purported representative capacity on behalf of others. The authority of a court or arbitrators to resolve Disputes and make written awards or judgments is limited to Disputes between you and us alone. Disputes may not be joined or consolidated with any other Dispute(s) unless agreed to in writing by all parties. No arbitration award or court decision will have any preclusive effect as to issues or claims in any Dispute with any person or entity not a named party to the arbitration. No previous course of dealing will be admissible to explain, modify, or contradict the terms of this agreement.

Your Initials:________ Our Initials:__________

19.7. Waiver of Claim for Punitive Damages. To the extent permitted by applicable law, neither of the parties may assert, and each party waives, any claim against the other party (including their respective Affiliates, partners, stockholders, members, officers, directors, agents, employees and controlling persons), on any theory of liability for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) for any Dispute. The parties further agree that in the event of a Dispute, each of the parties will be limited to the recovery of any: (a) actual damages sustained by it; (b) Liquidated Damages as provided in Section 18.7; and (c) statutory trademark law treble damages. If such claims for punitive damages cannot be waived by law, then the parties agree that any recovery will not exceed two (2) times actual damages.

Your Initials:________ Our Initials:__________

19.8. Legal Fees and Expenses. The prevailing party in a judicial or other proceeding between the parties will be entitled to reimbursement of its costs and expenses, including reasonable attorney fees. "Costs and expenses" mean all reasonable pre-award expenses of the arbitration, including arbitrators fees, expert fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided.

19.9. Choice of Forum. To the extent that a judicial action is expressly permitted by Section 19.4, the parties agree that any such cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in Riverside, California, or, if our principal place of business is in a city other than Riverside, California, then the federal or state court for the jurisdiction in which we then have our principal place of business. **Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. This Section 19.9 will survive the termination of this Agreement. You acknowledge that you are aware of the business purposes and needs underlying the language of this Section 19.9**.

19. **GENERAL PROVISIONS**.

20.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions are not enforceable in whole or in part, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions will be superseded and modified by such applicable law.

20.2. Approvals. Whenever this Agreement requires our prior approval or consent before you take any action, you must make a timely written request to us, and our approval or consent must be obtained in writing. We will not unreasonably withhold or unreasonably delay our response. By providing any waiver, approval, consent, or suggestion to you or in connection with any consent, or by reason of any neglect, delay, or denial of any request, we make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you.

20.3. No Modifications; Waivers. No waiver or modification of this Agreement or of any covenant, condition, or limitation will be valid unless it is made in writing and duly executed by the party to be charged with it. No evidence of any waiver or modification may be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party, unless such waiver or modification is in writing, duly executed. Our waiver of your breach of any term of this Agreement applies only to that one breach and that one term, and not to any subsequent breach of any term. Acceptance by us of any payments due under this Agreement will not be deemed to be a waiver by us of any preceding breach by you of any term.

20.4. Force Majeure. Except for monetary obligations under, or as otherwise specifically provided for in, this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by Force Majeure, then performance of such act is excused for the period of the delay, but no such delay will exceed ninety (90) days. If your Restaurant is damaged or destroyed due to a Force Majeure event, you must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore your Restaurant to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Restaurant in accordance with the then-standard layout and décor specifications for Restaurants, we may require you to repair or reconstruct your Restaurant in accordance with those specifications.

20.5. Rights are Cumulative. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce, except as specifically limited by this Agreement.

20.6. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meanings ascribed to them in the **Appendix** or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none may be deemed to affect the meaning or construction of any provision of this Agreement. Wherever the word "including" is used, it means "including but not limited to."

20.7. Persons Bound. This Agreement binds the parties and their respective successors and assigns.

20.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement may be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two (2) or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties will be deemed so delivered: at the time delivered, if by hand; one (1) business day after transmission, if by overnight delivery service; one (1) business day after transmission, if by facsimile or other electronic system expressly approved in the Manual as appropriate for delivery of notices under this Agreement (with confirmation copy sent by regular U.S. mail); or three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and you will immediately notify us of any changes to the following contact information:

If to us: MKO Franchising LLC 3605 Market Street #6 Riverside, CA 92501	If to you: The address listed in **Addendum 1**

20.10. Execution/Counterparts. Two (2) copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two (2) or more counterparts, each of which constitutes an original, and all of which, when taken together, constitutes one Agreement.

20.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of you, us, and to the extent applicable, our Affiliate(s).

[This Area is Intentionally Left Blank]

20.13 Entire Agreement. This Agreement, the Addenda attached to it, and any other agreements executed by you and us concurrently with our execution of this Agreement represent the entire fully integrated agreement between you and us, and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the Franchise Disclosure Document (including its exhibits and amendments) that we delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by us, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to in writing by you and us, and executed by your and our authorized officers or agents.

MKO FRANCHISING LLC	**FRANCHISEE:**____________________
By: ____________________	By: ____________________
Print Name: ____________________	Print Name: ____________________
Its: ____________________	Its: ____________________
Date: ____________________	Date: ____________________

APPENDIX

GLOSSARY OF TERMS

AAA: Defined in Section 19.2.

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party.

Agreement: This Franchise Agreement and any of its amendments.

Anti-Terrorism Laws: Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the 15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Territory of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Location: The location that we have approved as the site for your Restaurant, identified on **Addendum 1**.

Approved Suppliers: The various companies with which we and / or our Affiliates have authorized to sell products or services to you (including Authorized Products or Services), or are contracted to do business with us and / or our Affiliates, and which may provide products to you through us and / or our Affiliates. We or our Affiliate(s) may also be an Approved Supplier.

Authorized Menu: Defined in Section 9.3.

Authorized Products and/or Services: The specific products or services and items that are specified by us from time to time in the Manual, or as otherwise directed by us in writing, for sale at your Restaurant, prepared, rendered, provided, sold and/or manufactured in strict accordance with our standards and specifications.

Brand Fund: The Brand Fund that we will establish with the contributions that we receive from Restaurants in accordance with Articles 6 and 8.

Brand Fund Contribution: Defined in Section 6.3.

Business Entity: A corporation, a general or limited partnership or a limited liability company.

Capital Modifications: Defined in Section 9.10.

Commencement Date: Defined in Section 5.1.

Commencement Deadline: Defined in Section 3.7.

Commercial Rules: Defined in Section 9.3.

Competitive Business: To own, operate, lend to, advise, be employed by, or have any financial interest in any business (or grant franchises or licenses to others to operate a business) that offers or sells Nashville-style hot chicken, fried chicken sandwiches, chicken tenders, or other menu items substantially similar to those offered by Baba's Chicken® Restaurants, or that uses a fast-casual or quick-service restaurant format focused primarily on spicy fried chicken or related products. Competitive Activities also include any business that uses branding, recipes, trade dress, or other intellectual property or confidential information that could be used to the disadvantage of us, our Affiliates, or any Baba's Chicken® Restaurant. However, "Competitive Activities" does not include the operation of a franchise under a franchise agreement with us.

Confidential Information: Our confidential and/or proprietary information including without limitation: sales and marketing methods and data; information regarding the System; operating and other business data; computer programs; trade secrets; the Intellectual Property; business plans; advertising and promotional methods; financial information and data; product information; information regarding current or prospective customers, other franchisees, agencies, Approved Suppliers, and other related information; the economic and financial characteristics of the System, the Restaurant, and other franchisees; capital and debt structures;our receipes; Customer Information; and the Manual. Confidential Information will not include information which was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed: (a) at or prior to the time you received it; or (b) at or prior to the Effective Date, whichever occurred first.

Cooperatives: Defined in Section 8.8.

Credit Card Vendors: Defined in Section 9.13.

Customer Information: Defined in Section 11.2.

Dispute: Any and all disagreements, controversies, or claims of any sort between you and us or our Affiliates arising out of, or in any way relating to, this Agreement, any of the parties' respective rights and obligations arising out of this Agreement, or the making, performance, breach, interpretation, or termination of this Agreement, including any claims based in tort.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

EFT: Defined in Section 6.5.

Force Majeure: This includes war, riot, strikes, materials shortages, fires, floods, earthquakes, and other acts of God, or governmental action or force of law, but excluding a shortage of funds, which results in your or our inability to build, equip, or operate your Restaurant or otherwise perform an obligation under this Agreement, and which the party responsible for performance could not by the exercise of due diligence have avoided. Force Majeure does not excuse any of your obligations to pay us or our Affiliate(s).

General Manager: Defined in Section 9.1.

Gross Sales: The aggregate of all sales made and revenue and income that you derive from operating the Restaurant, including from all sales of food, beverages or other goods, merchandise or services, whether payment is in cash, by credit card, gift cards, or other generally accepted form of payment, and whether the transaction is for dine-in, delivery by you or third-party delivery service, or catering services. Gross Sales includes (a) the full sale price to the consumer for items sold through third-party delivery services, with no discount for the delivery service's fee or commission; (b) all proceeds from any business interruption insurance, (c) revenue from the sale of menu items to employees, and (d) the value of products and services bought by customers by redeeming authorized gift cards. Excluded from Gross Sales are: (i) sales taxes and other taxes separately stated that you collect from customers and pay to taxing authorities; (ii) refunds and credits made in good faith to arms' length customers; (iii) the amount of any checks dishonored or returned and the amount of any charge backs or reversals of credit card transactions with customers; (iv) proceeds from the sale of gift cards; (v) proceeds from isolated sales of trade fixtures having no material effect on ongoing operations; (vi) employee tips; and (vii) the value of menu items that you furnish to employees at no cost to the employee.

Improvement(s): Defined in Section 9.19

Indemnified Parties: Defined in Section 14.1.

Initial Franchise Fee: Defined in Section 6.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as proprietary products, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Period: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (including Anti-Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over you, us, or any part of your Restaurant.

Liquidated Damages: Defined in Section 18.7.

Local Advertising Requirement: Defined in Section 8.3.

Manual: The primary source of information regarding the System and the construction and operation of Restaurants, which includes our operations and training manuals, and any other written directives related to the System, as they may be amended and revised by us from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by us and given to you in any format.

Marks: Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including but not limited to the mark "Baba's Chicken®" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Restaurant), and all other visual identification, as are now designated, and may hereafter be designated by us, for use in connection with the System.

Mediation Procedures: Defined in Section 19.2.

Non-Traditional Location: Both: (a) a Restaurant, or similar fixed installation that offers a full or limited range of Authorized Products and Services under the Marks or otherwise, that is located in any airport, sports arena, train or bus station, theme park, military base, higher education campus, office building, convention center, business, athletic or social club, vacation club and timeshare, hotel, retirement and/or senior living facility or other special use facility; and (b) a booth, mobile dispensing unit (such as a customized RV) or other mobile installation at or from which select Authorized Products and Services under the Marks or otherwise may be offered and sold to customers, any of which may operate on a permanent, temporary or seasonal basis.

Operating Principal: An Owner of at least fifty-one percent of an interest in you, who will spend her or his full time (at least thirty-five hours per week) operating and managing the operations of your Restaurant or, if you own more than one Restaurant, your Restaurants.

Owner: Any person who owns any stock, units, membership, partnership or other ownership interest in you, directly or indirectly.

Payment Date: The day on which you must pay us our applicable fees for the previous Reporting Period, which day we may designate from time to time. As of the Effective Date, the Payment Date for Royalty and Brand Fund Contributions is the tenth (5) day of each month. If the Payment Date falls on a weekend or holiday, then it will be the next business day after that day. You must comply with a new Payment Date within fourteen (14) days after receiving written notice that the Payment Date has changed.

POS System: Defined in Section 11.1.

Protected Area: The geographic area in which we grant to you the limited right of exclusivity as described in Article 4. Your Protected Area will consist of the area identified on **Addendum 1**.

Reporting Period: A calendar month, or such other time period as we may designate from time to time in writing.

Restaurant: A restaurant operated under the Marks and System by you, by us, by our Affiliates (or by a third party under a franchise or license agreement with us, the terms of which may vary materially from those in this Agreement).

Royalty Fee: A fee paid by you to us at the times designated by us in the Manual, in accordance with Article 6.

Successor Franchise Agreement: Defined in Section 5.2.2.

Supplements: Defined in Section 9.10.

System: A uniform system for the establishment and operation of Restaurants, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; the Authorized Menu; Trade Dress; the Marks, management programs, accounting methods, training and ongoing operational assistance; advertising and promotional techniques; personnel training; trade secrets; methods of marketing and selling fried chicken sandwiches, tenders, and related food and drink items served in an inviting, comfortable, modern atmosphere operated under the Marks in a fast-casual restaurant environment as well as related items, prepared, purchased, or displayed in accordance with our methods; and other related benefits relating to the operation and promotion of a Restaurant, all of which we may change, improve, and further developed from time to time.

Term: Defined in Section 5.1.

Trade Dress: The decorative, non-functional components of a Restaurant that provide the establishment of a distinctive, memorable appearance.

Transfer: Defined in Section 15.2.

Unassigned Area: Defined in Section 4.4.

We, us, or our: Defined in the Recitals to the Agreement.

You or your: Defined in the Recitals to the Agreement.

ADDENDUM 1

INFORMATION CONCERNING FRANCHISEE
AND THE FRANCHISED BUSINESS

A. IDENTITY AND STRUCTURE OF FRANCHISEE

Franchisee's Name: ______________________________

Entity type and jurisdiction of formation: ______________________________

Date of entity formation:______________________________

Provide name and address of each Owner who owns a percentage of the legal entity, and show what percentage of stock, partnership interest, or membership interest is owned by each.

____

____

____

Address for Notices: ______________________________

____

Attention: ______________________________

Email Address: ______________________________

Operating Principal's Name (Section 9.1):______________________________

General Manager's Name (Section 9.1): ______________________________

B. OTHER APPROVED BUSINESS INTERESTS (Section 16.4): We acknowledge that your currently own and operate other restaurants, which may partially (by no more than twenty-five percent (25%)) compete with Baba's Chicken® Restaurants, as listed below. We agree that your continued operation of these restaurants is not, and will not be, a violation of Sections 16.4 or 16.5 of the Agreement:

____

____

C. GENERAL DESCRIPTION OF YOUR PROTECTED AREA (Section 4.1.1) The Approved Location for your Restaurant has NOT yet been identified. We and you agree that the general description of the location for your Restaurant will be as listed below, but you understand and agree that you will *not* receive any exclusive rights in the area identified below. Your exclusive rights will only attach once you and we have agreed on the Approved Location and entered it in Item D of this Addendum, which you and we will do only after you receive our approval of the Approved Location.

____

C. **YOUR APPROVED LOCATION AND PROTECTED AREA** **(Section 4.1.2)** We and you have mutually agreed upon a Protected Area based on the site for your Restaurant which is indicated below. You acknowledge that the Protected Area is in conformance with the territory guidelines stated in Item 12 of the Franchise Disclosure Document.

(1) Approved Location for your Restaurant: The Approved Location for your Restaurant, as provided in Sections 3.1 and 3.2 of the Agreement, is:

____

____

(2) Protected Area: The Protected Area, as provided in Section 4.1 of the Agreement, is:

____

____

____

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

MKO FRANCHISING LLC	FRANCHISEE
By: ____________________	By: ____________________
Print Name: ________________	Print Name: ________________
Its: ____________________	Its: ____________________
Date: ___________________	Date: ___________________

<u>ADDENDUM 2</u>
FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "**Agreement**") is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of MKO Franchising LLC, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you."

1. **<u>Acknowledgments.</u>**

a. <u>Franchise Agreement; Franchisee</u>. The term "**Franchisee**," as used in this Agreement, is the party that entered, or is entering, into a franchise agreement with effective as of _________________________, 20__ ("**Franchise Agreement**"). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.

b. <u>Owners' Role</u>. Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee's Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.

c. <u>Your Access to Our Confidential Information</u>. In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the "**Know-how**"). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to "Owners" and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. **<u>System Protection Covenants</u>**. In light of your above acknowledgements, you covenant and agree to the following:

a. <u>Intellectual Property</u>. You agree: (i) you will not use the Know-how in any business or capacity other than operating the Baba's Chicken® Restaurant operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee's Baba's Chicken® Restaurant under the terms of the Franchise Agreement and Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. <u>Unfair Competition During Relationship</u>. You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the "**Prohibited Activities**"): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of three (3) years after the termination of the Franchise Agreement or any successor to it (the "**Restricted Period**") not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within: (a) fifteen miles of Franchisee's Protected Area; or (b) fifteen miles of any other Restaurant that is then open or in development (the "**Restricted Territory**"). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other Baba's Chicken® franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the

Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. Personal Guarantee. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. Payment. Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. Waiver of Notice. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. Liability is Joint and Several. You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. Bankruptcy Filing. This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreemeent at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. Severability. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. Notice. You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. Binding Effect. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: ________________________ Address: ___________________________
____
Name: ____________________ Telephone: _________________________

By: ________________________ Address: ___________________________
____
Name: ____________________ Telephone: _________________________

By: ________________________ Address: ___________________________
____
Name: ____________________ Telephone: _________________________

By: ________________________ Address: ___________________________
____
Name: ____________________ Telephone: _________________________

ADDENDUM 3
Electronic Funds Transfer Authorization

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

BY AND BETWEEN MKO FRANCHISING LLC
AND ____ ("DEPOSITOR")
EFT AUTHORIZATION AGREEMENT (DIRECT DEBITS)

The undersigned depositor ("Depositor") hereby authorizes MKO Franchising LLC ("Company") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("Depository") to debit such account pursuant to Company's instructions:

__________________________________ __________________________________
Depository Branch

__________________________________ __________________________________
Address City, State, Zip Code

__________________________________ __________________________________
Bank Transit/ABA Number Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor's account, Depositor will have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor will have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

DEPOSITOR:

By: ______________________________

Print Name: _______________________

Its:_______________________________

Date: _____________________________

ADDENDUM 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, ___________________________ a ____________________ ("**Assignor**"), hereby assigns, transfers and sets over unto MKO Franchising LLC, a California limited liability company ("**Assignee**") all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "**Lease**"), respecting the premises commonly known as _____________________________________. This Assignment is for collateral purposes only and except as specified herein, Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms of this Assignment of Lease and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest in the Lease and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby. Upon a default by Assignor under the Lease or a default or expiration under the Franchise Agreement by and between Assignor and Assignee for a Baba's Chicken® Restaurant (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its Affiliates, Assignee will have the right and is empowered to take possession of the premises demised by the Lease, expel Assignor from the Lease and premises, and, in such event, Assignor will have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewal of or successor to it, Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that any such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated in this Assignment of Lease, Assignor will and hereby does appoint Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

Assignee: MKO Franchising LLC	Assignor: ________________________________
By: ____________________________________	By: ____________________________________
Print Name: ______________________________	Print Name: ______________________________
Its: ____________________________________	Its: ____________________________________
Date: ___________________________________	Date: ___________________________________

ADDENDUM 5

ADDENDUM TO LEASE

This Addendum to Lease ("**Addendum**"), dated __________, 20__, is entered into by and between ______________________ ("**Lessor**"), and ________________________("**Lessee**"). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum will control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum will be given the same meaning as the defined terms in the Lease.

A.. The parties hereto have entered into a certain Lease Agreement ("**Lease**"), dated ___________, 20__, and pertaining to the premises located at ________________________ ("**Premises**").

B. Lessor acknowledges that Lessee intends to operate a Baba's Chicken® franchise from the leased Premises pursuant to a Franchise Agreement ("**Franchise Agreement**") with MKO Franchising LLC ("**Franchisor**") under the name "Baba's Chicken®" or other name designated by Franchisor (herein referred to as "**Franchised Business**").

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment or Subletting. Lessee must agree to attorn to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached as Addendum 4: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate; (b) to a duly authorized franchisee of Franchisor; (c) in connection with a merger, acquisition, reorganization or consolidation; or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease will be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor

will not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.

3. Default and Notice.

a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor must give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor must contemporaneously give Franchisor a copy of the notice. Franchisor will have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.

b. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

MKO Franchising LLC
3605 Market Street #6
Riverside, CA 92501

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which will be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment will be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect will be included in the Lease.

4. Termination or Expiration.

a. Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest and at any time thereafter to re-assign or sublet the Lease to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the new franchisee agrees to assume Lessee's obligations and the Lease.

b. Upon the expiration or termination of either the Lease or the Franchise Agreement, Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Baba's Chicken® marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee, Lessor will permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

a. Lessor hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Lessee plans to operate its Franchised Business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by Addendum 4.

b. Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports and Inspection. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business. Lessor acknowledges that the Franchise Agreement grants Franchisor the right of inspection of Lessee's Premises, and Lessor agrees to cooperate with Franchisor's efforts to enforce Franchisor's inspection rights.

7. No Radius Clause. The radius restriction set forth in the Lease, if any, is hereby deleted.

8. Hazardous Materials. Lessor represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "**Hazardous Materials**"). Notwithstanding any provision of this Lease to the contrary, Lessee will have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the center in which the Premises are located (the "**Center**"), the Building or the Premises, other than those Hazardous Materials brought onto such areas by Lessee. Lessor will be solely responsible for any changes to the Premises relating to Hazardous Materials, unless those Hazardous Materials were brought onto the Premises by Lessee. Lessor will indemnify and hold Lessee harmless from and against all liabilities, costs, damages and expenses which Lessee may incur (including reasonable attorney fees) as the result of a breach of Lessor's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Center, the Building or the Premises, unless those Hazardous Materials were brought onto such areas by Lessee.

9. Insurance and Waiver of Subrogation. Lessee may maintain the required liability insurance in the form of a blanket policy covering other locations of Lessee in addition to the Premises. Lessee may self insure plate glass, so long as Lessee agrees not to hold Lessor liable for any losses resulting to plate glass. Whenever (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty is incurred to the Premises or contents thereof by either party to this Lease, and (ii) such party is covered in whole or in part by insurance with respect to such loss, cost, damage or expense, then the party so insured hereby releases the other party from any liability it may have on account of such loss, cost, damage or expense to the extent of any amount recovered by such insurance.

10. Lessor Warranties. Lessor represents, covenants and warrants (i) that Lessor has lawful title to the Center and has full right, power and authority to enter into this Lease; (ii) that the Center is in compliance with the Americans with Disabilities Act ("ADA"); (iii) that the permitted "use" of the Premises does not currently violate the terms of any of Lessor's insurance policies; (iv) that Lessor currently maintains all risk of physical loss coverage for the full replacement cost of the Center and will maintain throughout the term

of this Lease general liability insurance coverage for the Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Center in the same area; and (v) that so long as Lessee pays all monetary obligations due under this Lease and performs all other covenants contained herein, Lessee will peacefully and quietly have, hold, occupy and enjoy the Premises during the term of this Lease and its use and occupancy thereof must not be disturbed. Lessor covenants and agrees that Lessor will take no action that will interfere with Lessee's intended usage of the Premises. Lessor must indemnify and hold harmless Lessee and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (x) Lessor's operation of the Center, (y) Lessor's breach in the performance of any of its obligations under this Lease, or (z) any violation of law by Lessor or any other act or omission of Lessor or its contractors, agents or employees. The foregoing indemnification will survive expiration or termination of this Lease.

11. <u>Mitigation</u>. Lessor must use reasonable efforts to mitigate its damages in the event of a Lessee default.

12. <u>Removal of Trade Dress/Personal Property</u>. Lessor must permit Lessee fifteen (15) days from the termination or expiration of the Lease to remove Lessee's property. Lessor will permit Lessee to remove its Trade Dress within fifteen (15) days after the termination or expiration of the Lease or within fifteen (15) days after Lessee has received proper notice from Lessor of the termination or expiration pursuant to Section 4, whichever later occurs.

13. <u>Alterations</u>. Lessor's consent will not be required for non-structural or non-mechanical alterations, additions or changes to the Premises.

14. <u>Amendments</u>. No amendment or variation of the terms of the Lease or this Addendum to the Lease will be valid unless made in writing and signed by the parties hereto.

15. <u>Reaffirmation of Lease</u>. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease will remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

16. <u>Beneficiary</u>. Lessor and Lessee expressly agree that Franchisor is a third party beneficiary of this Addendum.

IN WITNESS WHEREOF, witness the signatures of the parties hereto as of the day, month and year first written above.

LESSOR:______________________________	**LESSEE:**__________________________________
By:____________________________________	By:____
Its:____________________________________	Its:____
Date:__________________________________	Date:______________________________________

ADDENDUM 6
FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT

Welcome to the Baba's Chicken® team. Because you are becoming a part of the Baba's Chicken® franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by ________________________ (Legal Name of Franchisee) ("Franchisee"), which is an independent franchise owner in the Baba's Chicken® franchise system (which we call the "System"). Although Franchisee looks the same, has the same name, and is operated the same way as other Baba's Chicken® restaurants in the System, Franchisee is not part of the same company as those other Baba's Chicken® restaurants in the System. MKO Franchising LLC is a completely separate company that owns the name and created the System. MKO Franchising LLC has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise Baba's Chicken® restaurants look and operate the same way as one another. This way, MKO Franchising LLC manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own Baba's Chicken® restaurants.

It is important that you understand that Franchisee is your **only** employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. MKO Franchising LLC is **not** your employer. If MKO Franchising LLC representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all customers of Baba's Chicken® is the same at your place of work as it is at other Baba's Chicken® restaurants in the Baba's Chicken system. The fact that you are trained, or given direction or advice, by MKO Franchising LLC representatives does not somehow mean that MKO Franchising LLC is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED,

____

DATE:

____

4937-2665-8188, v. 1

MKO Franchising LLC

EXHIBIT C

Multi-Unit Development Agreement

MULTI-UNIT DEVELOPMENT AGREEMENT BETWEEN

MKO Franchising LLC
3605 Market Street #6
Riverside, CA 92501

AND

TABLE OF CONTENTS

Page

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS **MULTI-UNIT DEVELOPMENT AGREEMENT** is entered into on the Effective Date between MKO Franchising LLC, a limited liability company organized under the laws of California ("**we,**" "**us,**" or "**our**"), and the person or legal entity identified in **Addendum 1** to this Agreement ("**you**" or "**your**").

Introduction: This Multi-Unit Development Agreement

This Multi-Unit Development Agreement ("**Agreement**") is written in a conversational tone to make it easier to read. In the context of the Agreement, MKO Franchising LLC is referred to as "we," or "us," and when we refer to things we own or obligations we have, as the context requires we use the word "our." The person or legal entity that signs this Agreement is referred to as "you," and the obligations you have or the things you own are referred to (as the context requires) as "your." When we refer to "you" or "your," we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners have to us.

In the Agreement, we sometimes capitalize the words we use. These are called "defined terms," and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in the **Appendix**, we have included a Glossary of Terms to help you easily locate the definition of a defined term.

The Agreement is organized into segments, articles, and sections. In the first segment entitled "Recitals," we state the purpose for this Agreement. We will rely on all of the statements, representations, understandings, and promises you make to us when we decide to counter-sign this Agreement with you.

Unless we state otherwise, all Section or Article references refer to the corresponding Sections or Articles in this Agreement.

RECITALS

A. We own a System for the development, establishment, operation and maintenance of a fast-casual restaurant serving fried chicken sandwiches, tenders, and related food and drink items in an inviting, comfortable, modern atmosphere operated under the (each a "**Restaurant**" and more than one, the "**Restaurants**").

B. We want to expand and develop the Restaurants in the Development Area, and you wish to open and operate Restaurants in the Development Area, upon the terms and conditions as set forth in this Agreement.

The parties therefore agree as follows:

ARTICLE 1.
GRANT OF MULTI-UNIT FRANCHISE RIGHT

1.1 Grant of Multi-Unit Franchise Right

(a) Upon the terms and subject to the conditions of this Agreement, we grant to you, and you accept, the right and obligation to open Restaurants solely in the Development Area identified in **Addendum 1**. An increase or decrease in the size of the cities, counties or political subdivisions, if any will have no effect on the Development Area as it is described in **Addendum 1**.

(b) Each Restaurant must be operated according to the terms of an individual Franchise Agreement. Nothing in this Agreement permits you to own or operate a Restaurant, except under a (separate) valid Franchise Agreement with us. You must not use the Marks in any manner or for any purpose (including in connection with any offering of securities or any request for credit) without our prior express written approval.

1.2 Exclusivity

(a) During the Term, and as long as you comply with this Agreement and each individual Franchise Agreement, we and our Affiliates will not operate or grant a license or franchise to any other person to operate Restaurants anywhere within the Development Area, except as stated in Section 1.2(b).

(b) We reserve all other rights for engaging in any activities we deem appropriate whenever and wherever we desire, including but not limited to the exclusive, unrestricted right, in our discretion, directly and indirectly, through our employees, Affiliates, representatives, licensees, franchisees, assigns, agents and others to:

(i) Use, and to franchise or license other persons to use, the Marks and System for the operation of Restaurants or any other businesses that are similar or dissimilar to your Restaurant at any location outside of the Development Area.

(ii) Use, franchise and license other third parties to use, the Marks and System for the operation of Restaurants at any Non-Traditional Locations, even if it or they are inside of the Development Area.

(iii) Use, license and franchise the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, anywhere inside of the Development Area, for operations that are similar to or different from Restaurants.

(iv) Offer or sell Authorized Products or Services, or grant others the right to do so, whether using the Marks or other trademarks or service marks, through channels of distribution that are different from Restaurants, including, without limitation, wholesalers, grocery stores, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of location.

(v) Maintain any websites utilizing a domain name incorporating the Marks or derivatives. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

(vi) Advertise and promote, and to permit other franchisees to advertise and promote, other Restaurants operated under the System and the Marks within the Development Area.

(vii) Acquire, merge, combine with or be acquired by businesses or chains similar to the System and operating such businesses regardless of location, including inside the Development Area. We will not re-brand such businesses inside the Development Area to use the Marks.

ARTICLE 2.
YOUR DEVELOPMENT OBLIGATION

2.1 Development Obligation

You must open the cumulative number of Restaurants required to be open and operating identified in **Addendum 1** during each Development Period specified in the Development Schedule (your "**Development Obligation**"). Each Development Period is the length of time stated in the Development Schedule. You will receive an automatic six (6)-month grace period for each Development Period (each, a "**Grace Period**"). If you do not open the required Restaurant(s) by the end of a Development Period, you may satisfy your obligation for that period by opening the required Restaurant(s) on or before the expiration of the applicable Grace Period.

A Restaurant opened and operated in a Non-Traditional Location will not count toward your Development Obligation unless we agree otherwise in writing.

2.2 Timing of Execution of Leases and Franchise Agreements

On or before the date that is one hundred eighty (180) days before the end of each Development Period (excluding the Grace Period), you must have executed a lease (or purchase agreement), signed the Franchise Agreement for the Restaurant(s) required for that Development Period (as extended by the applicable Grace Period), and paid any required initial franchise fee(s). If the Development Fee includes prepayment of initial franchise fees for the Restaurants you will be developing, no additional initial franchise fee will be required for those Restaurants.

2.3 Openings Beyond the Development Obligation

You may not construct, equip, open, or operate more than the total number of Restaurants comprising the Development Obligation unless (a) you have fully and timely complied with the Development Schedule for all required Restaurants (including application of any Grace Periods), and (b) you receive our prior written approval. If you wish to develop additional Restaurants beyond the Development Obligation within the Development Area, you must pay our then-current Initial Franchise Fee for each additional Restaurant at the time you sign the Franchise Agreement for that Restaurant. Approval of additional Restaurants is subject to our standard site approval and franchisee qualification requirements.

ARTICLE 3.
YOUR FAILURE TO SATISFY DEVELOPMENT OBLIGATION

If you fail to satisfy the Development Obligation by the end of the applicable Development Period as extended by any applicable Grace Period, this Agreement will automatically terminate upon our notice to you. Upon such termination, we have the right to open and operate or license others (or grant others development rights to) open and operate, Restaurants anywhere within the Development Area. In that case, your exclusivity will be retained only for the trade areas of Restaurants then opened and operating; exclusivity for the remainder of the Development Area will terminate, and we may develop or license others for the remainder of the Development Area.

ARTICLE 4.
TERM OF MULTI-UNIT DEVELOPMENT AGREEMENT

4.1 Term

Unless we terminate this Agreement earlier for cause, the term of this Agreement begins on the Effective Date and continues through the last day of the final Development Period identified in your Development Schedule (as shown on **Addendum 1**), plus the six (6)-month Grace Period applicable to that final Development Period (the "**Term**"). The length of the Term will depend on the total number of Restaurants included in your Development Obligation and the number of Development Periods required to satisfy that obligation.

4.2 Effect of Expiration or Termination

Upon expiration or earlier termination of this Agreement: (a) you will no longer have any right to develop, open, or operate any additional Restaurants under this Agreement, except for those locations for which you and we have already entered into a separate Franchise Agreement that remains in effect at the time of expiration or termination; and (b) we (and our Affiliates) will be free, without restriction, to develop, open, operate, or license others to develop, open, or operate Restaurants at any location, including within the Development Area.

ARTICLE 5.
DEVELOPMENT FEE

When you sign this Agreement, you must pay us a non-refundable, lump-sum development fee in the amount specified in **Addendum 1** (the "**Development Fee**"), via wire transfer or certified check. The Development Fee is consideration for the exclusive development rights granted for the Development Area during the Term (subject to Section 1.2). No portion of the Development Fee is refundable under any circumstances. Payment of the Development Fee fully satisfies all initial franchise fee obligations for the number of Restaurants identified in **Addendum 1** as being covered by the Development Fee. If you wish to develop additional Restaurants beyond those covered by the Development Fee, you must pay our then-current Initial Franchise Fee for each such additional Restaurant at the time you sign the Franchise Agreement for that Restaurant.

ARTICLE 6.
TRAINING

Before opening your first or second Restaurant, we will provide initial training for you (or, if you are a business entity, your Operating Principal) and your General Manager, and attendance is mandatory for all designated individuals. We do not offer compensation for any services performed by you or your trainees during the initial training course. You are responsible for all expenses related to lodging, travel, meals, personal costs, salaries, and living expenses incurred by you and/or any other individuals attending the training on your behalf. We reserve the right to decline providing the initial training course for your third and subsequent Restaurants opened under this Agreement. In cases where the individual Franchise Agreement for such Restaurants conflicts with this provision, this provision will take precedence.

ARTICLE 7.
EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

7.1 Delivery of FDD, Execution of Lease and Franchise Agreement

(a) Upon your request, we will provide you with a copy of our then-current Franchise Disclosure Document ("**FDD**") as required by applicable law, along with two copies of our then-current Franchise Agreement. You must promptly return a signed copy of the Acknowledgment of Receipt of the FDD. The new Franchise Agreement may differ significantly from the current one. If we are legally unable to deliver the required FDD, we may delay delivery until it is permissible.

(b) If you have executed and returned the copies of our Franchise Agreement and have satisfied the conditions of **Section 2.2,** we will execute the copies and return one (1) fully executed copy to you.

(c) You may not execute any lease or purchase agreement for any Restaurant until we have provided you with a fully executed Franchise Agreement. Your obligations to locate, lease, and construct the Restaurant will follow the timelines stated in that Franchise Agreement, except that the "Commencement Deadline" for opening and operating the Restaurant will be the last day of the applicable Development Period, not the one listed in the Franchise Agreement.

7.2 Conditions Precedent to our Obligations

Your right to open and operate each Restaurant is contingent upon meeting the following conditions:

(a) You must have fully performed all obligations under this Agreement, all Franchise Agreements, and other written agreements between us and you, and must not be in default of any obligations to us, our Affiliates, your landlords, or any federal, state, county, or municipal agency.

(b) You must demonstrate to our satisfaction your financial and other capacity to fulfill the obligations stated in the proposed new Franchise Agreement. We will apply the same criteria to you as we do to prospective multi-unit franchisees at that time.

(c) The cumulative number of Restaurants in the Development Area required by the Development Obligation stated in **Addendum 1** must continue to be in operation as of the end of the immediately preceding Development Period.

ARTICLE 8.
ASSIGNMENT AND SUBFRANCHISING

8.1 Assignment by Us

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes our obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

8.2 No Subfranchising by You

You may not offer, sell, or negotiate the sale of System franchises to or with any third party, either in your own name or in the name and/or on our behalf, or otherwise subfranchise, subcontract, sublicense, share, divide or partition this Agreement.

8.3 Assignment by You

We have entered into this Agreement in reliance upon and in consideration of your unique personal skills and qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in you, your Owners, substantially all of your assets, or your rights under this Agreement, may be assigned, transferred, given away or encumbered, voluntarily or involuntarily (an "**Assignment**"), without our prior written consent. We will not unreasonably withhold approval of a Assignment if you comply with the following conditions:

(a) You and your Owners must be in full compliance with this Agreement and must pay all amounts then owed to us or our Affiliates.

(b) The assignee must complete and submit all application documents required by us from prospective multi-unit developers at the time of the assignment and be approved in writing by us.

(c) The assignee must either: (i) assume this Agreement by a written assumption agreement approved by us (which will include a personal guarantee by the assignee and its principals), or (ii) execute a replacement Multi-Unit Development Agreement on the standard form we are then offering, which may differ from this Agreement in all material respects, including a different development schedule and fees.

(d) You must pay us a transfer fee of five thousand dollars ($5,000) for each unopened Franchise listed on your Development Schedule, and such fee must be paid no fewer than five (5) days before you complete the Assignment.

(e) At the expense of either you or the assignee, upgrade, remodel, or replace the assets used by your Restaurants to conform to our then-current standards and specifications for new franchisees, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

(f) Prior to the date of Assignment, your assignee will attend training at our designated location as required under the then-current Multi-Unit Development Agreement being used by us.

(g) You and each Owner must have executed a general release, on our then-current form, of any and all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, to the extent permitted by law.

(h) If any part of the sale price is financed, you must agree that all obligations of the assignee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the assignee to pay all amounts due to us and our Affiliates pursuant to this Agreement.

(i) You must execute a written agreement not to compete in favor of us and your assignee, with terms the same as those set forth in this Agreement.

For purposes of this Section 8.3, if you are a Business Entity, the following will be considered an

Assignment: (i) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of twenty percent (20%) or more of your equity or voting power, whether in one or more transactions, or any event that changes control of you (meaning the power to direct management or policies, directly or indirectly); (ii) the issuance of securities resulting in the Owners, as of the Effective Date, owning eighty percent (80%) or less of your equity or voting power; (iii) if you are a Partnership, the withdrawal, resignation, removal, death, or legal incapacity of a general partner or any limited partner owning twenty percent (20%) or more of the Partnership Rights, or the admission of any additional general partner, or the transfer of Partnership Rights by any general partner, or any change in ownership or control of any general partner; and (iv) any merger, stock redemption, consolidation, reorganization, recapitalization, or other transfer of control, however effected.

8.4 Right of First Refusal:

At least sixty (60) days before you intend to Assign your rights under this Agreement, you must give written notice to us of your intention to make an Assignment, including a fully-executed copy of any sale document and any documents referred to in that or those documents. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona fide offer from a third party made to you. If we exercise this right, we will do so within thirty (30) days of receiving from you all documents that we reasonably request in connection with the proposed Assignment. If we do not indicate to you our intention to exercise this right within that thirty (30) day period, we will be deemed to have elected not to exercise our right of first refusal. Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by us.

8.5 Securities Offerings.

Securities, partnership, or other ownership interests in you may not be offered to the public under the Securities Act of 1933, as amended, nor registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state, or foreign law, rule, or regulation. Such interests may only be offered privately with our prior written consent, which will not be unreasonably withheld. All materials required for any private offering must be submitted to us for review before filing with any governmental agency; materials for exempt offerings must be reviewed by us prior to use. No offering can imply our participation in underwriting, issuance, or offering of securities. Our review will be limited to the relationship between you and us and our Affiliates, and we may require a statement concerning these limitations. You, your Owners, and other participants must fully defend and indemnify us and our Affiliates from any losses, costs, and liabilities related to the offering. You must provide us with written notice at least thirty (30) days before commencing any offering or transaction covered by this Section, and you may not proceed without our written consent.

ARTICLE 9.
NON-COMPETITION; CONFIDENTIALITY

9.1 Non-Competition

(a) During the Term, with the exception of any other approved business interest identified on **Addendum 1**, no Restricted Person can in any capacity, either directly or indirectly: (i) engage in any Competitive Activity, at any location, whether within or outside the Development Area; (ii) divert or attempt to divert any business or any customers of the Restaurants to any other person or Business Entity, by direct or indirect inducement or otherwise; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the Marks or the goodwill associated with them.

(b) To the extent permitted by Applicable Law, upon the expiration or termination of this Agreement, or if you make an Assignment, or if any Restricted Person's relationship with you ends, then for a period of three (3) years thereafter, each person who was a Restricted Person before that event cannot in any capacity, either directly or indirectly, engage in any Competitive Activities within the Development Area or within fifteen (15) miles of any Restaurant then-existing (or that is then being developed). In the event that this Agreement expires, is terminated, or Assigned and you (or any of your or your Owners' Affiliates) continue in a contractual relationship with us under individual Franchise Agreement(s), the covenant against competition in such continuing Franchise Agreement(s) will also continue to apply to you (and any of your or your Owners' Affiliates, as applicable) after such expiration, termination, or Assignment of this Agreement.

(c) The parties have attempted in **Sections 9.1(a)** and **9.1(b)** above to limit your right to compete only to the extent necessary to protect us from unfair competition. The parties expressly agree that if the scope of **Section 9.1(a)** or **9.1(b)** is disputed at any time by you, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent that it deems necessary to make such provision(s) enforceable under Applicable Law. In addition, we reserve the right to reduce the scope of either, or both, provisions without your consent, at any time or times, effective immediately upon notice to you. Any period of time specified in this **ARTICLE 9** will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

9.2 <u>Confidentiality</u>

(a) We possess and continue to develop proprietary and confidential information, including specifications, plans, procedures, concepts and methods and techniques of developing and operating Restaurants (the "**Trade Secrets**"). We may disclose certain of our Trade Secrets through the Manual, bulletins, supplements, confidential correspondence, or other confidential communications, and through our training program and other guidance and management assistance, and in performing our other obligations and exercising our rights under this Agreement.

(b) No Restricted Person will acquire any interest in the Trade Secrets other than the right to use them in developing Restaurants. A Restricted Person's duplication or use of the Trade Secrets in any other endeavor or business will constitute unfair competition. Each Restricted Person must: (i) not divulge or use any of our Trade Secrets for the benefit of you, your Owners, any third party (including any person, Business Entity or enterprise of any type or nature), except in connection with operating Restaurants; (ii) not use the Trade Secrets in any business or other endeavor other than in connection with the Restaurants developed under this Agreement; (iii) maintain absolute confidentiality of the Trade Secrets during and after the Term; and (iv) make no unauthorized copy of any portion of any of the Trade Secrets,. You must operate and implement all reasonable procedures we prescribe from time to time to prevent unauthorized use and disclosure of the Trade Secrets, including implementing restrictions and limitations as we may prescribe on disclosure to employees and use of: a) non-disclosure and non-competition provisions in employment agreements with employees who may have access to the Trade Secrets; b) non-disclosure provisions in contracts with employees and independent contractors who may have access to the Trade Secrets (if permitted by Applicable Law). Promptly upon our request, you must deliver executed copies of such agreements to us. If you have any reason to believe that any employee or independent contractor has violated the provisions of the confidentiality (and, if applicable, noncompetition) agreement, you must promptly notify us and must cooperate with us to protect us against infringement or other unlawful use. Upon termination of this Agreement, you must immediately return to us all written materials (including computerized information) you have received from us or that you have developed during the Term. You must not retain any materials that contain Trade Secrets.

(c) If any portion of the above covenants violates laws affecting you or any other Restricted Person, or is held invalid or unenforceable in a final judgment to which we and you are parties, then the maximum legally allowable restriction permitted by law will control and bind you. We may at any time unilaterally reduce the scope of any part of the above covenants, and you must comply with any such reduced covenant upon receiving written notice. This **Section 9.2** will be in addition to and not in lieu of any other confidentiality obligation that you, or any other person, have, whether pursuant to another agreement, or pursuant to Applicable Law. Any period of time specified in this **ARTICLE 9** will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

9.3 Non-Solicitation

You agree that, during the Term and for a period of three (3) years after the termination or expiration of this Agreement, you will not divert or attempt to divert to any other business, or accept business from, any customer of any Restaurant.

9.4 Specific Performance

In view of the importance of the Marks and the incalculable and irreparable harm that would result to us, to the System, to the Restaurants, and to the Marks in the event of a Default under this **Article 9**, the parties agree that each party may seek specific performance and/or injunctive relief to enforce the covenants in this Agreement, in addition to any other relief to which such party may be entitled at law or in equity.

ARTICLE 10.
TERMINATION

We will have the right to terminate this Agreement immediately, without providing you any opportunity to cure, upon the occurrence of any of the following events:

10.1 Assignment Without Consent.

Any Assignment or attempted Assignment in violation of the terms of **Section 8.2 or 8.3**, or without the written consents required pursuant to this Agreement; provided, however: (1) if you are an individual, upon prompt written request following your death or legal incapacity, we will allow a period of up to sixty (60) days after such death or legal incapacity for your heirs, personal representatives, or conservators (the "**Heirs**") to seek and obtain our consent to the Assignment of your rights and interests in this Agreement to Heir(s) or another person acceptable to us; or (2) if you are a Business Entity, upon prompt written request following the death or legal incapacity of an Owner, directly or indirectly, who has a controlling interest in you (as reasonably verified by us), we will allow a period of up to sixty (60) days after such death or legal incapacity for his or her Heir(s) to seek and obtain our consent to the Assignment of such Equity to the Heir(s) or to another person or persons acceptable to us. If, within said sixty (60) day period, said Heir(s) fail to receive or attempt to receive our consent, then this Agreement will immediately terminate at our election.

10.2 Failure to Satisfy Development Obligation.

You fail to satisfy the Development Obligation within any applicable Development Period (including the applicable Grace Period).

10.3 Failure to Pay Fees.

You fail to pay any fee in a manner required by this Agreement or any other agreement between us (or our Affiliates) and you (or your Affiliates), subject to any applicable cure period.

10.4 Opening Restaurants Without Our Consent.

You open any Restaurant in the Development Area except in accordance with the procedures listed in **Sections 7.1** through **7.2**.

10.5 Refusal to Comply With Restrictive Covenants.

You fail to fully comply with the requirements of **Article 9**.

10.6 Failure to Cure Default Under Individual Franchise Agreement.

You commit a default of any other agreement between you (or your Affiliates) and us (and our Affiliates), including any individual Franchise Agreement, which default remains uncured after the expiration of any applicable cure period.

10.7 Effect on Existing Franchise Agreements.

Termination or expiration of this Agreement will not affect any Franchise Agreement then in effect or signed but not yet open; those agreements continue according to their terms.

ARTICLE 11.
GENERAL CONDITIONS AND PROVISIONS

11.1 Our Relationship to You

You and we expressly agree that you and we intend by this Agreement to establish between us and you the relationship of franchisor and franchisee. You further agree that you have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with the other, each of us being independent from the other. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees or independent contractors hired by or working for you must be your employees or independent contractors and must and will not, for any purpose, be deemed our employees or subject to our control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party of and from any liability of any nature whatsoever by virtue thereof. Neither party will have the power to bind or obligate the other except specifically as set forth in this Agreement. We and you agree that the relationship created by this Agreement is one of independent contractors and not a fiduciary relationship. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law.

11.2 Indemnity by You

You agree to protect, defend and indemnify us, and all of our past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with your construction, development or operation of Restaurants under this Agreement, except to the extent caused by our gross negligence or willful misconduct. The terms of this **Section 11.2** will survive the termination, expiration, cancellation, or Assignment.

11.3 No Consequential Damages For Legal Incapacity

We will not be liable to you for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by you by reason of any delay in our delivery of our FDD, or other conduct not due to our gross negligence or intentional misfeasance. Your sole remedy under those circumstances will be an extension of the applicable Development Period.

11.4 Waiver and Delay

No waiver by us of any Default or Defaults, or series of Defaults in your performance, and no failure, refusal or neglect by us to exercise any right, power or option given to us under this Agreement or under any Franchise Agreement or other agreement between us (or our Affiliates) and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to Restaurants), or to insist upon strict compliance with or performance of your obligations under this Agreement or any Franchise Agreement or other agreement between us and you (or your Affiliates), whether entered into before, after or contemporaneously with the execution of this Agreement (and whether or not related to the Restaurants), can constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions of this Agreement.

11.5 Survival of Covenants

The covenants contained in this Agreement which, by their nature or terms, require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding the expiration or other termination, cancellation, or Assignment for any reason whatsoever.

11.6 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to the benefit of you and your Heirs, executors, administrators, and their successors and assigns, subject to this Agreement's prohibitions and restrictions against Assignment.

11.7 Joint and Several Liability

If you consist of more than one person or Business Entity, or a combination thereof, the obligations and liabilities of each such person or Business Entity to us are joint and several, and such person(s) or Business Entities will be deemed to be a general partnership.

11.8 Governing Law

Except as provided below, this Agreement and all matters arising out of or relating to it are governed by and must be interpreted in accordance with the laws of the State of California, without regard to its conflict of laws principles. Notwithstanding the foregoing, **ARTICLE 9** (your covenants to maintain the secrecy of our Confidential Information and to not compete with us and our Restaurants) is governed by, and must be interpreted in accordance with, the laws of the state in which your Development Area is located. By agreeing to the application of California law, the parties do not intend to make this Agreement or their relationship subject to any franchise, dealership, distributorship, business opportunity, or similar statute, rule, or regulation of the State of California to which this Agreement or the parties' relationship would not otherwise be subject, absent this Section. Nothing in this Section is intended to expand the application of California law to any subject matter or relationship where it would not otherwise apply. This Agreement may be deemed amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

11.9 Titles for Convenience

Article and paragraph titles used in this Agreement are for convenience only and may not be deemed to affect the meaning or construction of any part of this Agreement.

11.10 Gender and Construction

The terms of all Addendums to this Agreement are incorporated into and made a part of this Agreement as if they had been set forth in full in this Agreement. All terms used in any one number or gender will also mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless this Agreement specifically states otherwise, any consent, approval, acceptance or authorization by us which you may be required to obtain may be given or withheld by us in our sole discretion, and on any occasion where we are required or permitted in this Agreement to make any judgment, determination or use our discretion, including any decision as to whether any condition or circumstance meets our standards or satisfaction, we may do so in our sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in it can be construed against us as the drafter, whether under any rule of construction or otherwise. You agree that this Agreement has been reviewed by all parties and will be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish our and your purposes and intentions. We and you intend that if any provision of this Agreement is susceptible to two (2) or more constructions, one (1) of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will be given the meaning that renders it enforceable.

11.11 Severability, Modification

Nothing contained in this Agreement can be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

11.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.

11.13 Fees and Expenses

The prevailing party in a judicial or other proceeding between the parties will be entitled to reimbursement of its costs and expenses, including reasonable attorney fees. "Costs and expenses" mean all reasonable pre-award expenses of the arbitration, including arbitrators fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided.

11.14 Notices

Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties under this Agreement will be deemed so delivered at the time delivered by hand; one (1) business day after electronically confirmed transmission by facsimile or other electronic system; one (1) business day after delivery by Express Mail or other recognized, reputable overnight courier; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

If to us:	MKO Franchising LLC 3605 Market Street #6 Riverside, CA 92501
If to you:	The address identified on **Addendum 1**.

or to such other address as a party designates by ten (10) days' advance written notice to the other party.

11.15 Dispute Resolution

The dispute resolution provisions and procedures of the first Franchise Agreement you sign with us, for the first Restaurant you develop under your Development Obligation, will control any and all disputes between you and us under this Agreement. For the avoidance of doubt, the parties recognize that the dispute resolution provisions and procedures are contained in Article 19 of the first Franchise Agreement between you and us. The terms of **Articles 9 and 11** of this Agreement will survive termination, expiration or cancellation of this Agreement.

11.16 Entire Agreement

This Agreement and the Addendums incorporated into it contain all of the terms and conditions agreed upon by the parties concerning their subject matter. No other agreements concerning the subject matter of this Agreement, written or oral, will be deemed to exist or to bind you or us and all prior agreements, understandings and representations, are merged in this Agreement and superseded by it. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in it. This Agreement cannot be modified or changed except by written instrument signed by you and us. Nothing in this Section or in the Franchise Agreement will be deemed a waiver of your reliance on any representations made by us in the FDD.

ARTICLE 12. YOU, YOUR OWNERS, AND YOUR BUSINESS ENTITY

12.1 Business Entity Information

If you are a Business Entity, you represent and warrant that the information set forth in **Addendum 1** is accurate and complete in all material respects. You must notify us in writing within ten (10) days of any change in the information set forth in **Addendum 1**, and you must submit to us a revised **Addendum 1**, which must be certified by you as true, correct and complete. You must conduct no business other than the business contemplated under this Agreement and under any currently effective Franchise Agreement between us and you. Your Business Entity Documents, and any share, membership or ownership certificates, must recite that the issuance and transfer of any interest in you is subject to the restrictions set forth in the Agreement and any Franchise Agreement you execute.

12.2 Operating Principal

If you are a Business Entity, you must always have an Operating Principal who is acceptable to us. The Operating Principal will serve as your primary point of contact with us for all matters related to this Agreement and any Restaurants you develop under it. The Operating Principal must have full authority to act on your behalf in performing, administering, or amending this Agreement and any related Franchise Agreements. The same individual may serve as the Operating Principal for one or more of your Restaurants, subject to our approval. Unless and until you notify us in writing of a new Operating Principal (and we approve the change), we may, but are not required to, communicate exclusively with your current Operating Principal.

12.3 Business Practices

You represent, warrant, acknowledge, understand, and agree that:

(a) Neither you nor any of your Owners have engaged in, or failed to prevent, any activity that would constitute a money laundering offense, including those prohibited by the International Money Laundering Abatement and Anti-Terrorist Financing Act ("**Patriot Act**") and any amendments or successors to it.

(b) Neither you, your Owners, nor any of your or their employees are listed as a "Specially Designated National" or "Blocked Person" by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) (see: www.treasury.gov/ofac). You are not directly or indirectly owned or controlled by, or acting on behalf of, any government or entity subject to a U.S. embargo. You agree to notify us immediately in writing if any of these representations become inaccurate.

(c) You have consulted with legal counsel regarding the requirements of all applicable laws, including the United States Foreign Corrupt Practices Act, any local anti-corruption laws, and the Patriot Act. You acknowledge the importance of complying with all such laws and any related reporting or information access requirements. You will take reasonable steps to ensure that your consultants, agents, and employees comply with these laws before engaging or employing them.

ARTICLE 13.
ACKNOWLEDGMENTS

13.1 Receipt of Documents

You acknowledge that you have received our Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

13.2 True and Accurate Information

You affirm that all information set forth in any and all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness and accuracy of that information.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

MKO FRANCHISING, LLC	**FRANCHISEE: Rupinder Maheen**
By: ______________________________	By: ______________________________
Print Name: ________________________	
Its: ______________________________	
Date: _____________________________	Date: _____________________________

APPENDIX

GLOSSARY OF TERMS

Affiliate: A person or Business Entity which is united, attached, connected, or allied with, or is controlling or under common control with a party, including but not limited to parent, subsidiary or affiliated companies.

Agreement: Defined in the introductory section.

Applicable Law: Includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, including all labor, immigration, disability, health, safety, food and drug laws and regulations, as in effect on the Effective Date, and as may be amended, supplemented or enacted from time to time.

Assignment: Defined in **Section 8.3**.

Business Entity: A corporation, a general or limited Partnership or a limited liability company.

Business Entity Documents: Your charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to any of them.

Competitive Activities: To own, operate, lend to, advise, be employed by, or have any financial interest in any business (or grant franchises or licenses to others to operate a business) that offers or sells Nashville-style hot chicken, fried chicken sandwiches, chicken tenders, or other menu items substantially similar to those offered by Baba's Chicken® Restaurants, or that uses a fast-casual or quick-service restaurant format focused primarily on spicy fried chicken or related products. Competitive Activities also include any business that uses branding, recipes, trade dress, or other intellectual property or confidential information that could be used to the disadvantage of us, our Affiliates, or any Baba's Chicken® Restaurant. However, "Competitive Activities" does not include the operation of a franchise under a franchise agreement with us.

Default: Any breach of, or failure to comply with, any of the terms or conditions of an agreement, and including the specific Defaults identified in **ARTICLE 10**.

Development Area: The geographic area defined or identified in **Addendum 1**.

Development Fee: Defined in **ARTICLE 5**.

Development Obligation: Your right and obligation to construct, equip, open and continue to operate at sites within the Development Area the cumulative number of Restaurants required to be open and operating as identified in **Addendum 1** within each Development Period and, if applicable, within the geographic areas specified in that Addendum.

Development Period: Each of the time periods indicated on **Addendum 1** during which you have the right and obligation to construct, equip, open and continue to operate Restaurants in accordance with the Development Obligation.

Effective Date: The date we sign the Agreement, as indicated in our signature block.

Equity: Capital stock, membership interests, Partnership Rights or other ownership interests of a Business Entity.

Franchise Agreement: The form of agreement prescribed by us and used to grant to you the right to own and operate a single Restaurant in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

Franchise Disclosure Document or **FDD:** Defined in **Section 7.1(a)**.

Governmental Authority: All Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

Grace Period: Defined in **Section 2.1.**

Heirs: Defined in **Section 10.1**.

Manual: The primary source of information regarding the System and the construction and operation of a Restaurant, which included our operations and training manuals, and any other written directive related to the System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by us and amended from time to time.

Marks: Certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark "Baba's Chicken®" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for Restaurants), and all other visual identification, as are now designated, and may later be designated by us, for use in connection with the System.

Operating Principal: President, manager or authorized representative, who is an Owner of you, and accepted by us (and until subsequently disapproved by us), to serve as the authorized representative of you, who you acknowledge and agree will act as your representative, and will have the authority to act on your behalf during the Term.

Owner: Any direct or indirect shareholder, member, general or limited partner, trustee, or other Equity owner of an Business Entity, except, that if we or any of our Affiliates have any ownership interest in you, the term "Owner" will not include or refer to us or that Affiliate or our or their respective direct and indirect parents and subsidiaries, and no obligation or restriction upon you, or your Owners will bind us, said Affiliate(s) or their respective direct and indirect parents and subsidiaries or their respective officers, directors, or managers.

Partnership: Any general partnership, limited partnership or limited liability partnership.

Partnership Rights: Voting power, property, profits or losses, or partnership interests of a Partnership.

Restricted Persons: You, and each of your Owners and Affiliates, and the respective officers, directors, managers, and Affiliates of each of them, the Operating Principal, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

Restaurant or **Restaurants:** Defined in **Recital A**.

Non-Traditional Locations: Both: (a) a Restaurant, or similar fixed installation that offers a full or limited range of Authorized Products and Services under the Marks or otherwise, that is located in any airport, sports arena, train or bus station, theme park, military base, higher education campus, office building, convention center, business, athletic or social club, vacation club and timeshare, hotel, retirement and/or senior living facility or other special use facility; and (b) a booth, mobile dispensing unit (such as a customized RV) or other mobile installation at or from which select Authorized Products and Services under the Marks or otherwise may be offered and sold to customers, any of which may operate on a permanent, temporary or seasonal basis.

System: A uniform system for the establishment and operation of Restaurants, including uniform standards, specifications, and procedures for operations along with related computer software programs; procedures for quality control; Trade Dress; the Marks; management programs, accounting methods, training and ongoing operational assistance; the Authorized Menu; advertising and promotional techniques; staffing and personnel training; trade secrets; standards, policies and procedures for restaurant layout, equipment, kitchen, dining room, patio space (if any); inventory procurement and control; equipment and supplies; staffing and employee training; customer service; ingredients and maintaining quality and consistency of menu items; and assistance with advertising, promotion, public relations, social media, all of which are prepared, purchased, conducted, or displayed in accordance with our methods, and other related benefits relating to the operation and promotion of a Restaurant, all of which we may change, improve, and further developed from time to time.

Term: Defined in **Section 4.1**.

Then-current: The form of Franchise Disclosure Document, Multi-Unit Development Agreement, or Franchise Agreement then currently provided by us to similarly situated prospective franchisees, or if not then being so provided, then such form selected by us in our discretion which previously has been delivered to and executed by a licensee or franchisee of us.

Trade Secrets: Defined in **Section 9.2(a).**

We, us, or our: Defined in the Recitals to the Agreement.

You or your: Defined in the Recitals to the Agreement.

ADDENDUM 1
INFORMATION CONCERNING FRANCHISEE, DEVELOPMENT AREA, AND DEVELOPMENT OBLIGATION

A. **Identity and Structure of franchisee.** You represent and warrant that the following information is accurate and complete in all material respects:

(i) **Operational Form and Ownership**

Franchisee's Name: ____

Entity type and jurisdiction of formation: ______________________________

Date of entity formation:____

(ii) **Organizational Documents**

You must provide to us, at the same time you sign this Addendum, true and accurate copies of your Business Entity Documents.

(iii) **Additional Ownership Information**

You must promptly provide such additional information as we may from time to time request concerning all persons who may have any direct or indirect financial interest in you.

(iv) **Owners and Ownership Interests**

NAME	NUMBER OF SHARES OR PERCENTAGE INTEREST

(v) **Location Where Financial Records and Business Entity Documents are maintained**:

____

(vi) **Name of Operating Principal**

____

(vii) **The address where we should send you legal notices**:

____

B. Development Area Your Development Area is defined as the territory within the boundaries described below:

____

____

____

C. Development Obligation and Development Schedule The cumulative number of Restaurants required to be open and operating under this Agreement (your "Development Obligation") and the timing for each required opening are as follows:

DEVELOPMENT PERIOD ENDING	CUMULATIVE NO. OF RESTAURANTS TO BE IN OPERATION
____ Months after the Effective Date*	______ Restaurants
____ Months after the Effective Date*	______ Restaurants
____ Months after the Effective Date*	______ Restaurants
____ Months after the Effective Date*	______ Restaurants
____ Months after the Effective Date*	______ Restaurants

*Grace Period: You will receive an automatic six (6)-month grace period for each Development Period. You may satisfy the required opening for any Development Period by opening the applicable Restaurant on or before the last day of the six-month grace period (i.e., within eighteen (18) months for each unit).

D. Other Approved Business Interests. The covenant not to compete in Section 9.1 will not apply to your continued operation of the following existing businesses:

____

By signing below, you acknowledge that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

MKO FRANCHISING, LLC	FRANCHISEE: ___________________________
By: ______________________________________	By: ______________________________________
Print Name: _______________________________	Print Name: _______________________________
Its: ______________________________________	Its: ______________________________________
Date: _____________________________________	Date: _____________________________________

MKO Franchising LLC

EXHIBIT D

Financial Statements

MKO Franchising LLC

Financial Statements and Independent Auditor's Report
For the Period Ended March 31, 2025

Contents	**Page**

SMART SOLUTIONS CPA
Accounting, Audit and Tax Services

1 E Erie St, STE 525-2419
Chicago, IL 60611
Tel: (+1) 312-313-0350
E-Fax: (+1) 312-277-3901
audit@smartsolutionscpa.com
www.smartsolutionsCPA.com

Independent Auditor's Report

To the Management of MKO Franchising LLC

Opinion

We have audited the financial statements of MKO Franchising LLC (the "Company"), which comprise the balance sheet as of March 31, 2025, income statement, the statement of changes in equity, and cash flows for the period then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the Company's ability to continue as a going concern within one year after the date that the accompanying 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.

SMART SOLUTIONS CPA
Accounting, Audit and Tax Services

1 E Erie St, STE 525-2419
Chicago, IL 60611
Tel: (+1) 312-313-0350
E-Fax: (+1) 312-277-3901
audit@smartsolutionscpa.com
www.smartsolutionsCPA.com

Independent Auditor's Report (Continued from previous page)

To the Management of MKO Franchising LLC

In performing an audit in accordance with Generally Accepted Auditing Standards (GAAS), 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 the Company'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 the 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 the Company's ability to continue as a going concern for a reasonable period.

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.

Noman Tahir

Noman Tahir, CPA
License: 065.054304
Chicago
State of Illinois
April 17, 2025

MKO Franchising LLC
Balance sheet
As of March 31, 2025

		2025
Assets		
Total current assets		-
Total non-current assets		-
Total assets	$	-
Liabilities and equity		
Total current liabilities		-
Total non-current liabilities		-
Total liabilities		-
Equity		
Common stock		-
Retained earnings		-
Total equity		-
Total liabilities and equity	$	-

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

MKO Franchising LLC
Income statement
For the period ended March 31, 2025

		2025
Revenue		
Revenue	$	-
Total Revenue		**-**
Expenses		
Operating expenses		-
Total expenses		**-**
Net income	**$**	**-**

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

MKO Franchising LLC
Statement of changes in equity
For the period ended March 31, 2025

	Common stock	Retained earnings	Total
Net income	-	-	-
As of March 31, 2025	**$ -**	**$ -**	**$ -**

MKO Franchising LLC
Statement of cash flows
For the period ended March 31, 2025

		2025
Operating activities:		
Net income	$	-
Net cash provided by operating activities		**-**
Net increase in cash and cash equivalents		**-**
Cash and cash equivalents, beginning of year		-
Cash and cash equivalents, end of year	**$**	**-**

Note - 1 Nature of operations

MKO Franchising LLC (the "Company") was incorporated in the State of California on January 22, 2025. The Company was formed to engage in any lawful act or activity. As the Company was recently formed and has not commenced operations, there were no financial transactions during the reporting period.

Note - 2 Summary of significant accounting policies

Basis of Accounting

The preparation of these financial statements and accompanying notes in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Income taxes

The owner of the Company has elected treatment as a partnership under the Internal Revenue Code. Under this election, all of the Company's income and expenses are reported on the personal tax return of its owner. Accordingly, no income taxes have been recognized in these financial statements.

Note 3 - Contingencies and commitments

There were no material contingencies and commitments known as of the date of the balance sheet.

Note 4 - Subsequent events

The Company evaluated all events and transactions that occurred after the period-end, and through the date of authorization of the financial statements. The Company determined that it does not have any material subsequent events to report in the financial statements.

MKO Franchising LLC

EXHIBIT E

Manual Table of Contents

BABA'S CHICKEN

June, 2025

OPERATIONS MANUAL

TABLE OF CONTENTS

MKO Franchising LLC

EXHIBIT F

Form of General Release

GENERAL RELEASE

As a condition to MKO Franchising LLC's ("Franchisor") consent to **[grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement]** by **[name of franchisee]** ("Franchisee") under the Franchise Agreement dated _________________________**[date of Franchise Agreement]**, the undersigned, and each of their respective corporate parents, subsidiaries, Affiliates, successors in interest, heirs and assigns, and each of their respective owners, Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

By: __________________________

Name: ________________________

By: __________________________

Name: ________________________

MKO Franchising LLC

EXHIBIT G

State-Specific Addendum to Franchise Disclosure Document and Agreements

EXHIBIT G

STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND MULTI-UNIT AGREEMENT

The following modifications are to the Franchise Disclosure Document between MKO Franchising LLC ("Franchisor," "we," "us," or "our") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement and Multi-Unit Development Agreement between Franchisor and you ("you," "you," or "your" dated _______________, 20___.

The state-specific amendments of this State Law Addendum to Franchise Disclosure Document, Franchise Agreement, and Multi-unit Agreement ("**State Addendum**") supersede the related provisions of those agreements, and apply only to those persons residing or operating Restaurants in the following states:

FOR THE STATE OF CALIFORNIA:

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

The Franchise Disclosure Document is hereby amended as follows:

The franchisor, any person or franchise broker in Item 2 of the FDD is not 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 such persons from membership in such association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer, 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 and Multi-Unit Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement and Multi-Unit Development Agreement contain a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement and Multi-Unit Development Agreement contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement and Multi-Unit Development Agreement require application of the laws of the State of California. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Based upon the franchisor's financial condition, the California Department of Financial Protection and Innovation has required a financial assurance. To satisfy this condition, we have obtained a surety bond with the Travelers Casualty and Surety Company of America in the amount of $500,000, which bond is on file with the California Department of Financial Protection and Innovation.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement is hereby amended as follows:

Despite anything to the contrary in the Franchise Agreement or Multi-Unit Development Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement or Multi-Unit Development Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.

2. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Development Agreement contain a provision that is inconsistent with the law, the law will control.

For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee's inventory, supplies, equipment, fixtures, and furnishings (the "Assets") for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us "clear title and possession" to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee's landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) Royalty Fees; b) Brand Fund Contributions; c) Liquidated Damages; d) Transfer Fees; and e) any other type of fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

> "Fair market value of the franchise assets" means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.
>
> "Fair market value of the franchised business" means the "fair market value of the franchise assets" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

<u>FOR THE STATE OF CONNECTICUT:</u>

The following statement is added to the cover page of the Franchise Disclosure Document:

> **The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

The following statement is added to Item 3 of the Franchise Disclosure Document:

> There are no pending or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The FDD, Franchise Agreement, and Multi-Unit Development Agreement are hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

<u>FOR THE STATE OF HAWAII:</u>

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF ILLINOIS:

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 and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise 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.”

To the extent that the Franchise Agreement or Multi-Unit Development Agreement would otherwise violate Illinois law, the agreements are amended by providing that all litigation by or between you and us, arising directly or indirectly from the franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

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”.

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

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the FDD, Franchise Agreement, or Multi-Unit Development Agreement are inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede those provisions.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF INDIANA:

Item 8 of the Franchise Disclosure Document is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the Franchise Disclosure Document is amended to add the following:

> 17(e) is amended subject to Indiana Code 23-2-2.7-1(7), which makes it unlawful for us to unilaterally terminate your franchise agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> 17(m) is amended subject to Indiana Code 23-2-2.7-1(5), which prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.
>
> 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant will have a geographical limitation of the Protected Area granted to you.
>
> 17(v) is amended to provide that you will be permitted to begin litigation in Indiana for a cause of action under Indiana law.
>
> 17 (w) is amended to provide that if there is a conflict of law, Indiana Law governs any cause of action which arises under the Indiana Disclosure Law or Indiana Deceptive Franchise Practices Act.

Despite anything to the contrary in the Franchise Agreement or Multi-Unit Development Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Disclosure Document, the Franchise Agreement, Multi-Unit Development Agreement, or California law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement or Multi-Unit Development Agreement, will supersede the provisions of the Agreement to the extent the Agreement may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement or Multi-Unit Development Agreement which would require you to prospectively assent to a release, or, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The Franchise Agreement and Multi-Unit Development Agreement will be modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement and Multi-Unit Development Agreement:

No Limitation on Litigation. Any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF IOWA

Any provision in the Franchise Agreement, Multi-Unit Development Agreement, or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement and Multi-Unit Development Agreement:

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled. If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501, phone (949) 391-2900 or email: info@babashotchicken.com, not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: ______________________________

By: ______________________________
____

Print Name: ______________________________

Its: ______________________________
____

Date: ______________________________
____

FOR THE STATE OF MARYLAND

The Franchise Disclosure Document, Franchise Agreement, Multi-Unit Development Agreement, and Compliance Questionnaire are amended as stated below.

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

Item 17 of the Franchise Disclosure Document and sections of the Franchise Agreement and Multi-Unit Development 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.

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

The Franchise Agreement, Multi-Unit Development Agreement, and Compliance Questionnaire are amended to state: "[a]ll representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability 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."

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF 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.

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:

A prohibition on the right of a franchisee to join an association of franchisees.

A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor 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) the franchisee is 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 the franchisee does not receive at least 6 months advance notice of our intent not to renew the franchise.

A provision that permits the franchisor 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.

A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will 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 the franchisor or subfranchisor.

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor 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 the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee 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
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

FOR THE STATE OF MINNESOTA:

Despite anything to the contrary in the Franchise Agreement or Multi-Unit Development Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement or Multi-Unit Development Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement, or Multi-Unit Development 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and our System standards. Notwithstanding anything to the contrary in the Franchise Agreement or Multi-Unit Development Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and Multi-Unit Development Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise Agreement or Multi-Unit Development Agreement that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise Agreement or Multi-Unit Development Agreement.

7. The following language will be added to the Franchise Agreement and Multi-Unit Development Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF NEW YORK:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY ST. 21ST FLOOR, NEW

YORK, NY 10005. 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 DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 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: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party 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 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as provided above, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (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 bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF NORTH DAKOTA:

Sections of the Franchise Disclosure Document, Franchise Agreement, or Multi-Unit Development 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, Franchise Agreement, or Multi-Unit Development 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, Franchise Agreement, or Multi-Unit Development 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, Franchise Agreement, or Multi-Unit Development 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, Franchise Agreement, or Multi-Unit Development 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, Franchise Agreement, or Multi-Unit Development 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF OHIO:

The following language will be added to the Franchise Agreement and Multi-Unit Development Agreement:

> You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

NOTICE OF CANCELLATION

_______________ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501, phone (949) 391-2900 or email: info@babashotchicken.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

you: ___________________________________

By: ___________________________________

Print Name: ______________________________

Its: ___________________________________

Date: __________________________________

<u>FOR THE STATE OF RHODE ISLAND:</u>

§ 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.

The above language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement and Multi-Unit Development Agreement, including all choice of law provisions, are fully enforceable. The Franchisor and you intend to fully enforce all of the provisions of the Franchise Agreement, Multi-Unit Development Agreement, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

<u>FOR THE STATE OF VIRGINIA:</u>

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

<u>Additional Disclosure</u>. The following statements are added to Item 17(h) of the Disclosure Document. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The following is added to the cover page of the Disclosure Document:

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

THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL ADDITIONAL RISK OF FINANCIAL LOSS.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF WASHINGTON:

Arbitration shall take place in the state of Washington, but only if "in-state" arbitration is a valid requirement of the Washington Franchise Investment Protection Act. 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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FOR THE STATE OF WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement and, if applicable, Multi-Unit Development Agreement dated ____ 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 Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement between the parties.

MKO Franchising LLC	you: ______________________________
By: ______________________________	By: ______________________________
Print Name: _________________________	Print Name: _________________________
Its: ______________________________	Its: ______________________________
Date: _____________________________	Date: _____________________________

MKO Franchising LLC

EXHIBIT H

Compliance Questionnaire

EXHIBIT H

COMPLIANCE QUESTIONNAIRE

As you know, MKO Franchising LLC ("we" or "us"), and you are preparing to enter into a Franchise Agreement and, if applicable, Multi-Unit Development Agreement, for the operation of one or more Baba's Chicken® Restaurants. The purpose of this questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement and, if applicable, Multi-Unit Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the table provided below.

1. Yes__ No__ Have you received and personally reviewed the Franchise Agreement and, if applicable, Multi-Unit Development Agreement and each attachment or exhibit attached to them that we provided?

2. Yes__ No__ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?

3. Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes__ No__ Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement and, if applicable, Multi-Unit Development Agreement?

5. Yes__ No__ Have you reviewed the Franchise Disclosure Document, Franchise Agreement and, if applicable, Multi-Unit Development Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes__ No__ Have you had the opportunity to discuss the benefits and risks of developing and operating a Baba's Chicken® Restaurant with an existing Baba's Chicken® franchisee?

7. Yes__ No__ Do you understand the risks of developing and operating a Baba's Chicken® Restaurant?

8. Yes__ No__ Do you understand the success or failure of your Baba's Chicken® Restaurant will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?

9. Yes__ No__ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and, if applicable, Multi-Unit Development Agreement must be arbitrated in California, if not resolved informally or by mediation?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Baba's Chicken® Restaurant to open or consent to a transfer of the Baba's Chicken® Restaurant to you?

11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Baba's Chicken® Restaurant that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and, if applicable, Multi-Unit Development Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Baba's Chicken® Restaurant will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

14. Yes__ No__ Do you understand that the Franchise Agreement and, if applicable, Multi-Unit Development Agreement , including each attachment or exhibit to the Franchise Agreement and, if applicable, Multi-Unit Development Agreement, contains the entire agreement between us and you concerning the Baba's Chicken® Restaurant, meaning any prior oral or written statements not set out in the Franchise Agreement and, if applicable, Multi-Unit Development Agreement or the attachments or exhibits to the Franchise Agreement and, if applicable, Multi-Unit Development Agreement will not be binding?

15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Date	Date
______________________________	______________________________

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

MKO Franchising LLC

EXHIBIT I

Confidentiality and Non-Compete Agreement

EXHIBIT I

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE ("**Agreement**") is made and entered into this _________ day of ________________________, 20___, between ("**you**"); and ___________________________ ("**Franchisee**").

RECITALS

A. Franchisee has entered into a franchise agreement with MKO Franchising LLC ("**Baba's Chicken**").

B. You are a General Manager, officer, director, or an entity affiliated with, or providing products or services to Franchisee.

C. As a result of Franchisee's relationship with you, you will have access to certain confidential and proprietary information of Baba's Chicken.

NOW, THEREFORE, in consideration of the foregoing and in order to induce Baba's Chicken to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. Baba's Chicken Is Third Party Beneficiary. You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of Baba's Chicken, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of Baba's Chicken. In consideration of Baba's Chicken's agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to Baba's Chicken and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Baba's Chicken (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers and clients, other franchisees, agencies, Suppliers, and other related information) (hereinafter, "**Confidential Information**"), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with Baba's Chicken and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. "Confidential Information" shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Baba's Chicken except strictly incidental to, and solely in furtherance and within the scope of, your relationship with Baba's Chicken and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee's relationship with you, as the case may be), for any reason, you must return all lists, printouts, memoranda, reports, surveys, studies, notes, letters and all other documents then in your possession or under your control containing or relating to any Confidential Information, whether in paper, digital, or other form or medium, without retaining any copies or reproductions thereof in any form.

If you receive a subpoena or any other form of legal process seeking to compel the production of any Confidential Information, you will immediately provide Franchisee and Baba's Chicken with written notice of the receipt of such subpoena or process and a copy thereof, and will cooperate with Franchisee and Baba's Chicken in any action they take to oppose the production of Confidential Information or to obtain a protective order. Written notice to Baba's Chicken shall be given to its President.

3. **Covenant Not to Compete**. While you maintain a relationship with Franchisee, you shall not engage in any activity which competes directly or indirectly with Baba's Chicken in any state in which Baba's Chicken is doing business or in which it has current plans to begin business, except with the written permission of Franchisee or Baba's Chicken. If your relationship with Franchisee is terminated for any reason, you will be prohibited for a period of three (3) years from the date of such termination, from any place within fifteen (15) miles of Franchisee's business location, from:

(a) Directly or indirectly soliciting any customer or client of Baba's Chicken or Franchisee.

(b) Inducing, advising, suggesting or attempting to influence directly or indirectly anyone affiliated with Baba's Chicken's franchisees to terminate employment or establish a professional relationship with another person or entity.

(c) Directly or indirectly participating in or being connected in any manner with the ownership, management or operation of any business or entity that competes with Baba's Chicken, in offering or selling services relating to healthy, fast-casual foods, or related products.

4. **Non-solicitation**. While you are employed by or associated with Franchisee, and for two (2) years after your employment or relationship ends, you must not, without prior written permission of Baba's Chicken, directly or indirectly solicit or attempt to solicit any customers or clients for whom you provided services while you were employed by or affiliated with Franchisee.

5. **Breach of Agreement**. You acknowledge and agree that your violation or breach of the "Covenant Not to Compete," disclosure of "Confidential Information," or the "Non-solicitation" provisions, as provided herein by this Agreement will cause irreparable injury to Baba's Chicken for which there is no adequate remedy at law. Accordingly, you agree that in the event of any breach or violation of this Agreement, Baba's Chicken and/or Franchisee will be entitled to enforce this Agreement by injunctive and any other equitable relief in any court of competent jurisdiction. Such relief will be in addition to other remedies available at law, including without limitation, recovery of damages. You agree to comply with a judgment forbidding you from violating these provisions in the event there is a finding of breach. In addition, Baba's Chicken will be entitled to recover and obtain from you all costs including, without limitation, reasonable attorneys' fees associated with any legal action arising out of your breach of any of the provisions of this Agreement.

If any phrase, clause or provision of this Agreement is declared invalid or unenforceable by a court of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Agreement, but will not affect any other provisions of this Agreement, all of which will otherwise remain in full force and effect.

You acknowledge and agree that the restrictions set forth herein are reasonable, in terms of scope, duration, geographic area, and otherwise that the protections afforded to Baba's Chicken hereunder are necessary to protect its legitimate business interests.

6. **Choice of Law**. This Agreement shall be governed by and construed and enforced in accordance with the laws of the state in which Franchisee's business is located, without respect to its conflict of laws principles.

______________________________	You: ______________________________
[Name of Franchisee]	
By: ______________________________	By: ______________________________
Print Name: ______________________________	Print Name: ______________________________
Its: ______________________________	Its: ______________________________
Date: ______________________________	Date: ______________________________

MKO Franchising LLC

EXHIBIT J

List of Franchisees

EXHIBIT J-1
List of Current Franchisees

None.

* Denotes multi-unit franchisee
± Denotes area representative

EXHIBIT J-2
List of Franchisees – Sold But Not Yet Open As Of December 31, 2024

None.

*Denotes multi-unit franchisee

<u>MKO Franchising LLC</u>

EXHIBIT K

State Effective Dates and Franchise Disclosure Document Receipts

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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	October 22, 2025
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MKO Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, MKO Franchising LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires MKO Franchising LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If MKO Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 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: Ommar Choudhry, Mahmoud Hemood, and Kasem Rasheed at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501, phone (949) 391-2900. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

____

Issuance Date: June 24, 2025, amended February 2, 2026

See Exhibit A for MKO Franchising LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated June 24, 2025, amended February 2, 2026 that included the following Exhibits:

A. State Administrators / Agents for Service of Process	G. Form of General Release
B. Franchise Agreement	H. State-Specific Addendum
C. Multi-Unit Development Agreement	I. Compliance Questionnaire
E. Financial Statements	J. Confidentiality and Non-Compete Agreement
F. Manual Table of Contents	K. State Effective Dates and Receipts

____________	____________________	__________________
Date	Signature	Printed Name
____________	____________________	__________________
Date	Signature	Printed Name

Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MKO Franchising LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Under Iowa or New York law, if applicable, MKO Franchising LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires MKO Franchising LLC to give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If MKO Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 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: Ommar Choudhry, Mahmoud Hemood, and Kasem Rasheed at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501, phone (949) 391-2900. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

____

Issuance Date: June 24, 2025, amended February 2, 2026

See Exhibit A for MKO Franchising LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated June 24, 2025, amended February 2, 2026 that included the following Exhibits:

A. State Administrators / Agents for Service of Process	G. Form of General Release
B. Franchise Agreement	H. State-Specific Addendum
C. Multi-Unit Development Agreement	I. Compliance Questionnaire
E. Financial Statements	J. Confidentiality and Non-Compete Agreement
F. Manual Table of Contents	K. State Effective Dates and Receipts

____________	____________________	____________________
Date	Signature	Printed Name
____________	____________________	____________________
Date	Signature	Printed Name

Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Ommar Choudhry at MKO Franchising LLC, 3605 Market Street #6, Riverside, CA 92501.