BARRY BAGELS®

FRANCHISE DISCLOSURE DOCUMENT

JMB Franchising, LLC
an Ohio limited liability company
5965 Renaissance Place
Toledo, Ohio 43623
T: (419) 882-1010
Fax: (419) 800-886-8571
www.barrybagels.com
jnusbaum@barrybagels.com

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
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 the franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition on 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 30 days, to cure such 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 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 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 this state. 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 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.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. The 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).

(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.

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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations, if any, 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.

The escrow agent may be a financial institution authorized to do business in Michigan. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. Partial releases of escrowed funds upon receipt of affidavits of partial fulfillment of franchisor's obligations are permitted.

Questions regarding this notice should be directed to the Michigan Attorney General's Office, Consumer Protection Division, Attn: Franchise Section, 525 W. Ottawa Street, Williams Building, Lansing, Michigan 48909, (517) 373-7117.

EFFECTIVE DATE: DECEMBER 4, 2024

FRANCHISE DISCLOSURE DOCUMENT

JMB Franchising, LLC
an Ohio limited liability company
5965 Renaissance Place
Toledo, Ohio 43623
T: (419) 882-1010
Fax: (800) 886-8571
jnusbaum@barrybagels.com
www.barrybagels.com

The Franchisee will operate a business (a "**Barry Bagels Restaurant**" or a "**Restaurant**") that specializes in the sale of fresh-baked bagels, cream cheese and other spreads, coffees and teas, soups, salads, sandwiches and such other products we authorize from time to time for on-site and off-site consumption.

We estimate the total investment necessary to begin operation of a single unit restaurant franchise to range from $105,000 to $514,000. This includes an initial franchise fee ranging from $30,000 to $35,000 that must be paid to us for a single unit restaurant franchise. These ranges exclude real estate purchases. If you sign an Area Development Agreement, you will also pay a development fee equal to the sum of the initial franchise fee for the first Restaurant plus 1/2 of the initial franchise fee for each additional Restaurant to be developed. The initial franchise fee is $35,000 for each of your first 2 Restaurants and $30,000 for each subsequent Restaurant provided that you or your affiliates are not in default under any agreements with us or our affiliates at the time such subsequent Restaurants are developed. The portion of the development fee allocable to each Restaurant will be credited against the initial franchise fee due when the Franchise Agreement for that Restaurant is signed.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document**.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Chief Executive Officer, James Nusbaum, at jnusbaum@barrybagels.com and (419) 882-1010.

The terms of your contracts will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contracts. Read all of your contracts carefully. Show your contracts 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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: June 30, 2025

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 and Exhibits I and J.
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 and Exhibit C 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 Barry Bagels 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 Barry Bagels franchisee?	Item 20 and Exhibits I and 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 L.

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 the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Ohio. 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 Ohio 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.

TABLE OF CONTENTS

EXHIBITS

EXHIBIT A	FRANCHISE AGREEMENT
EXHIBIT B	AREA DEVELOPMENT AGREEMENT
EXHIBIT C	FINANCIAL STATEMENTS
EXHIBIT D	CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES
EXHIBIT E	CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE
EXHIBIT F	CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT
EXHIBIT G	OWNER’S GUARANTY
EXHIBIT H	OWNER’S STATEMENT
EXHIBIT I	LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS
EXHIBIT J	LIST OF FORMER FRANCHISEES AND AREA DEVELOPERS
EXHIBIT K	TABLE OF CONTENTS OF OPERATIONS MANUAL
EXHIBIT L	LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT M	STATE SPECIFIC ADDENDA AND RIDERS
EXHIBIT N	FORM OF FRANCHISE COMPLIANCE CERTIFICATE
EXHIBIT O	SAMPLE GENERAL RELEASE
EXHIBIT P	RECEIPTS

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor, Its Parents, Predecessors and Affiliates

The Franchisor is JMB Franchising, LLC, referred to in this disclosure document as "**we**," "**us**" or "**our**." We refer to the person interested in buying a franchise as "**you**" or "**your**." If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement and Area Development Agreement will apply to your owners or affiliates. These will be addressed in this disclosure document where appropriate.

We were organized on July 3, 2013 as an Ohio limited liability company. Our principal offices are located at 5965 Renaissance Place, Toledo, Ohio 43623. We conduct business under our corporate name and under the service mark "BARRY BAGELS" and other trademarks and service marks, including those listed in Item 13 of this disclosure document. Our agents for service of process are listed in Exhibit L.

We sell franchises for retail establishments featuring fresh-baked bagels, cream cheese and other spreads, coffees and teas, soups, salads, sandwiches and such other products we authorize from time to time for on-site and off-site consumption ("**Barry Bagel Restaurants**" or "**Restaurants**" or "**Franchised Businesses**"). The Restaurants do business under the service mark "BARRY BAGELS" and associated logos, designs, symbols and trade dress.

We have been offering franchises since November 30, 2013. We are not engaged in any other business activities and have never offered franchises in any other lines of business. We do not operate Restaurants, but our affiliate, JMB Restaurant Operations, LLC, an Ohio limited liability company ("**JRO**"), opened a Restaurant in Lambertville, Michigan (the "**Lambertville Store**") in May of 2014. In September of 2024, JRO took over operations of the Toledo, Ohio (Downtown) Restaurant location upon the expiration and non-renewal of the Franchise Agreement for that Non-Traditional Location (as such term is defined in Item 12). JRO's principal business address is 5965 Renaissance Place, Toledo, Ohio 43623.

On July 8, 2014, our affiliate, JMB Productions, LLC, an Ohio limited liability company ("**JMB Productions**"), acquired substantially all of the assets (the "**Bagel Factory Acquisition**") of The Bagel Factory, Inc., a Michigan corporation ("**TBF**"). Prior to the Bagel Factory Acquisition, TBF served as the sole manufacturer and supplier of bagel dough and certain other products to the Lambertville Store and the Legacy Entities (defined below). Following the Bagel Factory Acquisition, JMB Productions manufactured and supplied bagel dough and certain other related products under "The Bagel Factory" name both directly to the Lambertville Store, the Legacy Entities and certain other Franchised Businesses and indirectly through a third-party distributor to certain other Franchised Businesses.

Except as set forth above, our affiliates do not engage in any other business activities and do not offer franchises in this or any other line of business. Except as set forth above, they do not provide products or services to our franchisees.

Our parent is JMB Restaurant Holdings, LLC, an Ohio limited liability company ("**Holdings**"), having its principal offices located at 5965 Renaissance Place, Toledo, Ohio 43623. We do not have any predecessors.

Three entities, The Bagel Place, Inc., a Michigan corporation ("**TBPI**"), Big M Bagel Co., a Michigan corporation ("**BMBC**") and Little M Bagel Company, LLC, an Ohio limited liability company ("**LMBC**" and together with TBPI and BMBC, the "**Legacy Entities**"), have historically owned and operated a total of 5 stores in Ohio and Michigan using our Marks and our System (collectively, the "**Legacy Stores**"). None of the Legacy Stores operate under Franchise Agreements, but rather under a separate agreement with certain of the owners of Holdings as further described below. None of the Legacy Entities are an "affiliate" of ours as defined by the Federal Trade Commission Franchise Rule; however, the Legacy Entities are wholly owned by one of the members of Holdings. The financial performance representations set forth in Item 19 provide, among other things, historical information pertaining to past financial performance of these Legacy Stores and the Lambertville Store. None of the Legacy Entities offer franchises in any line of business or provide products or services to our franchisees.

The Business

BARRY BAGELS Restaurants are retail establishments featuring fresh-baked bagels, cream cheese and other spreads, coffees and teas, soups, salads, sandwiches and such other products we authorize from time to time for onsite and offsite consumption. Emphasis is placed on high quality products and exceptional customer service. Catered food trays are available for pick-up or delivery within a limited delivery area which we designate from time to time.

We, our parent and/or our affiliates may own and operate culinary centers or act as an approved supplier (or the sole approved supplier) of certain products.

A typical BARRY BAGELS Restaurant will occupy approximately 1,200 to 3,200 square feet of space that may be either owned by you or leased from a third party. Restaurants are constructed to our specifications as to size, layout, décor and the like, and offer indoor seating. BARRY BAGELS Restaurants are typically located in a metropolitan area or surrounding suburbs, and may be located either in a freestanding building or in an in-line retail plaza space. Ample parking, good visibility and availability of prominent signage are a necessity. Proximity to high traffic areas with convenient access is desirable. We may, however, consider certain Non-Traditional Locations as further described in Item 12. These Non-Traditional Locations differ significantly from our typical Franchised Business as such Non-Traditional Locations may have a different geographic footprint, menu offerings, store hours and are not offered by us for sale in the ordinary course of business. The terms and conditions for such Non-Traditional Locations will not be available to you and are not being generally marketed and sold to prospective franchisees as the agreements related to such Non-Traditional Locations are the result of significant arm's length negotiation between sophisticated parties that include modified terms.

BARRY BAGELS Restaurants are characterized by a system (the "**System**") which includes our methods and procedures for the establishment, management and operation of BARRY BAGELS Restaurants, including our confidential information, our manuals, the Marks and other business standards and policies. The distinguishing characteristics of the System include: distinctive interior and exterior design, décor, and color scheme; furnishings; menu items; uniform standards; specifications, policies and procedures for operations; service techniques; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs. We expect to continue to improve and further develop the System and provide new information and techniques to all franchisees.

BARRY BAGELS Restaurants operate under the BARRY BAGELS Marks (defined below) in compliance with the System. The Marks include the "BARRY BAGELS" trade name, service mark and the other trade names, service marks, trademarks, trade dress, logos, emblems and other indicia of origin that we designate in writing for use by Restaurants operating under the System (collectively, the "**Marks**").

You will operate a BARRY BAGELS Restaurant as an independent business utilizing the Marks, business concepts, support, guidance and materials developed by us. You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and our confidential operations manual (the "**Manual**"), which will be provided to you at the time of training. You may not offer other services or products without our prior written approval.

<u>The Franchise Offered</u>

We offer to qualified applicants the right to enter into a Franchise Agreement (the "**Franchise Agreement**") to own and operate a single BARRY BAGELS Restaurant at a specified location that we approve. A franchise applicant may be an individual, corporation, limited liability company or other form of legal entity. Our current form of Franchise Agreement is attached as Exhibit A to this disclosure document.

We also offer to qualified applicants the right to enter into an Area Development Agreement (the "**Area Development Agreement**") to develop multiple Restaurants within a specifically described geographic territory (the "**Development Area**"). The size of the Development Area will vary depending on local market conditions and the number of Restaurants to be developed. The Development Area will be determined before you sign the Area Development Agreement and will be described in an exhibit to the Area Development Agreement. Our current form of Area Development Agreement is attached as Exhibit B to this disclosure document.

If you sign an Area Development Agreement, you must develop the number of Restaurants contemplated by the Area Development Agreement in the Development Area according to a prescribed development schedule and must enter into a separate Franchise Agreement for each Restaurant you establish. The Franchise Agreement for the first Restaurant developed under the Area Development Agreement will be in the form of Exhibit A to this disclosure document and will be signed at the same time as the Area Development Agreement is signed. For each additional Restaurant developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may have terms and provisions different than those in the Franchise Agreement attached as Exhibit A to this disclosure document (including higher fees).

We require your current and future owners to sign a Personal Guaranty ("**Guaranty**"), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer, and dispute resolution procedures.

In this disclosure document, the terms "you" and "your" include the developer under the Area Development Agreement and the franchisee under the Franchise Agreement, unless we have noted otherwise. Any reference in this disclosure document to "Agreements" means the Area Development Agreement and the Franchise Agreement, as applicable. Any reference to "owners" includes the owners of a Developer under an Area Development Agreement and the owners of a franchisee under a Franchise Agreement.

The terms of previous and subsequent franchise agreements and area development agreements may vary from the terms of those Agreements offered under this disclosure document.

<u>The Market and Competition</u>

You can expect to compete in your market with locally-owned businesses, as well as with national and regional chains that offer bagels, coffee, breads, sandwiches, breakfast items, lunch items, and related products, and which may compete with the products offered at a Restaurant. The market for these items is well-established and very highly competitive. Bagel and coffee restaurants, and breakfast and lunch businesses, compete on the basis of many factors, such as price, service, location, product offerings and quality, speed of service, hospitality, customer experience, and store promotions and marketing programs. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and traffic patterns. To the extent that customers may be able to buy "Barry Bagels" brand products from other sources (for example, from other restaurants, our website, club stores, supermarkets), and to the extent that other restaurants operating under the System deliver products in your area, you may appear to, or actually, compete with other sellers of those branded products.

Industry Specific Regulation

Many of the laws, rules and regulations that apply to business generally, like the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, also apply to retail establishments. However, other laws, rules and regulations have particular applicability to retail food stores and similar establishments, including local health codes and licenses. You will need to understand and comply with those laws to open and operate the Restaurant.

Before you buy a franchise, you should investigate these regulations and other laws that may be applicable to your business. You should consider their impact on your business and any increased cost of doing business.

ITEM 2
BUSINESS EXPERIENCE

Mark Greenblatt
President

Mark Greenblatt has served as our President since our inception in July 2013 and served in the same capacity for Holdings since March of 2013. Mr. Greenblatt became President of each of the Legacy Entities in January of 2008 and has served, and continues to serve, in such capacity for each of the Legacy Stores.

James Nusbaum
Chief Executive Officer

James Nusbaum, J.D., has served as our Chief Executive Officer since our inception in July 2013 and in the same capacity for Holdings since March of 2013.

Michael W. Jackson
Chief Financial Officer

Michael W. Jackson, CMA, has served as our Chief Financial Officer since December 2015 and in the same capacity for Holdings for the same time period.

Angie Bugert
Chief Marketing Officer

Angie Bugert has served as the Chief Marking Officer for Holdings since September 2019 and the Director of Sales & Marketing for Holdings from August of 2015 to September 2019.

Unless otherwise indicated, all positions of employment were held in Toledo, Ohio.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

In this disclosure document, all amounts paid to us or our affiliates prior to opening your BARRY BAGELS Restaurant are considered "initial fees." All of the initial fees described in this Item 5 are the same for all BARRY BAGELS Restaurants, unless otherwise specified.

Initial Franchise Fee

The initial franchise fee for each Restaurant is $35,000. You must pay the initial franchise fee at the time you sign the Franchise Agreement (less any applicable development fee credit as described below). If you sign an Area Development Agreement to develop more than one Restaurant, the initial franchise fee for each of the first 2 Restaurants opened pursuant to the Area Development Agreement is $35,000 and $30,000 for each additional Restaurant, provided that you and your affiliates are not in default under any agreements with us or any of our affiliates at the time such subsequent Restaurants are developed. All initial franchise fees are earned when paid and are non-refundable.

Development Fee

If you intend to develop more than one BARRY BAGELS Restaurant, you will sign an Area Development Agreement. You must pay a development fee that we will determine based upon the number of Restaurants required under the Development Schedule. The number of Restaurants required by the Development Schedule will be determined by a number of factors, such as the size and population of the Development Area, and your financial capacity and expertise in developing Restaurants.

The development fee is equal to the sum of (a) the initial franchise fee for your first Restaurant and (b) 1/2 the initial franchise fee for each additional Restaurant to be developed under the Development Schedule. We currently charge a $35,000 initial franchise fee for each of your first 2 Restaurants and $30,000 for each additional Restaurant, provided that you and your affiliates are not in default under any agreements with us or any of our affiliates at the time such subsequent Restaurants are developed. For example, if you commit to develop 5 Restaurants, you will pay a development fee of $97,500 which is the sum of (i) $35,000 for your first Restaurant; (ii) $17,500 for your second Restaurant; and (iii) $15,000 each, for your third, fourth and fifth Restaurants.

You must pay the development fee when you sign the Area Development Agreement unless otherwise specified. We reserve the right to modify the payment terms associated with the development fee based upon, among other things, the size of the territory, the development schedule, the number of units to be developed and the financial strength of the developer. When paid, the development fee is fully earned and non-refundable. The balance of the initial franchise fee for each Restaurant is due when the Franchise Agreement for that Restaurant is signed. You will sign a Franchise Agreement for your first Restaurant when you sign the Area Development Agreement. If you abide by the Development Schedule, the portion of the development fee allocable to each Restaurant will be credited against the initial franchise fee due when the Franchise Agreement for that Restaurant is signed.

Initial Training Fee

We will provide Initial Training for you (or your Operating Principal) and two other management level employees, at no cost to you except the expenses incurred by such trainees in attending the Initial Training program, including transportation, lodging, meals and wages. You will also be required to pay a training fee at our then-current rates (currently, $2,000, plus expenses) for training of each additional person or replacement trainee and you will be responsible for all transportation, lodging, meals and wages associated with such training for such individuals. All training costs are nonrefundable. Training fees and costs are determined uniformly among franchisees.

We, our parent and affiliates, are Approved Suppliers and, in some instances, the sole Approved Suppliers of various products and services which you will purchase to operate your Restaurant. We, our parent and our affiliates are the sole Approved Suppliers for certain food and beverage products and employee uniforms. The price you pay for approved products purchased from us, our parent or affiliates will be marked up. We estimate the opening inventory supplies purchased from us, our parent or affiliates to range between $10,000 to $16,000 depending upon the specific items and number of items you purchase. These charges are non-refundable and payable in a lump sum before you open your Restaurant.

ITEM 6
OTHER FEES

Fees[(1)]	Amount	Due Date	Remarks
Royalty Fee	6% of Net Sales.[(2)]	Weekly – The Royalty Fee for each week shall be due on the next business day following each week – paid by electronic funds transfer ("**EFT**") that we initiate.	See definition of Net Sales.[(2)]

Fees[1]	Amount	Due Date	Remarks
Marketing Contributions	2% of Net Sales	Weekly – The Marketing Contributions for each week shall be due on the next business day following each week – paid by EFT that we initiate.	The Marketing Contributions shall be payable to us or our nominee. 50% of the Marketing Contributions (i.e., 1.0% of your Net Sales) will be allocated to our system-wide marketing fund and 50% of the Marketing Contributions (i.e., 1.0% of your Net Sales) will be allocated to local store marketing funds.
Cooperative Advertising	As directed, but not to exceed amount of "Marketing Contributions" above.	As directed.	We may establish a Cooperative Advertising Program within your regional marketing area. Payable to us or an advertising cooperative.
Grand Opening Marketing Program	$5,000	Period beginning 30 days before and ending 30 days after the Restaurant's opening date.	You develop, and we approve in writing, a grand opening marketing and promotional program that you undertake in connection with the opening of the Restaurant.
Audit	Reasonable costs and expenses of audit.	As invoiced.	Audit costs are payable if an audit is required due to your failure to furnish accurate reports, supporting records or other information we require on a timely basis or if the audit shows an understatement of more than 2% in your Net Sales.[2]
Late Fees	10% of the amount due.	After due date; with late payment.	Applies to all Royalty Fees, Marketing Contributions and other amounts due to us or our affiliates.
Supplemental Marketing	Will vary under circumstances.	As invoiced.	You must pay certain costs associated with supplemental marketing programs like limited time offers, gift cards, coupons, and similar costs.
Market Research and Testing	Will vary under circumstances.	As invoiced.	You must purchase from an approved vendor test products that we approve.

Fees[1]	Amount	Due Date	Remarks
Interest	Lesser of 18% per annum or the highest contract rate of interest allowed by law. This is in addition to any Late Fees.	On demand.	Payable on all overdue amounts.
Transfer Fee – Franchise Agreement	Greater of $5,000 or 1/5th of then-current Initial Franchise Fee charged for a Franchisee's first Restaurant.	Submitted with transfer consent request.	You must satisfy all conditions for a Transfer as stated in the Franchise Agreement.
Transfer Fee – Area Development Agreement	$10,000	Submitted with transfer consent request.	You must satisfy all conditions for a Transfer as stated in the Area Development Agreement.
Successor Franchise Fee	Greater of $5,000 or 1/5th of then-current Initial Franchise Fee charged for a Franchisee's first Restaurant.	Payable when you sign Successor Franchise Agreement.	You must satisfy all conditions for the grant of a Successor Franchise stated in the Franchise Agreement.
Public Offering	$10,000, or such greater amount as is necessary to reimburse us for our reasonable costs and expenses for reviewing each proposed offering of equity, membership or partnership interests in you or any of your affiliates that are required by federal or state law.	As invoiced.	You must reimburse our expenses related to our review of the proposed offering of equity, membership or partnership interests in you or any of your affiliates that are required by federal or state law.

Fees[1]	Amount	Due Date	Remarks
Training and Assistance Fees	$2,000 per person trained, plus expenses.	As invoiced.	We provide Initial Training for you (or your Operating Principal in the event you are a business entity) and 2 other management level employees without additional charge. This fee applies to each additional or replacement individual trained after these initial 3 individuals. You are responsible for all travel and living expenses incurred by such persons while attending training. We may also charge our standard fees if we provide any ongoing training at your request, or if we train any successor managers. We may also hold an annual conference and charge you a reasonable fee to cover the costs and expenses of such conference as well as travel and living expenses of any of your attendees.
Manual	$500	At time of purchase.	Cost of replacement copy if your hard copy is lost or destroyed. The amount of this fee is subject to change.
Supplier Approval	Cost of inspection or testing.	As invoiced.	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you desire to purchase or lease items to be used in the Restaurant from sources we have not previously approved.
Management Fee	Currently $500 per week, plus reasonable expense.	Weekly.	Payable during the period that our appointed manager manages the Restaurant upon your death or disability. The amount of this fee is subject to change.
Relocation Fee	20% of then-current initial Franchise Fee plus a royalty recovery fee.[3]	As invoiced.	The relocation fee is to reimburse us for expenses and lost royalties we incur in connection with the relocation of your Restaurant.

Fees[1]	Amount	Due Date	Remarks
Remodeling	Will vary under circumstances.	Not more than once every 5 years.	You agree to refurbish the Restaurant at your expense to conform to our then-current building design, exterior façade, trade dress, signage, furnishings, décor, color schemes, and presentation of the Marks in a manner consistent with the then-current image for new Restaurants. You will have 90 days after you receive our written notice within which to complete such remodeling.
Indemnification	All costs including attorney's fees.	On demand.	You must indemnify us when certain of your actions result in loss to us under the Agreements.
Enforcement Costs	All costs including reasonable accounting and attorney's fees.	On demand.	You will reimburse us for all costs we incur (i) in enforcing obligations if we prevail; (ii) as a result of your bankruptcy; or (iii) as a result of your Franchised Business.
Insurance	Amount of premiums, plus an administrative fee.	As invoiced.	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Insufficient Funds Charge	Lesser of (i) $150 for each dishonored check or draft, or (ii) the amount permitted by applicable law.	After dishonor.	Payable only if your check or our draft on your Account is dishonored.
Legal Expenses	Cost of legal expenses.	On demand.	Payable to reimburse us for our legal expenses in connection with our review of any proposed advertising or promotion or marketing materials for your Restaurant.

Fees[1]	Amount	Due Date	Remarks
Product and Service Purchases	Will vary under circumstances.	As invoiced.	We, our parent and affiliates are Approved Suppliers and, in some instances, the sole Approved Suppliers of various products and services which you will purchase. The price you pay for approved products purchased from us, our parent or affiliates will be marked up.
Gift Cards Incentive and Convenience Programs	See footnote 4.	See footnote 4.	See footnote 4.
Liquidated Damages	See footnote 5.	On demand.	See footnote 5.

Notes:

(1) All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed and they are payable to us. You must make all payments to us by electronic funds transfers (automatic bank transfers). You must install, at your expense, and use pre-authorized payment and computerized point-of-sales systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. We may specify these requirements to fulfill any business purpose reasonably related to the operations of your Franchised Business and the System and to allow us to access reports of Net Sales and other information and to initiate electronic and other transfers of all payments you are required to make to us.

(2) "Net Sales" means all revenue you derive from operating the Franchised Business, including, but not limited to, proceeds from business interruption insurance policies, all amounts you receive at or away from the Restaurant from any activities or services whatsoever, including wholesale, catering and any activities or services that are in any way associated with the Marks, and whether from cash, check, barter, debit or credit, regardless of collection in the case of credit but excluding: (a) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; (b) promotional discounts and coupons required by us; and (c) customer refunds, adjustments, credits and allowances actually made by the Franchised Business.

(3) In the event that we approve the relocation of your Restaurant, you must pay us (i) a fee equal to 20% of our then-current initial Franchise Fee and (ii) an amount equal to the number of days the Restaurant is not fully operational due to the relocation process, multiplied by: (a) the aggregate of all Royalties paid by you during the 12-month period immediately preceding the Restaurant closure divided by 365, if the Restaurant has been operating continuously through such 12-month period or (b) the aggregate of all Royalties

paid by you during the period that the Restaurant was operating continuously, if less than 12 months, divided by the number of days in such period.

(4) You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including, but not limited to, loyalty programs that we or a third party vendor operate, as well as mobile payment applications) and you agree to do all of those things in compliance with our standards and procedures for such programs.

(5) If we terminate the Franchise Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, you must pay us liquidated damages, for lost Royalties only, equal to the average of your monthly Royalty Fees that were due under the Franchise Agreement for the 365 days immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 365 days, the average of your monthly Royalty Fees for the number of months you have operated the Restaurant) multiplied by the lesser of 36 or the number of months and any partial months remaining in the term of the Franchise Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

BARRY BAGELS RESTAURANT

Cost or Expense[1]	Amount	Method of Payment	When Due	To Whom Paid
Franchise Fee[2]	$30,000 to $35,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Expense, Utility and Security Deposits[3]	$2,500 to $10,000	Monthly	As Arranged	Landlord and Utility Providers
Leasehold Improvements[4]	$15,000 to $175,000	As Arranged	As Arranged	Contractor
Architect Fees[5]	$5,000 to $30,000	As Arranged	As Arranged	Architect
Furniture and Fixtures and Equipment[6]	$15,000 to $175,000	As Arranged	As Incurred	Suppliers
Signage and Graphics[7]	$8,000 to $10,000	As Arranged	As Incurred	Suppliers
Initial Inventory/Uniforms/ Supplies (one month)[8]	$5,000 to $16,000	As Arranged	As Incurred	Suppliers, Franchisor, Franchisor's parent and other affiliates of Franchisor

Cost or Expense[1]	Amount	Method of Payment	When Due	To Whom Paid
Computer Systems and POS System[9]	$1,000 to $4,000	Lump Sum	As Incurred	Suppliers
Business Licenses and Permits[10]	$500 to $1,000	Lump Sum	As Arranged	Licensing Authorities
Insurance Premiums (3 months) [11]	$3,000 to $5,000	Lump Sum	As Arranged	Insurers
Grand Opening Advertising[12]	$5,000 to $10,000	As Arranged	As Incurred	Suppliers, Media, etc.
Training Expenses[13]	$2,000 to $6,000	As Arranged	As Arranged	Third Parties
Professional Fees[14]	$3,000 to $12,000	As Arranged	As Arranged	Attorneys, Accountants and Other Advisors
Additional Funds (3 months) [15]	$10,000 to $25,000	As Arranged	As Incurred	Employees, Suppliers
TOTAL	**$105,000 to $514,000**			

Notes:

(1) **General**. The estimated initial investments shown in this table are based on our Legacy Stores, the Lambertville Store and the Franchised Businesses opened as of the issuance date of this disclosure document. Each of the Legacy Stores and the Lambertville Store encompasses approximately 2,000 to 4,000 square feet of retail space. The Legacy Store located in Sylvania, Ohio encompasses 7,200 square feet as this location was previously used for dough production, but the retail footprint of the Sylvania, Ohio Legacy Store encompasses only 4,000 square feet. The ideal size for a Restaurant should range from 1,200 to 3,200 square feet. Your actual costs will vary depending on the size and location of your Restaurant. BARRY BAGELS Restaurants typically will be located in urban and suburban areas.

(2) **Initial Franchise Fee**. The standard initial franchise fee is $35,000. In addition, the initial franchise fee for each of the first 2 Restaurants opened pursuant to an Area Development Agreement is $35,000 per Restaurant. Provided that you and your affiliates are not then in default of the performance of your obligations under any agreement with us or our affiliates, the initial franchise fee for each successive Restaurant opened after the initial 2 Restaurants pursuant to an Area Development Agreement is $30,000 per Restaurant. See Item 5 for additional information regarding the Development Fee under an Area Development Agreement.

(3) **Leasehold Expense, Utility and Security Deposits**. If you do not own a location approved by us for your Restaurant you must purchase or lease a space approved by us. You will probably need to lease a space at least 4 months in advance of the opening of any Restaurant; however, you may attempt to negotiate abatement from the landlord. In general, we attempt to negotiate the payment of our leases to coincide with the start of operations so no material pre-

opening occupancy expenses are incurred. However, in some cases it may be necessary to begin lease payments before opening in order to secure a particular location, or to accommodate the optimal timing of a new Restaurant opening. Restaurant locations and sizes vary. Locations for a Restaurant are those that are typically described as "prime retail." Restaurant sizes may vary from 1,200 to 3,200 square feet. The figures in the estimate are calculated on the following assumptions: (a) you will have to pay 3 months' rent (made up of one month's rent before you open, one month's rent after you open, one month's rent as a security deposit, as well as payment of the last month's rent); (b) for space in the range of 1,200 to 3,200 square feet; (c) at $10.00 to $32.00 per square foot per year. The amounts paid are typically not refundable, except for a security deposit, which may be refunded. If the site you choose is larger, has a higher rental cost, or if you cannot negotiate a pre-opening abatement of rent down to one month, then your costs will be higher than those on the chart. Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided, based on factors such as market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the Restaurant, the terms of the lease, and the desirability of the location. If you decide to purchase the property for your Restaurant, you will incur additional costs that we cannot estimate. You will also incur certain deposits for local utilities (for example, electric, telephone, gas, water and others), if you are a new customer of the local utilities. The deposit will vary depending upon the policy of the local utility.

(4) **Leasehold Improvements**. To convert an existing premises into a BARRY BAGELS Restaurant, the facility must be renovated according to our standards and specifications. The cost of leasehold improvements will vary based upon size, condition and location of the premises, local wage rates and material costs. These estimates may also vary substantially based upon your ability to negotiate with your landlord. If your landlord contributes to the cost of build-out, total leasehold improvement costs could be reduced. Our estimates do not assume that you have successfully negotiated a tenant improvement allowance or similar landlord contribution to the cost of build-out.

(5) **Architect/Floor Plan**. We may require that an architect approved by us prepare the initial floor and concept plan, and/or oversee the finished plans before construction begins. At your request, we may assist you in developing the Restaurant by recommending contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications.

(6) **Furniture, Fixtures and Equipment**. The costs of furniture, fixtures and equipment including, but not limited to, décor items, tables, chairs, counter, menu boards, refrigeration equipment, bagel oven, cooler, kettle and storage racks will vary, depending on the size and seating capacity of the Restaurant, the supplier you use and the shipping distance. We require a standard interior décor style, but may allow the Restaurant to reflect the location, market and your tastes within certain parameters we prescribe and approve.

(7) **Signage and Graphics**. This is the estimated cost of interior and exterior signage and graphics for the Restaurant. Your exact cost may vary based on the size and configuration of your building, zoning requirements and restrictions and the requirements of your landlord.

(8) **Initial Inventory, Uniforms and Supplies**. You must purchase an initial supply of inventory, including, but not limited to, dough and beverage inventory, products, supplies and required uniforms for staff. We estimate that this range will cover the cost of inventory, supplies and other miscellaneous items for approximately one month of operations. These costs will vary

based on your expected volume of business, the size and location of the premises, suppliers and other factors. The Manual contains our suggestions for the amount of inventory and supplies.

(9) **Computer System and POS System**. These amounts include the cost of a Point of Sale system, computer hardware and software, and electronic cash register equipment required for your Restaurant. (See Item 11)

(10) **Business Licenses and Permits**. This amount represents the estimated cost of various operating licenses required at the local, regional or state level. Your actual costs may vary from the estimates based on the requirements of local government agencies.

(11) **Insurance**. The estimated cost of insurance for the policies required by the Franchise Agreement will vary significantly based on your location, and the claims experience of commercial businesses in the area, as well as your claims experience in other businesses you operate. (See Item 8).

(12) **Grand Opening Advertising**. You must spend at least $5,000 on a grand opening program for the Restaurant in compliance with our written specifications. The grand opening program for the Restaurant shall be executed and completed during the period that includes 30 days before and 30 days after the opening of the Restaurant. All advertising items, methods and media are subject to our prior approval.

(13) **Training Expenses**. You are responsible for all travel and living expenses incurred by your trainees in attending the Initial Training program.

(14) **Professional Fees**. This estimate is for the cost to employ an attorney, an accountant and other consultants to assist you in establishing your franchised business and reviewing the franchise documentation. These fees may vary from location to location depending upon the prevailing rate of attorneys', accountants' and consultants' fees. This figure also includes an estimate ranging from $0 to $3,000 for fees we incur for our attorney to assist us in negotiating and making changes to the franchise documentation requested by you or your attorney and that we agree to make.

(15) **Additional Funds**. The disclosure laws require us to include this estimate of all costs to operate your franchise during the "initial phase" of your business, which is defined as 3 months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for our industry, so our disclosures cover a 3-month period. These amounts are minimum recommended levels to cover operating expenses, including, but not limited to, employee salaries, for 3 months. We cannot guarantee that this amount is sufficient. You may require additional working capital if your sales are low or if your fixed costs are high. The amounts shown are estimates only and may vary for many reasons. Your actual cost will depend on factors such as how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the prevailing wage rates; competition; and the sales level reached during the initial period. The estimated amounts shown are based on our experience with the Legacy Stores, the Lambertville Store and the Franchised Businesses opened as of the issuance date of this disclosure document. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

We have not included a separate table for the initial investment if you sign an Area Development Agreement and the total estimated initial investment in the foregoing table does not include the development fee described in Item 5, which is required only if an Area Development Agreement is signed. If you enter into an Area Development Agreement, you should expect to incur these costs for each Restaurant that you develop, subject to inflation and other increases over time. Except that we will reduce the initial franchise fee as described in Item 5. If you are developing multiple Restaurants pursuant to an Area Development Agreement, your professional fees (including legal and financial) will likely be higher.

Unless otherwise stated above, all estimates in this Item 7 are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. The amounts above are non-refundable.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The source for virtually all of your purchases is restricted in some way. The magnitude of required purchases in relation to all purchases you make to establish and operate the Restaurant is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the Restaurant as described in Item 7. We estimate that your purchases from us, our affiliates or Approved Suppliers, or that must conform to our specifications, will represent approximately 75% to 85% of your total purchases in establishing the Restaurant, and approximately 90% to 95% of your total purchases in the continuing operation of the Restaurant.

Required Purchases

We require that you purchase certain products or services from us or our affiliates or another Approved Supplier:

Meals and Beverages

You are required to purchase all services, supplies, materials, ingredients, inventory, food and beverage products, employee uniforms, Barry Bagels memorabilia (such as T-shirts and caps), and media products and services for use in connection with your Restaurant (collectively, the "**Restaurant Supplies**"), fixtures, furnishings, equipment, signs and electronic or computerized devices and services (including telecopiers, cash registers, computers, POS, e-mail, ISP, internet services, hardware and software (collectively, the "**Operating Assets**") from us or our affiliates or suppliers we have previously approved ("**Approved Suppliers**"). We, our parent and our affiliates are the sole Approved Suppliers for certain food and beverage products and employee uniforms. We reserve the right to designate us as the sole Approved Supplier(s) of certain Restaurant Supplies and Operating Assets.

System Merchandise

We have the right to make available to you for resale in the Restaurant merchandise identifying the System. This may include BARRY BAGELS memorabilia, such as T-shirts and caps. If we make this type of merchandise available, we may require you to purchase it from Approved Suppliers in amounts necessary to meet your customer demand.

Marketing Materials

We may require you to obtain marketing materials directly from us or Approved Suppliers. We currently require you to purchase a pre-opening marketing kit from us or another Approved Supplier. The kit includes items that you will need prior to your BARRY BAGELS Restaurant's grand opening, such as an initial supply of business cards, logoed T-shirts for your management and other personnel, and other logoed items, and website development.

Approved Suppliers

If we have Approved Suppliers (other than ourselves or our affiliates) for certain Restaurant Supplies or Operating Assets, you must obtain these items from such Approved Suppliers. Approved Suppliers are those who demonstrate the ability to meet our standards and specifications and who we have approved in writing and who we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item.

If we require that an item be purchased from an Approved Supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier unless and until we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, pricing, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any Approved Supplier, and may revoke our approval upon the supplier's failure to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse the costs that we incur in the supplier approval process. We are not required to approve any particular supplier. We have 90 days to notify you of our approval or disapproval, and the supplier is deemed disapproved if we have not responded to your request within this time period. Our specifications for products and criteria for supplier approval are generally issued through written communications and are available to franchisees and Approved Suppliers.

Other than Holdings and JMB Productions, there are no other suppliers in which any of our officers own an interest.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of all Restaurant Supplies and Operating Assets as described in Item 11. These standards and specifications may be modified by us from time to time and are set forth in the Manual. In addition, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the Restaurant that satisfies our site selection requirements. The factors that will affect our approval are demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other BARRY BAGELS stores), the nature of other businesses in proximity to the proposed site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size of the premises, appearance and other physical characteristics of the premises, financing, building permits, zoning, local ordinances, and anticipated timetable for the installation of equipment, furniture and signs. If you lease or purchase the premises from a third party, we must approve the lease, financing and/or purchase documents before you sign them. We may require that they contain certain provisions that are designed to protect our rights. You must deliver a copy of the lease to us within 10 days after its execution. Our approval of the lease indicates only that it contains mandatory terms required under the Franchise Agreement and is otherwise acceptable to us. Our review and approval of the lease is not a substitute for your own review and understanding of the complete lease. If you and we are unable to agree on a site for the Restaurant, or you have not obtained a fully signed lease agreement for the premises, within 90 days of the Franchise Agreement date, we may terminate your Franchise Agreement.

You are obligated, at your expense, to prepare all required construction plans and specifications to suit the shape and dimensions of the approved location and to ensure that such plans and specifications comply with applicable ordinances, building codes, permit requirements, lease requirements and restrictions, and the mandatory specifications and layout provided by us. You must submit those plans to us for review and acceptance prior to commencement of construction.

Advertising and Promotional Materials

Any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe periodically. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval before you use them. We will use reasonable efforts to approve or disapprove of such materials within 14 days after we receive them, but any materials not approved by us within this time period are deemed disapproved. You may not use any advertising or promotional materials that we have disapproved.

Insurance

You must purchase and maintain in full force and effect, at your expense and from a company we approve, insurance that insures both you and us, our affiliates, successors and assigns. These policies must be written by a responsible carrier or carriers which are rated "A-" or better by the A.M. Best Company, Inc., are licensed and admitted to do business in the state in which your Restaurant is located, and are otherwise acceptable to us. At a minimum (except as additional coverage and higher policy limits may reasonably be specified by us from time to time), you must carry, in accordance with standards and specifications required by us in writing, the following:

1. Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than $2,000,000 in the aggregate and $1,000,000 per occurrence.

2. Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least $1,000,000, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Restaurant is located. Such policy shall contain an "Alternate Employer Endorsement" including us as the "alternate employer."

3. Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (including, without limitation, comprehensive general liability, workers' compensation, and property insurance) to not less than $5,000,000 total limit of liability.

4. Food Borne Illness, Accidental & Malicious Contamination coverage, with minimum coverage of at least $1,000,000.

5. Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake. Appropriate coverage shall also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies shall value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than 90% of the full replacement value of the Restaurant, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy shall be subject to our review and approval.

6. Products liability insurance in an amount not less than $2,000,000, which policy shall be considered primary.

7. Business interruption insurance to cover at least your obligations with respect to leases, Royalties, marketing fund obligations, fixed costs, and other recurring expenses for a period of not less than 180 days following an interruption to the Restaurant's operation.

8. Fire, lightning, vandalism, theft, malicious mischief, flood (if in a special flood-hazard area), sprinkler damage, and the perils described in extended-coverage insurance with primary and excess limits of not less than the full-replacement value of the supplies, furniture, fixtures, equipment, machinery, inventory, and plate glass having a deductible of not more than $1,000 and naming us as loss payee.

9. Automobile liability insurance, including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Business, with a combination of primary and excess limits of not less than $1,000,000.

10. Commercial blanket bond in the amount of $100,000.

11. Any other insurance coverage that is required by federal, state, or municipal law.

You may, with our prior written consent, elect to have reasonable deductibles in connection with the coverage required above. Such policies must also include a waiver of subrogation in favor of us and our directors, officers, shareholders, partners, employees, representatives, independent contractors and agents, and must provide that they are primary to any insurance carried by us or our affiliates. In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, you must require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manual and written by insurance or bonding companies that we have approved, having a rating "A-" or better by the A.M. Best Company, Inc. All required insurance policies will expressly provide that no less than 60 days' prior written notice will be given to us in the event of a material alteration to or cancellation of the policies. You must furnish us with such evidence of coverage and payment of premiums as we require from time to time. If you fail to procure or maintain the insurance that we require, we may (but are not required to) obtain the required insurance and charge the cost of the insurance to you. The costs to us of obtaining the insurance, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice. The foregoing remedies will be in addition to any other remedies we may have at law or in equity.

Purchasing Arrangements and Revenues of Affiliates

In the fiscal year ending December 31, 2024, our affiliate, JMB Productions, received revenues in the amount of $37,816 in connection with purchases of bagel dough by certain Franchised Businesses. In the fiscal years ending December 31, 2023 and December 31, 2022, our affiliate, JMB Productions, received revenues in the amount of $72,690 and $78,908, respectively, in connection with purchases of bagel dough by certain Franchised Businesses. We did not have any revenues from the sale of products or services to franchisees in the fiscal year ending December 31, 2024, nor did we or our affiliates receive payments from any designated sources because of transactions with franchisees. We reserve the right to designate either one of our Affiliates or a third-party distributor as the sole Approved Supplier(s) of bagel dough and related products and to sell such bagel dough and related products either directly, or indirectly through a third party distributor, to certain Franchised Businesses.

We may negotiate purchase arrangements (including price terms) for the purchase of certain items, such as beverage supplies, with suppliers for the benefit of franchisees. In doing so, we seek to promote the overall interests of our franchise system and our interests as the franchisor. We or our affiliates may receive rebates from approved or designated sources, but we did not receive any rebates based on purchases by franchisees during our last fiscal year. We may, but are not required, to provide material benefits to franchisees based upon their use of designated or Approved Suppliers. There are currently no purchasing or distribution cooperatives for the System.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in the Franchise Agreement (FA) and Area Development Agreement (DA)	Item in Franchise Disclosure Document
(a) Site selection and acquisition/lease	FA: Section 4 DA: Section 6	Items 8 and 11
(b) Pre-opening purchases/leases	FA: Sections 4 and 5 DA: None	Items 5, 6,7, 8, and 11
(c) Site development and other pre-opening requirements	FA: Sections 4, 5 and 7 DA: Section 6	Items 6, 7 and 11
(d) Initial and ongoing training	FA: Section 7 DA: Not Applicable	Items 6,7, 8 and 11
(e) Opening	FA: Section 5 DA: Not Applicable	Item 11

Obligation	Section in the Franchise Agreement (FA) and Area Development Agreement (DA)	Item in Franchise Disclosure Document
(f) Fees	FA: Sections 5, 6, 7, 11, 12, 13, 15 and 17 DA: Sections 5, 6 and 11	Items 5 and 6
(g) Compliance with standards and policies/Manual	FA: Sections 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, and 17 DA: Section 9	Items 11 and 14
(h) Trademarks and proprietary information	FA: Sections 8 and 9 DA: Sections 7 and 9	Items 13 and 14
(i) Restrictions on products/services offered	FA: Sections 5 and 11 DA: Not Applicable	Items 8 and 16
(j) Warranty and customer service requirements	FA: Not Applicable DA: Not Applicable	Not Applicable
(k) Territorial development and sales	FA: Not Applicable DA: Sections 3 and 4	Item 12
(l) Ongoing product/service	FA: Sections 5 and 11 DA: Not Applicable	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	FA: Sections 4, 5, 11 and 17 DA: Not Applicable	Items 8 and 11
(n) Insurance	FA: Section 16 DA: Not Applicable	Items 7 and 8
(o) Advertising	FA: Section 13 DA: Not Applicable	Items 6, 8 and 11
(p) Indemnification	FA: Sections 8 and 20 DA: Section 14	Item 6
(q) Owner's participation/ management/staffing	FA: Sections 1, 7 and 11 DA: Not Applicable	Items 1, 11 and 15
(r) Records and reports	FA: Section 14 DA: Not Applicable	Item 6
(s) Inspections and audits	FA: Section 15 DA: Not Applicable	Items 6, 8, and 11
(t) Transfer	FA: Section 17 DA: Section 11	Items 6 and 17
(u) Renewal or Extension of Rights	FA: Section 3 DA: Not Applicable	Items 6 and 17
(v) Post-termination obligations	FA: Section 19 DA: Section 13	Items 6 and 17
(w) Noncompetition covenants	FA: Sections 9 and 10 DA: Section 9 and 10	Item 17
(x) Dispute resolution	FA: Section 24 DA: Section 17	Items 6 and 17

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

We will provide the services described below with regard to the Restaurant. Although we may, voluntarily, provide additional services, no additional duties may be implied because we provide those additional services. We have no implied duties or other duties not expressly stated in the Franchise Agreement.

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

Pre-Opening Obligations Before you open your Restaurant, we will:

1. Furnish you with access to prototype design plans, specifications, décor and mandatory and suggested specifications including requirements for dimensions, design, color scheme, image, interior layout, décor and operating assets, which include fixtures, equipment, signs and furnishings, for a Restaurant. You must independently, at your expense, have the architectural and design plans and specifications adapted for construction of the Restaurant. We may require that an architect approved by us prepare the initial floor and concept plan, and/or oversee the finished plans before construction begins. At your request, we may assist you in developing the Restaurant by recommending contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications. (Franchise Agreement, Section 5.1)

2. Review and approve or disapprove the site for your Restaurant. (Development Agreement, Section 6.1; Franchise Agreement, Section 4.1(a))

3. Provide you with access to our Manual (in the medium we decide) that details the specifications and procedures incidental to the operation of the Restaurant. (Franchise Agreement, Section 11.1)

4. Provide the Initial Training program described below. (Franchise Agreement, Section 7.1)

5. Assist you in planning the grand opening advertising program for the Restaurant. (Franchise Agreement, Section 13.8)

6. Provide on-site pre-opening assistance at the Restaurant as described below. (Franchise Agreement, Section 7.3)

7. To the extent that we or our affiliates are Approved Suppliers of any Restaurant Supplies or Operating Assets, we will sell to you, at prices that we or our affiliates established, any such Restaurant Supplies or Operating Assets required for you to open your Restaurant. We will provide you with the names of any Approved Suppliers and written specifications for Restaurant Supplies and Operating Assets. (Franchise Agreement, Sections 5.4, 5.5, 5.6 and 5.7)

Continuing Obligations

After you open the Restaurant, we will:

1. Provide you with information regarding Approved Suppliers and evaluate suppliers proposed by you. (Franchise Agreement, Sections 5.4, 5.5 and 5.6)

2. If, during the term of the Franchise Agreement, we develop and license to you any computer software to be used in the operation of the Restaurant, then we will also make available to you at a reasonable cost any upgrades, enhancements or replacements to the software that are developed from time to time by or on behalf of us. (Franchise Agreement, Sections 12.1 and 12.2)

3. Make periodic visits to the Restaurant and evaluations of the products sold and services rendered to customers, as more fully described in the Franchise Agreement. (Franchise Agreement, Sections 7.6 and 15.1)

4. Advise you from time to time regarding the operation of the Restaurant based on reports you submit or inspections we make. In addition, we will provide guidance to you on standards, specifications and operating procedures and methods utilized by Restaurants; purchasing Restaurant Supplies and Operating Assets, required fixtures, furnishings, equipment, signs, products, materials and supplies; recipes, food preparation methods, and menu items; use of suppliers, approved products, volume buying; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations, e-mails, web-based or other electronic means and/or consultations at our office or the Restaurant. (Franchise Agreement, Sections 7.6 and 15.1)

5. Provide refresher training courses, as we determine necessary and require you to attend. We may charge you our then-current fee for such training (see Item 6) and you must pay all expenses for you and your employees, including training materials, travel and living expenses. (Franchise Agreement, Section 7.4)

6. Arrange to maintain the System-wide marketing and development fund. (Franchise Agreement, Section 13.3)

Typical Length of Time Before You Open Your Restaurant

We estimate that the typical length of time between the signing of the Franchise Agreement, or the first payment of any consideration for the franchise, and the opening of your Restaurant is approximately 4 to 6 months. Factors that may affect this period include whether you have selected a site when you sign the Franchise Agreement, your ability to obtain an acceptable site, arrange leasing and financing, make leasehold improvements, acquire and install fixtures, equipment and signs, decorate the Restaurant, meet local requirements, obtain inventory, and similar factors.

Notwithstanding the above, you must open the Restaurant for business within the earlier to occur of: (a) 210 days after you sign the Franchise Agreement; or (b) 150 days after we approve the location for your Restaurant. If you fail to begin operations within the specified time period, we may terminate the Franchise Agreement. A developer must begin operations of the Restaurants to be developed under the Area Development Agreement according to the Development Schedule in the Area Development Agreement. The intervals for opening individual Restaurants depend upon the negotiated Development Schedule and are generally 4 to 6 months for the first Restaurant and according to the

Development Schedule for subsequent Restaurants, which may have timelines that are shorter than (and that supersede) the timelines described in the Franchise Agreement. If you fail to comply with the Development Schedule, we may terminate the Area Development Agreement and exercise any other rights and remedies that we may have.

Site Selection

You must select the site for the Restaurant, subject to our acceptance, within 90 days of the date that you sign the Franchise Agreement. The Restaurant may not be relocated without our written consent. The proposed site must comply with our site selection criteria. The factors that will affect our approval are demographic characteristics of the proposed site, traffic patterns, parking, character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other BARRY BAGELS Restaurants), the nature of other businesses in proximity to the proposed site, and other commercial characteristics (including the purchase price or rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the premises, and any other factors or characteristics, we consider appropriate. We do not select or endorse your site, nor do we generally own the site and lease it to you. We will approve or disapprove a site that you propose within 10 days after we receive from you a complete site report and any other materials that we may reasonably request. If you have not heard from us within such 10-day period, the proposed site is deemed disapproved. You may not proceed to develop a Restaurant on the proposed site unless we have consented in writing to the site. Our identification of, or consent to, a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Restaurant. You must sign, and provide us with a signed copy of your lease (including a signed copy of the Conditional Assignment of Lease Agreement) or the purchase agreement for the selected and approved site within 90 days from the date of execution of the Franchise Agreement. We do not assist with: the negotiation of a lease or purchase of the site; conforming the premises to ordinances, building codes; acquiring permits; or constructing, remodeling, or decorating the premises.

We will make available to you one copy of our then-current Manual (in the medium we decide) containing site selection guidelines and such site selection counseling and assistance that we deem advisable. Our guidelines for site selection may require an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, access, parking, proximity to residential neighborhoods and proximity to shopping centers and other businesses that attract consumers and generate traffic.

Marketing, Promotion and Public Relations

You are obligated to contribute 2% of Net Sales (the "**Marketing Contribution**"), paid at the same time and in the same manner as the Royalty. We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: (i) our system-wide marketing fund (the "**Systemwide Marketing Fund**"); (ii) any Market Co-op Fund established for your area as described below (but we are not required to establish a Market Co-op Fund for your area); and (iii) the local store marketing ("**LSM**") fund. The current allocation of the Marketing Contribution is as follows:

Amount or Percent	Fund:

Fifty percent (50%) of the Marketing Contribution (that is, 1.0% of your Net Sales)	Systemwide Marketing Fund
Fifty percent (50%) of the Marketing Contribution (that is, 1.0% of your Net Sales)	LSM

We have the right to periodically make changes to the allocation of the Marketing Contribution among the Systemwide Marketing Fund, the LSM and/or a Market Coop Fund, by giving you written notice of the change, and those changes will take effect immediately, unless otherwise specified in the notice. We reserve the right to collect and hold LSM funds, and seek your guidance on how LSM funds are to be spent; provided, however, we also reserve the exclusive right to direct the expenditure of LSM funds. No part of the Marketing Contribution (whether deposited in the Systemwide Marketing Fund, a Market Co-Op Fund, or as LSM funds) shall be subject to refund or repayment under any circumstances.

Our current policy is that neither the Legacy Stores nor any of our company-owned Restaurants contribute to the Systemwide Marketing Fund or the LSM. However, certain company-owned Restaurants situated in the same markets as franchised Restaurants may contribute to the LSM. Those certain company-owned Restaurants would likely contribute to that portion of the LSM, if any, designated for that particular market on an equal basis. If we elect to have any of our Restaurants contribute to the LSM or Systemwide Marketing Fund, we will have the same rights for our contributing Restaurants as or franchisees have for their Restaurants. We reserve the right to change our policy at any time.

<u>Systemwide Marketing Fund</u>

We have established a general marketing and development fund to promote BARRY BAGELS Restaurants on a System-wide basis. We (or our designee) will maintain and administer the Systemwide Marketing Fund as follows:

(a) The Systemwide Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and to enhance the collective success of all BARRY BAGELS Restaurants. We or our designee will have the right to direct all advertising programs produced using the Marketing Fund, and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of the advertisements, and the allocation of the money in the Systemwide Marketing Fund to production, placement, or other costs. In administering the Systemwide Marketing Fund, we, or our designees, undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular BARRY BAGELS Restaurant benefits directly or proportionately from the placement of advertising.

(b) The Systemwide Marketing Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising and marketing initiatives or to otherwise promote the development and growth of the System (including the cost of preparing and conducting television, radio, web-based, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies to assist in those activities; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid to the Systemwide Marketing Fund will be maintained in a separate account by us or our nominee and may be used to defray any of our reasonable administrative costs and overhead that we incur in activities reasonably related to the administration or direction of the Systemwide Marketing Fund and advertising programs for franchisees and all BARRY BAGELS Restaurants. The Systemwide Marketing Fund and its earnings will not otherwise inure to our benefit. The Systemwide Marketing Fund is operated solely as a conduit for collecting and expending the advertising fees as outlined above. We have no fiduciary duty to you, or any other franchisees, or your or their respective owners with regard to the operation or administration of the Systemwide Marketing Fund.

(c) The Systemwide Marketing Fund is not subject to any audit requirements. However, an unaudited statement of the operations of the Marketing Fund will be prepared annually by us and will be made available to you upon request.

(d) Although the Systemwide Marketing Fund is intended to be of perpetual duration, we may terminate the Systemwide Marketing Fund. The Systemwide Marketing Fund shall not be terminated, however, until all monies in the Systemwide Marketing Fund have been expended for marketing and/or promotional purposes.

(e) We determine the use of monies in the Systemwide Marketing Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Restaurant is located. All amounts in the Systemwide Marketing Fund that are not spent during any fiscal year-end will be carried over in the Systemwide Marketing Fund for expenditure in the following year(s). Contributions to the Systemwide Marketing Fund commenced in November of 2015 and during the twelve-month period ended December 31, 2024, the Systemwide Marketing Fund spent 75.0% of its income on the production of advertisements and other promotional materials, 12.5% for media placement, and 12.5% for general and administrative expenses.

Local Advertising

We will have the right to require you to independently spend all or a portion of the Marketing Contribution on local marketing within the area designated as the "**Protected Territory**" (to the extent that we do not require it to be deposited with us as part of the Marketing Contribution). At our request, you must submit appropriate documentation to verify compliance with any local marketing and advertising spending obligations. We have the right to periodically designate in the Manual the types of expenditures that will or will not count toward your minimum spending requirement. You must advertise the Restaurant in all major directories in your Protected Territory, including local online directories, as prescribed in the Manual. If you advertise jointly with other franchisees, your share of the cost will count toward your local spending requirement. The term "**Local Store Marketing**" shall consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; provided, however, the parties expressly agree that Local Store Marketing shall not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following: (a) salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons; (b) political donations; (c) the value of discounts provided to consumers; and/or (d) the cost of food, beverage, and merchandise items.

Cooperative Advertising

Although not obligated to do so, we may create a cooperative advertising program for the benefit of franchised and company-owned Restaurants located within a particular region. If created, we will have the power to merge, change and/or dissolve the cooperative advertising program. We have the right to determine the composition of all territories and market areas for the implementation of any cooperative advertising programs and to require that you participate in such cooperative advertising program when established. If a cooperative advertising program is implemented on behalf of a particular region, we reserve the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the cooperative advertising program, and you will participate in the cooperative according to the cooperative's then-current rules and procedures, and you must abide by the cooperative's then-current decisions.

Other Advertising Requirements

All advertising and promotion by you in any medium must be conducted in a dignified manner and must conform to our standards and requirements contained in the Manual or otherwise. You must obtain our approval of all advertising and promotional plans and materials before their use, unless the plans and materials were prepared or previously approved by us. You will submit all unapproved plans and materials to us. If you do not receive written approval within 14 days of our receipt of such materials, we will be deemed to have disapproved the materials. You will not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval. You must participate in supplemental marketing programs, like limited time offers, gift cards, gift certificates, coupons, loyalty programs, and customer relationship management, as we may periodically require. You may be responsible for certain costs associated with these supplemental marketing programs.

Computer/Point of Sale System

We have the right, under the Franchise Agreement, to require you to purchase and use any and all hardware, computer software programs and peripheral equipment which we may designate. Presently, we require you to install and maintain a computer at the Restaurant that is capable of running the software that we require from time to time. The computer must have a high-speed modem that permits you to connect to the Internet and to transmit and receive e-mail.

You must install and run the current version of the point-of-sale software that we designate. You must also install and maintain from 1 to 3 point-of-sale terminals (depending on the size of your Restaurant) that are capable of running the software. The software is used to compile and manage Restaurant sales information. You must purchase this software and the related peripheral equipment from an Approved Supplier. You must maintain a high-speed Internet connection (with e-mail capability).

We estimate the cost of the computer, point-of-sale system and electronic cash register equipment to be approximately $1,000 to $4,000, depending on the number of terminals. Neither we, our affiliates, nor any third parties are required to provide on-going maintenance, repairs, upgrades or updates to your computer system. Currently, there are no required maintenance/upgrade contracts for the point-of-sale or computer system.

You must install any other hardware or software for the operation of the Restaurant that we may require in the future, including any enhancements, additions, substitutions, modifications and upgrades. We will have independent access to the information and data from your computer system.

Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any information stored in your computer systems, including information concerning your Restaurant's Net Sales, at the times and in the manners that we may specify periodically. There is no contractual limitation on our right to access the information and data or the frequency or cost of these obligations. We may install software on your point-of-sale software and computers systems and configure your point-of-sales software and computer systems as necessary to allow us to retrieve information and data from the point-of-sale software and computer system. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by BARRY BAGELS Restaurants. You will also afford us unimpeded access to your computer system and any required software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

Manual

We will provide you with access (which may be electronic) to a copy of our Manual when you begin your Initial Training. A copy of the table of contents of the Manual is attached as Exhibit K to this disclosure document. We consider the contents of the Manual to be proprietary, and you must treat it as confidential. You may not make any copies of the Manual.

Training Programs

We do not provide assistance with the hiring of your employees. Before the Restaurant opens, we or our designee will furnish the Initial Training program ("**Initial Training**") to you (or, if you are a Business Entity, your Operating Principal), and 2 other management level employees ("**Highly Trained Personnel**"). Successful completion of the Initial Training by you or your Operating Principal and your Highly Trained Personnel is a condition to the opening of the Restaurant. Although we, or our designee, will furnish the Initial Training at no additional fee or other charge, you will be responsible for all travel and living expenses incurred by such persons in connection with the training. If you ask to send more than 3 individuals to the Initial Training, then you agree to pay us a training fee in the amount of $2,000 for each additional individual that will attend the Initial Training, with the payment to be made in full before the Initial Training commences. Up to 5 individuals may attend the Initial Training. The Initial Training is provided on an as-needed basis, depending on where each franchisee is in the process of opening the Restaurant. In addition, certain components of the Initial Training related Restaurant operations and manager duties may be conducted onsite at your designated Restaurant location. Training is timed as close as possible to the opening of your Restaurant. Currently, our Initial Training program consists of approximately 80 to 100 hours of actual training. The subjects covered, approximate hours of classroom and on-the-job training, and other information about our Initial Training program are described below:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of Barry Bagels	1.0	0.0	Toledo, Ohio and Lambertville, Michigan
Tour of Restaurant	0.0	1.0	Toledo, Ohio and Lambertville, Michigan
Use of the Manual	2.0	5.0	Toledo, Ohio and Lambertville, Michigan

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Pre-Restaurant Opening Procedures	2.0	2.0	Toledo, Ohio and Lambertville, Michigan
Bagel Preparation	3.0	5.0	Toledo, Ohio and Lambertville, Michigan
Bagel Baking	3.0	6.0	Toledo, Ohio and Lambertville, Michigan
Food Preparation Procedures	3.0	4.0	Toledo, Ohio and Lambertville, Michigan
Human Resources, Hiring and People Development	1.0	0.0	Toledo, Ohio and Lambertville, Michigan
POS System	2.0	3.0	Toledo, Ohio and Lambertville, Michigan
Marketing and Advertising	3.0	2.0	Toledo, Ohio and Lambertville, Michigan
Franchise Reporting Requirements	3.0	2.0	Toledo, Ohio and Lambertville, Michigan
Accounting/Recordkeeping	3.0	4.0	Toledo, Ohio and Lambertville, Michigan
Customer Service Procedures	2.0	4.0	Toledo, Ohio and Lambertville, Michigan
Daily Operating Procedures	3.0	4.0	Toledo, Ohio and Lambertville, Michigan
Manager Duties	4.0	12.0	Toledo, Ohio and Lambertville, Michigan
Inventory Management	2.0	4.0	Toledo, Ohio and Lambertville, Michigan
Restaurant Cleaning Procedures	1.0	4.0	Toledo, Ohio and Lambertville, Michigan
Safety Procedures	2.0	2.0	Toledo, Ohio and Lambertville, Michigan
TOTALS	40.0	64.0	

Notes:

(1) The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained.

The instructional materials used in the Initial Training will consist primarily of our Manual, marketing and promotional materials, videos and other handouts.

Our training is conducted by one or more of the following employees:

		Experience		
Name	**Position**	**Years In Field**	**Years With Us**	**Subject being Taught**
Mark Greenblatt	President of JMB Franchising, LLC	27	11	History/Philosophy of Bagels; Tour of Restaurant; Use of Manual; Pre-Restaurant Opening Procedures; Bagel Preparation; Bagel Baking; Marketing and Advertising; and Customer Service Procedures.
James Nusbaum	Chief Executive Officer of JMB Franchising, LLC	13	11	Bagel Preparation; Bagel Baking; Food Preparation Procedures; POS System; and Daily Opening Procedures and Wholesale Account Arrangement.
Angie Bugert	Director of Sales & Marketing	14	10	Marketing and Advertising, Media Buying; Social Media
Lauren Green	Manager of Lambertville Store	9	4	Tour of Restaurant; Food Preparation Procedures; POS System; Customer Service Procedures; Daily Operating Procedures; Manager Duties; Inventory Management; Restaurant Cleaning Procedures; and Safety Procedures.
Laura Wyraz	Vice President of TBPI and Manager of the Ann Arbor Legacy Store	52	11	Tour of the Restaurant; Use of the Manual; Pre-Restaurant Opening Procedures; Bagel Preparation; Bagel Baking; Human Resources, Hiring and People Development; POS System; Customer Service Procedures; Daily Operating Procedures; Manager Duties; Inventory Management; Restaurant Cleaning Procedures; and Safety Procedures.

David Black	General Manager of the Holland-Sylvania Store	9	14	Tour of Restaurant; Food Preparation Procedures; POS System; Customer Service Procedures; Daily Operating Procedures; Manager Duties; Inventory Management; Restaurant Cleaning Procedures; and Safety Procedures.

If you are opening your first Restaurant, we will provide to you, at your Restaurant, and at our expense for not more than 2 days, one of our representatives for the purpose of providing general assistance and guidance in connection with opening and the day-to-day operations of the Franchised Business (the "**Opening On-Site Assistance**"). Such Opening On-Site Assistance shall take place immediately prior to and after commencement of operation of the Restaurant or as otherwise agreed upon by you and us. Should you request additional assistance from us in order to facilitate the opening of the Restaurant, and should we deem it necessary and appropriate to comply with such request (and subject, at all times, to the availability of our personnel), we will provide such additional assistance at our then-current standard rates, plus expenses.

If, at any time after the Restaurant opens, you hire additional management personnel or replace your Operating Principal or any Highly Trained Personnel, you must ensure that such new employees are satisfactorily trained at your expense. We may require you, your Operating Principal or other employees to attend periodic refresher training courses at such times and locations that we designate. You must pay to us or our designee our then-current training charges for each person who receives additional or replacement training by us or our designee.

We may, in our sole discretion, hold a mandatory annual conference at our headquarters or at another location that we determine, no more than once per year, which will last approximately 3 days (the **"Annual Conference"**). We will determine the topics and agenda of the Annual Conference, which generally will include updating our franchisees on new developments affecting them and exchanging information between our franchisees and our personnel concerning the operations and programs of the franchise operation. We may require you (or your Operating Principal) and one or more of your Highly Trained Personnel to attend the Annual Conference (if any). You will be responsible for the travel and living expenses of such persons, and we may charge you a reasonable fee sufficient to cover the costs and expenses of Annual Conferences.

We will not provide any assistance in hiring employees or establishing prices.

ITEM 12
TERRITORY

<u>Franchise Agreement</u>

You will operate the Restaurant at a specific location that we first must approve (the "**Approved Location**"). If a location has not been approved by us when you sign the Franchise

Agreement, then you will have 90 days after the effective date of your Franchise Agreement (the "**Agreement Date**") to locate and obtain our approval of a suitable site that is situated within a designated site selection area listed in the Franchise Agreement (the "**Designated Area**"). You may operate the Restaurant only at the Approved Location and may not relocate the Restaurant without our approval. Whether or not we would permit relocation depends upon the circumstances at that time and what is in the Restaurant's, our, and the System's best interests. Any relocation will be at your sole cost and you must pay to us a relocation fee equal to (a) 20% of our then current Initial Franchise Fee and (b) Royalties that would have accrued during the period that the Restaurant is not in operation, based upon the Restaurant's previous performance. We also reserve the right to adjust the size and location of your Protected Territory (defined below), in our sole discretion. If we allow you to relocate the Restaurant, then you must also comply with our then-current standards and specifications. We will make no guarantee of your success at any new location.

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 within and outside the Protected Territory (and without our compensating you in any manner when we make sales through these channels or otherwise), as further discussed below. However, we will assign a protected territory for the Restaurant once we approve a site for the Restaurant (the "**Protected Territory**"). We will determine the size and boundaries of your Protected Territory, in our discretion, based upon a variety of factors including geographic considerations, population density, character of neighborhood, location and number of competing businesses and other factors. While there is no minimum Protected Territory size and the exact size of each franchisee's Protected Territory varies based upon the applicable factors, a typical Protected Territory will cover an area extending in all directions up to one mile from the front door of the Restaurant. If you are in full compliance with the Franchise Agreement, then during the Franchise Agreement's term, neither we nor our affiliates will operate or grant a franchise for the operation of another Restaurant at a location within your Protected Territory, except for the following locations which are specifically excluded from the Protected Territory, and we and our affiliates have the right, without granting any rights to you, to develop or franchise Restaurants or other retail outlets using any part or all of the System and/or Marks at such locations unless we expressly consent to grant such development or franchise rights to you in writing ("**Non-Traditional Locations**"):

(a) federal, state or local governmental facilities (including military bases);

(b) public transportation facilities (including airports, subways and limited access highways);

(c) sports venues (including race tracks);

(d) schools, college or university campuses;

(e) amusement and theme parks;

(f) casinos;

(g) community and special events or similar venues;

(h) any facility that operates on a concession basis;

(i) grocery stores, convenience stores and retail stores, so long as sales of Products do not constitute more than 10% of any such store's aggregate annual sales;

(j) shopping malls;

(k) recreational facilities; and

(l) any non-food service businesses of any sort within which a Restaurant or other food service facility selling Products may be established.

We grant you the non-exclusive right to provide off-site delivery services of certain products we may authorize from time to time within a geographical area around your Restaurant that we may designate from time-to-time ("**Delivery Area**"). You may not deliver any such products to locations outside the Delivery Area without our prior consent, and under no circumstances can you provide any products to any locations within any delivery area identified by us as being exclusively assigned to any Restaurant owned or operated by us or another System franchisee. Any consent to deliver products beyond the Delivery Area may be revoked at any time. There are no other restrictions on the areas in which you may solicit or accept orders, provided that the manner in which you are intending to provide products or services under such orders are permissible under the Franchise Agreement. Otherwise, your rights under the Franchise Agreement are non-exclusive and we and our affiliates retain all rights with respect to Restaurant, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire without compensation to you, including, but not limited to:

(a) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Marks at any location outside of the Protected Territory (despite their proximity to the Protected Territory), on such terms and conditions as we deem appropriate.

(b) Establish and operate, and grant to others the right to establish and operate, businesses of any kind whatsoever under other systems and using other Marks, both within and outside the Protected Territory, despite their proximity to the Approved Location or the Protected Territory, as we deem appropriate.

(c) To acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory, despite such businesses' proximity to the Approved Location or its actual or threatened impact on sales of the Franchised Business (so long as those businesses are not Restaurants operated within the Protected Territory).

(d) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Marks at Non-Traditional Locations within or outside the Protected Territory despite such businesses' proximity to the Approved Location.

(e) Sell and distribute, or license others to sell and distribute, directly or indirectly, any Products in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form) from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through supermarkets, gourmet shops, mail order, and on the internet under our Marks or its private-labeled items), so long as these sales are not made from a Restaurant operated inside the Protected Territory (excluding Non-Traditional Locations).

(f) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under your Franchise Agreement.

You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business's facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while your Franchise Agreement is in effect) the Marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately proximate to the Protected Territory. You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly, contending otherwise.

Unless we offer and you sign an Area Development Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises.

Although we have the right to do so (as described above), at this time we have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark except as set forth in Item 1 above with respect to the manufacture and sale of bagel dough and certain other products by JMB Productions.

Continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Area Development Agreement

If we offer and you sign an Area Development Agreement, you will develop a specified number of Restaurants within the geographic area described in the Area Development Agreement (the "**Development Area**"). We and you will identify the Development Area in the Area Development Agreement before signing it. Sizes and boundaries for Development Areas will vary widely depending on factors, including economic conditions in the market you are developing, the number of Restaurants that we approve you to develop, demographics, and site availability. There is no minimum size for Development Areas. We will describe the Development Area using streets or other natural boundaries or, in some markets, city or county boundaries. We and you will negotiate the development schedule (the "**Development Schedule**") describing the number of Restaurants that you must develop to keep your development rights and the dates by which you must develop each Restaurant. 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. However, if you are in full compliance with the Area Development Agreement, then during the Area Development Agreement's term, neither we nor our affiliates will operate or grant a franchise for the operation of another Restaurant at a location within your Development Area, except for Non-Traditional Locations which are specifically excluded from the Development Area for which we and our affiliates have the right, without granting any rights to you, to develop or franchise Restaurants or other retail outlets using any part or all of the System and/or Marks at such locations.

There are no other restrictions on us or our affiliates under the Area Development Agreement. You may not develop or operate Restaurants outside the Development Area without our written consent. We may terminate the Area Development Agreement (but not Franchise Agreements with you) if you do not satisfy your development obligations according to the Development Schedule. We may not alter your Development Area or your territorial rights without your written consent, unless you fail to strictly comply with the Development Schedule, in which event, at our election and at our sole discretion we may: (a) terminate the Area Development Agreement; (b) have the right to operate (directly or through affiliates) or grant franchises for the operation of Restaurants within the Development Area; (c) grant to you an extension under the Development Schedule for such period of time and for a non-refundable extension fee equal to the balance of the Initial Franchise Fees for the number of Restaurants remaining to be opened under the Development Schedule; and/or (d) reduce the Development Schedule to a size and magnitude we reasonably believe you are capable of operating otherwise in accordance with the Area Development Agreement.

Except as provided above, continuation of your development rights does not depend upon your achieving a certain sales volume; however, they are dependent upon your full compliance with the Development Schedule and all Franchise Agreements.

After the Area Development Agreement expires or is terminated, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Development Area without any restrictions whatsoever, subject only to your rights under Franchise Agreements with us then in effect.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to operate a BARRY BAGELS Restaurant under the service mark "BARRY BAGELS®" and to use any future Marks we authorize.

Trademark Registration

TBPI, one of the 3 Legacy Entities identified in Item 1, registered the Marks described in the table below on the Principal Register of the United States Patent and Trademark Office based on actual use.

Description of Mark	Registration Date	Registration Number	International Classes
BARRY BAGELS Design plus words	10/22/13	4421336	30
BARRY BAGELS Design plus words	10/22/13	4421337	35
BARRY BAGELS Design plus words	10/22/13	4421338	43
BARRY BAGELS Design plus words	10/22/13	4421339	30
BARRY BAGELS Design plus words	10/22/13	4421340	35
BARRY BAGELS Design plus words	10/22/13	4421341	43

TBPI has granted Holdings the exclusive right to use the Marks in connection with the business of licensing the Marks for use in the establishment and support of franchise operations in the United States, including the right to sub-license the Marks to our franchisees, pursuant to a written license agreement (the "**Barry Bagels IP License**") which is perpetual in duration. The Barry Bagels IP License cannot be cancelled or modified unless Holdings breaches its terms. Holdings, in turn, has sublicensed all of its rights under the Barry Bagels IP License to us under the same terms and conditions. There are no other material terms of the licenses that would impact our right to license the Marks to you.

There are no presently effective determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which are relevant to the ownership, use or licensing of the Marks. TBPI intends to file all required affidavits and make renewal filings when they come due for the Marks.

We know of no superior rights or infringing use that may materially affect your use of the Marks, and except for the license agreements described above, as of the issuance date of this disclosure document, we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You must promptly notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your owners agree that neither you nor they will communicate with any person other than us and our counsel concerning any action, claim or infringement. We will have sole discretion to take action, as we deem appropriate, and the right to control exclusively any litigation or Patent and Trademark Office (or other) proceeding involving any infringement, challenge or claims concerning any of the Marks.

We will indemnify, defend and hold you harmless from and against, and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of the Marks, resulting from claims by third parties that your use of any of the Marks infringes their trademark rights, in any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks unless such use is authorized and in accordance with your Franchise Agreement. You must provide written notice to us of any such claim within 5 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney that you retain. We will also have the right to manage the defense of the claim, including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of the Marks or assist others to do so.

The license of the Marks granted in the Franchise Agreement is non-exclusive to you, except for the location of the Restaurant. We have and retain the right, among others:

1. To grant licenses for the Marks in addition to those licenses already granted to existing franchisees.

2. To use the Marks in selling products and services.

3. To develop and establish other systems using the same or similar Marks or any other marks and grant licenses or franchises under those systems without providing you any rights.

4. To develop other marks that may be similar to the Marks and exclude those similar marks from the Marks, in which case you will have no right to use them.

We reserve the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense. You must comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Restaurant, although we own a patent on our bagel production process.

Copyrights

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of BARRY BAGELS Restaurants, including the Manual, marketing and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Area Development Agreement or Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Restaurant under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Restaurant that may be communicated to you or that you may learn by virtue of your operation of a Restaurant. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you or that at any time became a part of the public domain through publication or communication by others having the right to do so.

In addition, we may require you, your owners and your Highly Trained Personnel to sign a Non-Disclosure and Non-Competition Agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Restaurant. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of us as a third party beneficiary with the independent right to enforce the covenants. Our current form of Confidentiality, Nonsolicitation and Nondisclosure and Non-Competition Agreement is attached to this disclosure document as Exhibit F.

Confidential Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Marks, you must conduct your business according to the Manual. We will lend you our Manual for the term of the Franchise Agreement.

The Manual, which is described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; recipes; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating Restaurants; marketing and advertising programs for Restaurants; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of Restaurants other than your Restaurant. All ideas, concepts, techniques or materials relating to Restaurants (including any specific to your Restaurant), whether or not constituting protectable intellectual property, and whether created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of the System and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we reasonably request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

You must always treat in a confidential manner the Manual, any other manuals we create (or that we approve) for use with the Restaurant, and the information contained in the Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Manual and the related materials, or any part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always keep the Manual in a secure place at the Restaurant's premises.

We may periodically revise the contents of the Manual, and you must make corresponding revisions to your copy of the Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, our master copy of the Manual (maintained at our home office) will be controlling.

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

You (or your Operating Principal) must assume direct responsibility for the BARRY BAGELS Restaurant's day-to-day management and operation and supervision of the Restaurant's personnel. During all hours of operations, the BARRY BAGELS Restaurant must be under the on-site supervision of you (or your Operating Principal) or one other management-level employee, each of whom has completed our Initial Training program and meets our qualifications for a BARRY BAGELS Restaurant manager.

Your Operating Principal is an individual approved by us who must: (i) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than 20% of your equity interests; (ii) have the authority to bind you regarding all operational decisions with respect to your Restaurant; (iii) be actively employed on a full-time basis to manage the Restaurant's operations; and (iv) have satisfactorily completed our Initial Training program and any other training programs we require from time to time. If, at any time, your Operating Principal cannot fulfill its responsibilities under this Agreement, you must appoint a replacement from among your owners, subject to our approval, to serve as the replacement Operating Principal. Otherwise, on-site supervisors are not required to maintain an equity interest in you.

You (or your Operating Principal) must: (i) exert your full-time and best efforts to the development and operation of the Restaurant and other Restaurants that you own (if any); and (ii) not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations to develop and operate the Restaurant. At all times, you (or your Operating Principal) must meet our initial and ongoing training and qualifications for BARRY BAGELS Restaurant managers and participate personally on a daily basis in the direct operation of the Restaurant.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to solicit employees or compete from your owners, managers and any other employees or agents who have received or will have access to our training or confidential information. All of the required covenants must be in substantially the form attached as Exhibit F to this disclosure document.

We may require each of your owners to personally guarantee your obligations to us under the Franchise Agreement and Area Development Agreement. These guarantees will be substantially in the form of the Owner's Guaranty attached as Exhibit G to this disclosure document. The Owner's Statement, attached as Exhibit H to this disclosure document, describes all of your owners and their interests in you.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

All products and services you use, offer or sell at the Restaurant must conform to our standards and specifications. These are described in our Manual and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You must also comply with all applicable laws and regulations and secure all governmental approvals for the Restaurant.

You must offer and sell only and all of the menu items, products and services that we have expressly approved in writing. You must stop selling any menu items, products or services that we disapprove in writing. There is no limit on our right to add or remove items from our standard menu and you must promptly comply with any changes that we make to the menu and the products and services offered. You must not use or offer nonconforming items or services, unless we first give you our written consent.

We have the right to modify standards and specifications from time to time, and any such modifications may obligate you to invest additional capital in the Restaurant and/or incur higher operating costs.

We may make available to you and may require you to purchase for resale to your customers certain merchandise, like BARRY BAGELS memorabilia, in amounts necessary to meet your customer demand.

All advertising and promotional materials, signs, decorations, paper goods you use (including menus and all forms and stationery used in the Restaurant) and other items that we may designate must bear the Marks in the form, color, location and manner we require. You must not advertise, promote, post or list information relating to the BARRY BAGELS Restaurant on the Internet (through the creation of a Website or otherwise), without our prior written consent.

You may not install and offer vending machines or other activities (such as cigarette machines, pool, darts, gambling activities, video games, slot machines and other gaming devices) unless we have given our prior written consent to you to do so. You may only play such music and video programming at your Restaurant that we have designated or approved in writing.

Other than prohibiting sales outside of your Delivery Area, we do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may sell or as to the customers to whom you may offer such goods or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this disclosure document.

Provision	Section in Franchise or Other Agreement	Summary
(a) Length of the franchise term	Section 3.1	Earlier of: (a) 10 years from the date upon which the Restaurant opens for business; or (b) 11 years from the Agreement Date.
(b) Renewal or extension of the term	Section 3.2	Right to acquire a successor franchise at your option for one additional 10-year term if conditions for renewal are satisfied.
(c) Requirements for franchisee to renew or extend	Section 3.2	We do not allow you to "renew" the Franchise Agreement, but we do grant you the right (subject to satisfaction of the conditions described below) to acquire a successor franchise, which requires you to sign our then-current form of Franchise Agreement which may be materially different than the form attached to this disclosure document. Conditions include, among others: You must give us written notice of your election to obtain a successor franchise at least 270 days before the end of the term; remodel and refurbish the Restaurant to comply with our then current standards in effect for new Restaurants; have the right to remain in possession of Restaurant premises; have satisfied all financial obligations to us and our affiliates as well as your lessor, suppliers and other parties with whom you do business; pay renewal fee; sign current Franchise Agreement and general release, and comply with current qualification and training requirements.
(d) Termination by franchisee	Not Applicable	Not Applicable

Provision	Section in Franchise or Other Agreement	Summary
(e) Termination by Franchisor without cause	Not Applicable	Not Applicable
(f) Termination by Franchisor with "cause"	Sections 18.1, 18.2 and 18.3	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. Section 18.1 sets forth certain events of default that will result in the automatic termination of the Franchise Agreement. Section 18.2 sets forth certain events of default that give us the right to terminate the agreement in our sole discretion immediately upon written notice without opportunity to cure. Upon the occurrence of any other default in the obligations under the Franchise Agreement not set forth in Section 18.1 or 18.2, we may terminate the Franchise Agreement by providing you with written notice of termination and a 30-day opportunity to cure any such event of default.
(g) "Cause" defined - curable	Section 18.3	The occurrence of any default in the obligations under the Franchise Agreement that is not specifically set forth in Sections 18.1 or 18.2. Upon the event of any such default not specifically set forth in Sections 18.1 or 18.2, we may terminate the Franchise Agreement by providing you with written notice of termination and a 30-day opportunity to cure any such event of default.

Provision	Section in Franchise or Other Agreement	Summary
(h) "Cause" defined non-curable defaults	Section 18.1 and 18.2	Section 18.1 sets forth certain events of default that will result in the automatic termination of the Franchise Agreement including: you become insolvent or make a general assignment for the benefit of creditors; you file a petition in bankruptcy or such petition is filed against you and not dismissed within 30 days; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law is instituted by or against you; a final judgment remains unsatisfied or of record for 30 days or longer (unless appealed or a supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; and/or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable. Section 18.2 sets forth certain events of default that give us the right to terminate the agreement in our sole discretion immediately upon written notice without opportunity to cure, including: you fail to obtain our approval of an Approved Location within the required time period or if you fail to construct and open the Franchised Business within the time limits provided in this Agreement; you at any time cease to operate or otherwise abandon the Franchised Business for 2 consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), lose the right to possession of the Approved Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that

Provision	Section in Franchise or Other Agreement	Summary
		you cannot complete repairs or reconstruction within 90 days thereafter, then you will have 30 days after such event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we shall not unreasonably withhold); you or any of your Owners are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein; a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business; you or any of your Owners purport to Transfer any rights, interests, or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 17 of the Franchise Agreement; you fail to comply with any of the covenants contained in Section 10 of the Franchise Agreement; you disclose or divulge the contents of the Manual or other Confidential Information in violation of the terms of the Franchise Agreement; you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this Franchise) to us; you commit 3 or more defaults under this Agreement in any 365 day period, whether or not each such default has been cured after notice; you sell Products that we have not previously approved, or purchase any Product from a supplier that we have not previously approved, or if you sell any Proprietary Products anywhere other than from the Restaurant or sell any Proprietary Products other than at retail; you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; you engage in delivery services from the Franchised Business without having first obtained our prior written consent; and/or you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Owners use the Proprietary Marks in a

Provision	Section in Franchise or Other Agreement	Summary
		manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Owners directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.
(i) Franchisee’s obligations on termination/non-renewal	Section 19	Obligations include, among others: You must cease operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return all Manuals and software and other proprietary materials, and comply with confidentiality requirements and post-term restrictive covenants.
(j) Assignment of contract by Franchisor	Section 17.1	We have the right to transfer or assign the Franchise Agreement as long as the assignee assumes all of our continuing obligations under the Franchise Agreement.
(k) “Transfer” by franchisee- defined	Section 17.4	Includes sale, assignment, conveyance, pledge, merger, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person).
(l) Franchisor approval of transfer by franchisee	Section 17.4	You must obtain our consent before transferring any interest in the assets of the Restaurant, the Franchise Agreement, or in you (if you are a business entity).
(m) Conditions for Franchisor approval of transfer	Section 17.5	Conditions include, among others: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release and pay a transfer fee. Transferee must meet our criteria, assume all obligations, attend training, renovate or modernize the Restaurant and sign our then-current form of Franchise Agreement.
(n) Franchisor’s right of first refusal to acquire franchisee’s business	Section 17.6	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions.

Provision	Section in Franchise or Other Agreement	Summary
(o) Franchisor's option to purchase franchisee's business	Section 19.6	Upon termination, expiration and/or default under the Franchise Agreement and/or under any default under your lease/sublease for the premises, we have the right to purchase all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value.
(p) Death or disability of franchisee	Section 17.7	Upon death, incapacity or bankruptcy of you or your Owner, such person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 90 days after the event for consent to transfer the person's interest. In addition, if the deceased or incapacitated person is the Operating Principal, we will have the right (but not the obligation) to take over the operation of the Franchised Business and to charge a reasonable management fee for such services.
(q) Non-competition covenants during the term of the franchise	Section 10.3	During the term of the Franchise Agreement and for a period of two (2) years thereafter, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following: (a) divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; (b) employ or seek to employ any person who is then employed by us or any other Barry Bagels Restaurant franchisee or developer, or otherwise directly or indirectly induce such person to leave his or her employment; (c) engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.

Provision	Section in Franchise or Other Agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	Section 10.3	During the term of the Franchise Agreement and for a period of two (2) years thereafter, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following: (a) divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; (b) employ or seek to employ any person who is then employed by us or any other Barry Bagels Restaurant franchisee or developer, or otherwise directly or indirectly induce such person to leave his or her employment; (c) engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.
(s) Modification of the Agreement	Sections 25.1 and 25.2	You must comply with Manuals as amended. Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce scope of covenants.
(t) Integration/merger clause	Section 25.1	Only the terms of the Franchise Agreement and other related written agreements are binding. Nothing in the Franchise Agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the FDD that Franchisor delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in the FDD and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as this Agreement).

Provision	Section in Franchise or Other Agreement	Summary
(u) Dispute resolution by mediation	Section 24.9	In the event that you, any of your Owners or affiliates or we bring an action in court against us, you, or any of your Owners or affiliates, any party to the litigation may demand that the dispute be submitted to non-binding mediation. The obligation to mediate a dispute is conditioned upon (a) the plaintiff tendering a demand for mediation to each party contemporaneously with the filing of the plaintiff's complaint or (b) any defendant tendering a demand for mediation to all other parties to the proceedings within 20 days following service of process of the complaint upon the party tendering the demand. Other than as required as part of any court-ordered mediation program, any mediation conducted pursuant to the Franchise Agreement shall not otherwise delay or alter the course of any litigation filed by any of the parties to the Franchise Agreement.
(v) Choice of forum	Sections 24.2	The venue for all proceedings related to or arising out of the Franchise Agreement is the jurisdiction of the State and the Federal District courts with jurisdiction over where our principal place of business is then located (subject to state law).
(w) Choice of law	Section 24.1	Disputes and claims relating to the Franchise Agreement, and any claims arising out of the relationship created by the Franchise Agreement, are to be governed and enforced under the law of Ohio without regard to conflict of law principals.

Area Development Agreement

This table lists certain important provisions of the Area Development Agreement. You should read these provisions in the agreement attached to this disclosure document.

Provision	Section in Area Development or Other	Summary
(a) Length of the franchise term	Section 2	Term continues until you have completed your development obligations in accordance with the Development Schedule.
(b) Renewal or extension of the term	Not Applicable	Not Applicable

Provision	Section in Area Development or Other	Summary
(c) Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
(d) Termination by franchisee	Not Applicable	Not Applicable
(e) Termination by Franchisor without cause	Not Applicable	Not Applicable.
(f) Termination by Franchisor with "cause"	Sections 12.1, 12.2 and 12.3	Each of your obligations under the Area Development Agreement is a material and essential obligation, the breach of which may result in termination. Section 12.1 sets forth certain events of default that will result in the automatic termination of the Area Development Agreement. Section 12.2 sets forth certain events of default that give us the right to terminate the agreement in our sole discretion immediately upon written notice without opportunity to cure. Upon the occurrence of any other default in the obligations under the Area Development Agreement not set forth in Section 12.1 or 12.2, we may terminate the Area Development Agreement by providing you with written notice of termination and a 30-day opportunity to cure any such event of default.
(g) "Cause" defined -curable defaults	Section 12.2	The occurrence of any default in the obligations under the Area Development Agreement that is not specifically set forth in Sections 12.1 or 12.2. Upon the event of any such default not specifically set forth in Sections 12.1 or 12.2, we may terminate the Area Development Agreement by providing you with written notice of termination and a 30-day opportunity to cure any such event of default.

Provision	Section in Area Development or Other	Summary
(h) "Cause" defined – non-curable defaults	Sections 12.1 and 12.2	Section 12.1 sets forth certain events of default that will result in the automatic termination of the Area Development Agreement including: you become insolvent or make a general assignment for the benefit of creditors; you file a petition in bankruptcy or such petition is filed against you and not dismissed within 30 days; you are adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law is instituted by or against you; a final judgment remains unsatisfied or of record for 30 days or longer (unless appealed or a supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; and/or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable. Section 12.2 sets forth certain events of default that give us the right to terminate the Area Development Agreement in our sole discretion immediately upon written notice without opportunity to cure, including: you fail to obtain our approval of an Approved Location within the required time period or if

Provision	Section in Area Development or Other	Summary
		you fail to construct and open any Restaurant within the time limits provided in this Agreement; any Franchise Agreement entered into pursuant to this Agreement is terminated for any reason other than expiration of the initial term or any renewal term of the Franchise Agreement; you default in the performance of your obligations under any Franchise Agreement entered into pursuant to this Agreement and fail to timely cure the event of default irrespective of whether or not we exercise our right to terminate the Franchise Agreement; you default in the performance of your obligations under any Franchise Agreement entered into pursuant to this Agreement and fail to timely cure the event of default irrespective of whether or not we exercise our right to terminate the Franchise Agreement; you engage in any conduct or practice that is fraudulent, unfair, unethical, or deceptive; contrary to the terms of this Area Development Agreement, you disclose or divulge the contents of the Manual or other Confidential Information; contrary to the terms of this Agreement, you disclose or divulge the contents of the Manual or other Confidential Information; you fail to comply with the any of the covenants contained in Section 10 ("**Covenants**") of the Area Development Agreement; you or any of your Owners purport to Transfer any rights, interests or obligations under the Area Development Agreement or any interest to any third party in a manner that is contrary to the terms of Section 11 ("**Transfer of Interest**") of the Area Development Agreement; or you commit 3 or more defaults under this Agreement in any 365 day period, whether or not each such default has been cured after notice.

Provision	Section in Area Development or Other	Summary
(i) Franchisee's obligations on termination/non-renewal	Section 13	Obligations include, among others: you and your Owners agree to continue to comply with all covenants contained in Section 10 of the Area Development Agreement; you agree to immediately and permanently cease all development activities; and you and your Owners will immediately cease to use any Confidential Information except in connection with any ongoing Franchise Agreement between the parties.
(j) Assignment of contract by Franchisor	Section 11.1	We have the right to transfer or assign the Area Development Agreement as long as the assignee agrees to assume our continuing obligations under the Area Development Agreement.
(k) "Transfer" by franchisee-defined	Section 11.2	Includes sale, assignment, conveyance, gift, pledge, mortgage or other disposal or encumbrance of any direct or indirect interest in the Agreement, you (if you are a business entity), your development rights, or your Stores.
(l) Franchisor approval of transfer by franchisee	Sections 11.2 and 11.3	You must obtain our consent before transferring any interest in the Area Development Agreement or you (if you are not a natural person).
(m) Conditions for Franchisor approval of transfer	Sections 11.3	Conditions for Franchisor approval of transfer include, among others: You must pay all amounts due us and our affiliates, not otherwise be in default, sign a general release, remain liable for pre-transfer obligations, and pay a transfer fee. Transferee must meet our educational, managerial, business and other criteria, assume post-transfer obligations, sign our then-standard Agreement and attend training.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 11.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third party.
(o) Franchisor's option to purchase franchisee's business	Not Applicable.	Not Applicable.

Provision	Section in Area Development or Other	Summary
(p) Death or disability of franchisee	Section 11.5	Upon death, incapacity or bankruptcy of you or your Owner, such person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 90 days after the event for consent to transfer the person's interest.
(q) Non-competition covenants during the term of the Area Development Agreement	Section 10.3	During the term of the Area Development Agreement and for a period of two (2) years thereafter, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following: (a) divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; (b) employ or seek to employ any person who is then employed by us or any other Barry Bagels Restaurant franchisee or developer, or otherwise directly or indirectly induce such person to leave his or her employment; (c) engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.

Provision	Section in Area Development or Other	Summary
(r) Non-competition covenants after the Area Development Agreement is terminated or expires	Sections 10.3 and 13.3	During the term of the Area Development Agreement and for a period of two (2) years thereafter, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following: (a) divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System; (b) employ or seek to employ any person who is then employed by us or any other Barry Bagels Restaurant franchisee or developer, or otherwise directly or indirectly induce such person to leave his or her employment; (c) engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.
(s) Modification of the Agreement	Sections 18.1 and 18.2	Area Development Agreement may not be modified unless mutually agreed to in writing, except we may reduce scope of covenants.
(t) Integration/merger clause	Section 18.1	Only the terms of the Area Agreement and other related written agreements are binding. Nothing in the Area Development Agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the FDD that Franchisor delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in the FDD and reflected in the Area Development Agreement (including any riders or addenda signed at the same time as this Agreement).

Provision	Section in Area Development or Other	Summary
(u) Dispute resolution by mediation	Section 17.9	In the event that you, any of your Owners or affiliates or we bring an action in court against us, you, or any of your Owners or affiliates, any party to the litigation may demand that the dispute be submitted to non-binding mediation. The obligation to mediate a dispute is conditioned upon (a) the plaintiff tendering a demand for mediation to each party contemporaneously with the filing of the plaintiff's complaint or (b) any defendant tendering a demand for mediation to all other parties to the proceedings within 20 days following service of process of the complaint upon the party tendering the demand. Other than as required as part of any court-ordered mediation program, any mediation conducted pursuant to the Area Development Agreement shall not otherwise delay or alter the course of any litigation filed by any of the parties to the Area Development Agreement.
(v) Choice of forum	Section 17.2	The venue for all proceedings related to or arising out of the Area Development Agreement is the jurisdiction of the State and the Federal District courts with jurisdiction over where our principal place of business is then located (subject to state law).
(w) Choice of law	Section 17.1	Disputes and claims relating to the Area Development Agreement, and any claims arising out of the relationship created by the Area Development Agreement, are to be governed and enforced under the law of Ohio without regard to conflict of law principals.

See any state-specific riders or addenda attached to this FDD.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 the information is included in the disclosure document. Financial performance information that differs from that included in this 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 performance at a particular location or under particular circumstances.

The charts below provide certain information regarding the Gross Sales of (i) the five (5) Legacy Stores and the Lambertville Store for the twelve-month periods ending December 31, 2024 and December 31, 2023, and (ii) the five (5) Franchised Businesses (excluding Non-Traditional Locations) that were open for the entire twelve-month period ending December 31, 2024, and (iii) the six (6) Franchised Businesses (excluding Non-Traditional Locations) that were open for the entire twelve-month period ending December 31, 2023. Only the Legacy Stores, the Lambertville Store and five (5) Franchised Businesses (excluding Non-Traditional Locations) were open during the entire twelve-month period ending December 31, 2024. There were three (3) additional Franchised Businesses operating under the Marks and offering substantially the same products and services to the public as will be offered by new franchisees that were open for less than the full twelve-month period ending December 31, 2024. There was one (1) additional Franchised Business operating under the Marks and offering substantially the same products and services to the public as will be offered by new franchisees that were open for less than the full twelve-month period ending December 31, 2023.

As used in the chart below, the term "**Gross Sales**" includes all sales of food, beverages and promotional items, but excludes all sales and service taxes, coupons and discounts. We compiled the annual and median Gross Sales information from information supplied by the Legacy Entities and the Lambertville Store for the twelve-month periods ending December 31, 2024 and December 31, 2023. We compiled the annual and median Gross Sales information for each of the Franchised Businesses (excluding Non-Traditional Locations) from information supplied by the Franchised Businesses that were open during the entire twelve-month periods ending December 31, 2024 and December 31, 2023. The Gross Sales figures we present are based on a compilation of financial information from the Legacy Entities, the Lambertville Store, and certain of the Franchised Businesses (excluding Non-Traditional Locations) and may not conform to generally accepted accounting principles. Neither we nor an independent certified public accountant has independently audited or verified the information. The Gross Sales figures in the charts below do not reflect any costs or expenses.

Legacy Stores and Lambertville Store (Combined)	
Twelve Month Period Ending December 31, 2024	
2024 # Restaurants	6
2024 Average Gross Sales[1]	$1,623,145
2024 Median Gross Sales[1]	$1,431,881
2024 # Restaurants with Gross Sales Greater than Average	2
2024 % Restaurants with Gross Sales Greater Than Average	33%
2024 Highest Volume	$3,007,761
2024 Lowest Volume	$737,721
Twelve Month Period Ending December 31, 2023	
2023 # Restaurants	6
2023 Average Gross Sales[1]	$1,552,029

2023 Median Gross Sales[1]	$1,394,995
2023 # Restaurants with Gross Sales Greater than Average	2
2023 % Restaurants with Gross Sales Greater Than Average	33%
2023 Highest Volume	$2,729,642
2023 Lowest Volume	$698,310

Franchised Businesses (excluding Non-Traditional Locations)	
Twelve Month Period Ending December 31, 2024	
2024 # Restaurants[2]	5
2024 Average Gross Sales[1,2,3]	$755,535
2024 Median Gross Sales[1,2,3]	$717,265
2024 # Restaurants with Gross Sales Greater than Average[2]	2
2024 % Restaurants with Gross Sales Greater Than Average[2]	33%
2024 Highest Volume[2]	$1,301,308
2024 Lowest Volume[2]	$397,752
Twelve Month Period Ending December 31, 2023	
2023 # Restaurants[2]	6
2023 Average Gross Sales[1,2,3]	$643,419
2023 Median Gross Sales[1,2,3]	$612,461
2023 # Restaurants with Gross Sales Greater than Average[2]	3
2023 % Restaurants with Gross Sales Greater Than Average[2]	50%
2023 Highest Volume[2]	$1,079,601
2023 Lowest Volume[2]	$297,906

NOTES:

(1) The Average Gross Sales Figures and Median Gross Sales for the Legacy Stores and Lambertville Store set forth in chart above do not include sales derived from catering (assorted trays and box lunches) and any wholesale accounts (the "**Catering and Wholesale Sales**"), which represented $1,040,618 and $1,125,069 for all 5 of the Legacy Stores and the Lambertville Store in 2024 and 2023, respectively. The Catering and Wholesale Sales are not included in the Average Gross Sales Figures for the Legacy Stores and the Lambertville Store because they are not tracked on a store by store basis for each of the Legacy Stores and the Lambertville Store. You will be permitted to engage in Catering and Wholesale Sales in connection with the operation of your Restaurant. The Average Gross Sales Figures and Median Gross Sales for the Franchised Businesses set forth in the chart above include Catering and Wholesale Sales for each of the referenced Franchised Businesses.

(2) Franchised Businesses (excluding Non-Traditional Locations) open for a full year in 2024 consist of Restaurants located in: (i) Dublin Ohio, which opened in May of 2015; (ii) Avon, Ohio, which opened in July of 2016; (iii) Westerville, Ohio, which opened in March of 2017; (iv) Kettering, Ohio, which opened in July of 2017; and (v) Westlake, Ohio, which opened in January of 2024. Franchised Businesses (excluding Non-Traditional Locations) open for a full year in 2023 consist of Restaurants located in: (i) Dublin Ohio, which opened in May of 2015; (ii) Avon, Ohio, which opened in July of 2016; (iii) Westerville, Ohio, which opened in March of 2017; (iv) Kettering, Ohio, which opened in July of 2017; (v) Port Clinton, Ohio, which opened in December of 2018; and (vi) Clawson, Michigan, which opened in July of 2019. The Port Clinton, Ohio Restaurant,

which opened in December of 2018, closed in August of 2024. The Clawson, Michigan Restaurant, which opened in July of 2018, closed in June of 2024. As these Restaurants were not open for a full year during either 2024, Gross Sales and related information for 2024 for the Port Clinton, Ohio and Troy, Michigan Restaurants are not included in the chart above for 2024 Gross Sales. Gross Sales and related information for 2024 and 2023 in the chart above do not include certain Non-Traditional Locations consisting of Restaurants located in: (i) Toledo, Ohio (Downtown Toledo), which opened in August of 2017, and (ii) Toledo, Ohio (Toledo Hospital), which opened in July of 2018. The Franchise Agreement for the Non-Traditional Location at the Toledo, Ohio (Downton) Restaurant expired in September of 2024 and was not renewed by the franchisee. In September of 2024, our affiliate, JMB Operations, LLC, an Ohio limited liability company, took over operations at the Toledo, Ohio (Downtown) Restaurant.

(3) The 2024 and 2023 Average Gross Sales and Median Gross Sales numbers for Franchised Businesses (excluding Non-Traditional Locations) in the chart above exclude two (2) Non-Traditional Locations located in: (i) Toledo, Ohio (Downtown Toledo), which opened in August of 2017; and (ii) Toledo, Ohio (Toledo Hospital), which opened in July of 2018). See footnote 2 above for additional information. As noted in Item 1, the Non-Traditional Locations have a different geographic footprint, menu offering and store hours. The terms and conditions for such Non-Traditional Locations will not be available to you and are not being generally marketed and sold to prospective franchisees as the agreements related to such Non-Traditional Locations are the result of significant arm’s-length negotiation between sophisticated parties that include modified terms.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

Your actual results will be affected by many factors, including regional and market variations, the demographics of an area, location of your Restaurant and other prevailing economic and market characteristics as well as your business abilities and efforts. You should consult with other sources and your financial advisors in order to obtain additional information necessary to develop estimates of a Restaurant’s costs, expenses, earnings and profits.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

We recommend that you make your own independent investigation to determine wither or not your Restaurant may be profitable, and consult with an attorney and other advisors before executing the Franchise Agreement or Area Development Agreement.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of the Legacy Stores, the Lambertville Store or any Franchised Businesses. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing one of the Legacy Stores or the Lambertville Store, we may provide you with the actual records of such store. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting James Nusbaum, at 5965 Renaissance Place, Toledo, Ohio 43623 and (419)882-1010, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
RESTAURANTS AND FRANCHISEE INFORMATION

Table No. 1

System-Wide Summary Restaurants for Years Ending December 31, 2022, 2023, and 2024

Outlet Type	Year	Restaurants at the Start of the Year	Restaurants at the End of the Year	Net Change
Franchised (1)	2022	9	9	0
	2023	9	9	0
	2024	9	9	0
Company Owned (2)	2022	1	1	0
	2023	1	1	0
	2024	1	2	1
Legacy Stores (2)	2022	5	5	0
	2023	5	5	0
	2024	5	5	0
Total Outlets	**2022**	**15**	**15**	**0**
	2023	**15**	**15**	**0**
	2024	**15**	**16**	**1**

Notes:

(1) Our franchise program commenced November 30, 2013.

(2) During the fiscal years ended 2022, 2023, and 2024, we did not own or operate any Barry Bagels Restaurants other than the Lambertville Store, which opened in May of 2014, and the Toledo, Ohio (Downtown) Restaurant. The Franchise Agreement for the Toledo, Ohio (Downton) Restaurant expired in September of 2024 and was not renewed by the franchisee. In September of 2024, our affiliate, JMB Operations, LLC, an Ohio limited liability company, took over operations at the Toledo, Ohio (Downtown) Restaurant. The Legacy Entities operated 5 Legacy Stores located in Ann Arbor, Michigan, Maumee, Ohio, Perrysburg, Ohio, Sylvania, Ohio, and Westgate, Ohio.

Table No. 2

Transfers of Restaurants from Franchisees to New Owners (Other Than the Franchisor) for Years Ending December 31, 2022, 2023, and 2024

State	Year	Number of Transfers
Ohio	2022	1
	2023	0
	2024	0
Totals	**2022**	**1**
	2023	**0**
	2024	**0**

TABLE NO. 3

Status of Franchised Restaurants For Years Ending December 31, 2022, 2023, and 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
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
Ohio	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	1	0	0	1	0	7
Totals	**2022**	**9**	**0**	**0**	**0**	**0**	**0**	**9**
	2023	**9**	**0**	**0**	**0**	**0**	**0**	**9**
	2024	**9**	**2**	**0**	**0**	**1**	**1**	**9**

TABLE NO. 4

Status of Company-Owned Restaurants and Legacy Stores
For Years Ending December 31, 2022, 2023, and 2024

State	**Year**	**Restaurants at Start of Year**	**Restaurants Opened**	**Restaurants Reacquired From Franchisee**	**Restaurants Closed**	**Restaurants Sold to Franchisee**	**Restaurants at End of the Year**
Michigan (1)	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Ohio (1)	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	1	0	0	5
Totals (1)	**2022**	**6**	**0**	**0**	**0**	**0**	**6**
	2023	**6**	**0**	**0**	**0**	**0**	**6**
	2024	**6**	**0**	**1**	**0**	**0**	**7**

Notes:

(1) During the fiscal years ended 2022, 2023, and 2024, we did not own or operate any Barry Bagels Restaurants other than the Lambertville Store, which opened in May of 2014, and the Toledo, Ohio (Downtown) Restaurant. The Franchise Agreement for the Toledo, Ohio (Downton) Restaurant expired in September of 2024 and was not renewed by the franchisee. In September of 2024, our affiliate, JMB Operations, LLC, an Ohio limited liability company, took over operations at the Toledo, Ohio (Downtown) Restaurant. The Legacy Entities operated 5 Legacy Stores located in Ann Arbor, Michigan, Maumee, Ohio, Perrysburg, Ohio, Sylvania, Ohio, and Westgate, Ohio..

Table No. 5

Projected Openings as of December 31, 2024

Projected Openings of Businesses for Fiscal Year 2025			
State	**Franchise Agreement Signed But Outlet Not Opened**	**Projected New Franchised Restaurants in the Next Fiscal Year (2025)**	**Projected New Company-Owned Outlets in the Next Fiscal Year (2025)**
Indiana	1	1	0
Kentucky	3	1	0
Michigan	3	2	0
Ohio	1	3	0
Texas	0	1	0
TOTALS	**8**	**8**	**0**

Exhibit I lists the names of all current franchisees and area developers with their addresses and telephone numbers as of the date of this disclosure document.

Exhibit J lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance 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.

As of the date of this disclosure document, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the BARRY BAGELS franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the BARRY BAGELS franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure statement as Exhibit C are our audited, fiscal year-end financial statements for 2022, 2023 and 2024.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

Exhibit A	Franchise Agreement (including attachments)
Exhibit B	Area Development Agreement (including attachments)
Exhibit D	Conditional Assignment of Telephone Numbers and Listings
Exhibit E	Conditional Assignment and Assumption of Lease
Exhibit F	Confidentiality, Nonsolicitation and Noncompetition Agreement
Exhibit G	Owner’s Guaranty
Exhibit H	Owner’s Statement
Exhibit M	State Specific Addenda and Riders
Exhibit N	Form of Franchise Compliance Certificate
Exhibit O	Sample General Release

ITEM 23
RECEIPTS

You will find 2 copies of a detachable Receipt in Exhibit P at the end of this disclosure document. One receipt must be signed, dated and delivered to us. Retain the other receipt for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

Barry

BAGELS

• since 1972 •

JMB FRANCHISING, LLC

FRANCHISE AGREEMENT

______________________________	______________________________
AGREEMENT DATE	NAME OF FRANCHISEE
STORE LOCATION:	ADDRESS OF FRANCHISEE:
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO MEDIATION.

TABLE OF CONTENTS

Section **Page**

JMB FRANCHISING, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is effective as of __________________, 202___ (the "**Agreement Date**"). The parties to this Agreement are **JMB FRANCHISING, LLC**, an Ohio limited liability company, with its principal business address at 3715 King Road, Toledo, Ohio 43617 (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and ________________________ whose principal business address is ________________________________ (referred to in this Agreement as "**you**," "**your**" or "**Franchisee**").

INTRODUCTION

We own a format and system relating to the establishment and operation of "Barry Bagels® Restaurants" which are businesses operating under our Proprietary Marks in facilities that bear our interior and/or exterior trade dress (each one of which is referred to as a "**Restaurant**" or a "**Franchised Business**"). A Restaurant specializes in the sale of Proprietary Products and non-proprietary products for on premises and carry out consumption (collectively, "**Products**"). Among the distinguishing characteristics of a Restaurant are that it operates under our Barry Bagels system, which includes, among other things: Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; and marketing programs, all of which we may periodically change, improve, and further develop (collectively, the "**System**"). We identify the System by means of our proprietary marks which include certain trade names, service marks, trademarks, logos, emblems and trade dress, all of which we may periodically modify for use in connection with the System (collectively, the "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.

We grant to certain persons who meet our qualifications and are willing to undertake the investment and effort, a Franchise to own and operate a Restaurant utilizing the System and offering the Products and services we authorize and approve. You have applied for a Franchise to own and operate a Restaurant.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and they agree as follows:

1. GRANT

1.1 Acknowledgments. You and your Owners acknowledge and agree that:

(a) You have read this Agreement and our most recent franchise disclosure document (the "**FDD**").

(b) You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each Restaurant and to protect and preserve the goodwill of the Proprietary Marks.

(c) You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Restaurant may evolve and change over time.

(d) An investment in a Franchised Business involves business risks and that your success will be largely dependent upon your business abilities and efforts.

(e) Any information you acquire from other Restaurant franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

(f) In all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

(g) We have advised you to have this Agreement reviewed and explained to you by an attorney.

(h) You have received our FDD at least 14 days before signing a binding agreement or before making any payment to us or our affiliate(s) relating to this Agreement.

(i) No representation has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or sales persons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other Franchised Business, other than any information we have provide in Item 19 of our most recent FDD, nor have we or any of the foregoing made any representations, statements or promises to you which conflict with, contravene or vary from the contents of our most recent FDD.

(j) No representation or statement has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or sales persons) and relied on by you regarding our anticipated income, earnings and growth or that of the System, or the viability of the business opportunity being offered under this Agreement.

(k) You have sole and complete responsibility for the choice of the Approved Location; that we have not (and shall not be deemed to have, even by our approval of the site that is the Approved Location) given any representation, promise, or guarantee of your success at the Approved Location; and that you will be solely responsible for your own success at the Approved Location.

(l) Although we retain the right to establish and periodically modify System Standards, which you have agreed to maintain in the operation of your Franchised Business, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System Standards at the Restaurant.

(m) We may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

(n) The success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent business person, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the Franchised Business.

1.2 **Representations and Warranties.** As an inducement to our entry into this Agreement, you and your Owners represent and warrant to us that:

(a) All statements you have made and all materials you have submitted to us in connection with your purchase of the Franchise are accurate and complete and you have made no misrepresentations or material omissions in obtaining the Franchise.

(b) You will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with your obligations to operate the business in compliance with this Agreement.

(c) You will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, 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 addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**").

(d) Neither you nor any of your Owners, employees, agents, or property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws.

(e) There are no other agreements, court orders, or other legal obligations that would preclude or in any manner restrict you or your Owners from: **(i)** negotiating and entering into this Agreement and any related agreement; **(ii)** exercising your rights under this Agreement; or **(iii)** fulfilling the responsibilities of you and your Owners under this Agreement and any related agreements.

1.3 **Our Reliance**. If there are any exceptions to any of the acknowledgments or representations made by you in Sections 1.1 and 1.2, you agree to immediately notify our Chief Executive Officer in writing of the specific exceptions prior to the execution of this Agreement by you. Our approval of your request to purchase this Franchise is made in reliance on all of your acknowledgments, representations and warranties. Any inaccuracy in or breach of these acknowledgments, representations and warranties, or any Anti-Terrorism Laws by you or any of your Owners, or your Owners' agents or employees, or any "blocking" of your or their assets under the Anti-Terrorism Laws, will constitute grounds for our immediate termination of this Agreement and any other agreements you have entered into with us or any of our affiliates.

1.4 **Rights and Obligations**. We grant you the right, and you accept the obligation, all according to the terms and conditions of this Agreement, to:

(a) operate a Restaurant under the System in conformity with this Agreement;

(b) use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

(c) operate the Franchised Business at the Approved Location and only at the Approved Location.

1.5 <u>Grant of Franchise</u>. You have applied for a franchise to own and operate a Restaurant only at a location we approve in writing (the "**Approved Location**"). Subject to the terms of and upon the conditions contained in this Agreement, we grant you a franchise (the "**Franchise**") to:

(a) operate a single Restaurant at the Approved Location, and at no other location (temporary or permanent);

(b) use the Proprietary Marks solely in connection with operating the Franchised Business; and

(c) use the System in the operation of the Franchised Business. Except as provided in Section 1.8, you agree to sell and offer for sale authorized Products and services only at the Approved Location and to refrain from off-premises sales unless expressly authorized by us in writing. You must follow all of our standards and specifications for extra-territorial activities which we may designate, change, alter or amend at any time upon notice to you.

1.6 <u>Your Approved Location</u>. You must locate premises and sign a lease or otherwise acquire the right to possess commercial real estate for the development and operation of a Restaurant at the Approved Location. Once approved, the Approved Location will be designated in Exhibit A. In the event the Approved Location has not yet been determined as of the Agreement Date, then the geographical area in which your Restaurant is to be located will be within a defined area which is described or otherwise mapped out in Exhibit B (the "**Designated Area**"). At such time as the location of the Approved Location has been determined in accordance with Section 4.1, the address of the Approved Location will be inserted in Exhibit A. You acknowledge and understand that the Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

1.7 <u>Protected Territory</u>. Except as provided below, and as long as you are in compliance with this Agreement, during the Term we will not operate (directly or through an affiliate) nor grant any other person the right to operate any Restaurant within the area designated as the "Protected Territory" in Exhibit C (the "**Protected Territory**"). The size and location of the Protected Territory may be revised by us, in our sole discretion in each instance that your Restaurant is either relocated pursuant to Section 4.1(b) or upon our grant of a successor franchise agreement pursuant to Section 3.2. Notwithstanding the forgoing, certain locations within and outside the Protected Territory are by their nature distinctive and separate in character from sites generally developed as Restaurants. As a result, the following locations ("**Special Locations**") are excluded from the Protected Territory and we and our affiliates have the right, without granting any rights to you, to develop or franchise Restaurants or other retail outlets using any part or all of the System and/or Proprietary Marks at such locations unless we expressly consent to grant such development or franchising rights to you in writing:

(a) federal, state or local governmental facilities (including military bases);

(b) public transportation facilities (including airports, subways and limited access highways);

(c) sports venues (including race tracks);

(d) schools, college or university campuses;

(e) amusement and theme parks;

(f) casinos;

(g) community and special events or similar venues;

(h) any facility that operates on a concession basis;

(i) grocery stores, convenience stores and retail stores, so long as sales of Products do not constitute more than 10% of any such store's aggregate annual sales;

(j) shopping malls;

(k) recreational facilities; and

(l) any non-food service businesses of any sort within which a Restaurant or other food service facility selling Products may be established.

1.8 **Delivery Area**. We grant you the non-exclusive right to provide off-site delivery services of certain Products we may authorize from time to time within a geographical area around your Restaurant that we may designate from time-to-time ("**Delivery Area**"). You may not deliver any such products to locations outside the Delivery Area without our prior consent, and under no circumstances can you provide any Products to any locations within any delivery area identified by us as being exclusively assigned to any Restaurant owned or operated by us or another System franchisee. Any consent to deliver Products beyond the Delivery Area may be revoked at any time. You acknowledge and agree that we have the right in our sole discretion, at any time and from time to time, to revoke our authorization that your Restaurant may provide offsite delivery of Products and to modify or reduce the Delivery Area. In such event, you agree to promptly discontinue delivery services in the affected geographic area, notwithstanding that you may have provided the services within such area prior thereto. You will not be entitled to any compensation for any elimination or reduction of the Delivery Area.

1.9 **Rights We Reserve.** We reserve all rights that we have not expressly granted to you. We (and our affiliates) retain the right, in our sole discretion, to:

(a) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Proprietary Marks at any location outside of the Protected Territory (despite their proximity to the Protected Territory), on such terms and conditions as we deem appropriate.

(b) Establish and operate, and grant to others the right to establish and operate, businesses of any kind whatsoever under other systems and using other proprietary marks, both within and outside the Protected Territory, despite their proximity to the Approved Location or the Protected Territory, as we deem appropriate.

(c) To acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Protected Territory, despite such businesses' proximity to the Approved Location or its actual or threatened impact on sales of the Franchised Business (so long as those businesses are not Restaurants operated within the Protected Territory).

(d) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Proprietary Marks at Special Locations within or outside the Protected Territory despite such businesses' proximity to the Approved Location.

(e) Sell and distribute, or license others to sell and distribute, directly or indirectly, any Products in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form) from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Protected Territory through supermarkets, gourmet shops, mail order, and on the internet under our Proprietary Marks or its private-labeled items), so long as these sales are not made from a Restaurant operated inside the Protected Territory (excluding Special Locations).

(f) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business's facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while this Agreement is in effect) the Proprietary Marks, regardless of the location of these businesses and/or facilities, which may be within the Protected Territory or immediately proximate to the Protected Territory. You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly, contending otherwise.

1.10 **<u>Our Decision Making</u>**. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised businesses and systems in which we have an interest and on our activities (and those of our affiliates'); (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to introduce Proprietary Products and non-proprietary items or operational equipment used by the System into other franchised systems in which we have an interest; and/or (d) to allocate resources and other developments between and among systems and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section and that nothing in this Section shall, in any way, affect your obligations under this Agreement.

2. <u>OWNERSHIP AND MANAGEMENT</u>

2.1 **<u>Business Organization</u>.** If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity ("**Business Entity**"), you agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation.

(b) Your organizational or governing documents will recite that the issuance or Transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement.

(c) You will complete an "**Owners Statement**," which will completely and accurately describe all of your Owners and their interests in you, and everyone who has voting or management rights and obligations. A copy of our current form of Owner's Statement is attached as Exhibit D to this Agreement.

(d) You and your Owners agree to revise the Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval).

(e) Each of your Owners during the Term will sign and deliver to us our standard form of owner's guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us (the "**Owners Guaranty**"). A copy of our current form of Owners Guaranty is attached to our FDD.

(f) At our request, you will promptly furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents in you (e.g., articles of incorporation or organization and partnership, operating or shareholder agreements, etc.).

2.2 **<u>Operating Principal/Management of the Franchised Business</u>.** You acknowledge and agree that your personal participation and day-to-day involvement in the management and operation of the Franchised Business is critical to its success and that we are granting this Franchise to you on the condition that you agree, and you therefore do agree, as follows:

(a) If you are, or at any time become, a Business Entity, you must designate as the "**Operating Principal**" an individual approved by us who must: **(i)** own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than 20% of your equity interests in the Business Entity; **(ii)** have the authority to bind the Business Entity regarding all operational decisions with respect to the Franchised Business; **(iii)** be actively employed on a full-time basis to manage the Franchised Business's operations; and **(iv)** have satisfactorily completed our initial training program and any other training programs we require from time to time.

(b) You (or your Operating Principal) must: **(i)** exert your full-time and best efforts to the development, management and operation of each Franchised Business that you own; and **(ii)** not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under this Agreement.

(c) At all times, you (or your Operating Principal) must meet our initial and ongoing training and qualifications for Restaurant managers and participate personally on a daily basis in the direct operation of the Restaurant. In addition, the Restaurant must at least have one management-level employee who has satisfactorily completed our Initial Training, present and on duty at all times.

(d) If, at any time, your Operating Principal cannot fulfill his responsibilities under this Agreement, you must appoint a replacement from among your Owners, subject to our approval, to serve as the replacement Operating Principal.

3. TERM AND SUCCESSOR TERM

3.1 Term. The term of this Agreement (the "**Term**") shall start on the Agreement Date and, unless this Agreement is earlier terminated in accordance with its provisions, shall expire upon the earlier of: (a) 10 years from the date upon which the Restaurant opens for business; or (b) 11 years from the Agreement Date.

3.2 Successor Franchise. You have the right to acquire a successor franchise for one additional 10-year term, subject to your having satisfied all of the following conditions before the expiration of the Term:

(a) You must give us written notice of your election to obtain a successor franchise at least 270 days before the end of the Term (but not more than one year before the Term expires).

(b) You must remodel and refurbish the Restaurant to comply with our then-current standards in effect for new Restaurants.

(c) At the time of renewal, you must be in material compliance with the provisions of this Agreement and/or any other agreements between you or your affiliates and us or our affiliates and, in our reasonable judgment, you must have been in material compliance during the Term, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

(d) You must have timely met all of your financial obligations to us, our affiliates, the Systemwide Marketing Fund any Market Co-Op Fund and the LSM Fund, as well as your vendors, throughout the Term even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

(e) You must sign our then-current form of successor franchise agreement, which will supersede this Agreement in all respects, and which you acknowledge may contain terms, conditions, obligations, rights, and other provisions substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage royalty fee and marketing contribution and modified renewal rights, if any). If you are a Business Entity, then your direct and indirect Owners must sign and deliver to us a personal guarantee of your obligations under the successor form of franchise agreement.

(f) Instead of a new Initial Franchise Fee, you must pay us a renewal fee equal to the greater of: **(i)** $5,000; or **(ii)** (1/5th of our then-current Initial Franchise Fee for a new Franchised Business.

(g) You must sign and deliver to us a release, in a form that we will provide, which will release all claims against us and our affiliates, and our respective officers, directors, agents, and employees. If you are a Business Entity, then your affiliates and your Owners (and any other parties that we reasonably request) must also sign and deliver the release to us.

(h) You, your Operating Principal and your personnel must meet any new training and refresher programs we may reasonably require. You are responsible for travel, living and compensation costs incurred for all attendees.

(i) You must be current with respect to your financial and other obligations to your lessor, suppliers, and any other parties with whom you do business.

4. APPROVED LOCATION SELECTION AND DEVELOPMENT

4.1 Approved Location Selection.

(a) **Approved Location:** Without our prior written consent, you may not operate the Franchised Business from any location other than the Approved Location. The Approved Location must meet our criteria, which we will provide to you, for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Franchised Businesses, the nature of other businesses in proximity to the proposed site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site, and any other factors or characteristics we consider appropriate. Our criteria, and our evaluation of them, may vary periodically and from location to location. If you and we are unable to agree on a site for the Restaurant or you have not obtained a fully signed lease agreement for the Approved Location within 90 days of the Agreement Date, we may terminate this Agreement. We will approve or disapprove a site that you propose within 10 days after we receive from you a complete site report and any other materials that we may reasonably request. If you have not heard from us within such 10-day period, the proposed site is deemed disapproved. No proposed site will be deemed approved by us until we provide to you Exhibit A with that site designated in it as an Approved Location.

(b) **Relocation of the Restaurant:** You may not relocate the Restaurant without our prior written consent, which may be withheld, delayed or conditioned, in our sole discretion. Conditions to relocation of the Restaurant may include, but are not limited to, an adjustment of the size and location of the Protected Territory. You agree that any such adjustment to the Protected Territory shall be at our sole discretion. If we consent to the Restaurant's relocation, you must **(i)** pay us a fee equal to 20% of our then-current Initial Franchise Fee for expenses we incur in connection with the relocation of your Restaurant; and **(ii)** comply with our then-current standards for new Franchised Businesses as part of determining a new site for the Restaurant. In addition, for each day that the Restaurant is closed pending relocation pursuant to this Section, you must pay to us an amount equal to: **(1)** the aggregate of all Royalties paid by you during the 365 day period immediately preceding the Restaurant closure divided by 365, if the Restaurant has been operating continuously throughout such 365 day period; or **(2)** the aggregate of all Royalties paid by you during the period that the Restaurant was operating continuously, if less than 365 days, divided by the number of days in such period. You must make such payments to us during such period on a weekly basis. If we consent to the Restaurant's relocation, you must reopen the Restaurant as soon as practicable, but in no event more than 90 days after the closing of the original Restaurant. You are not permitted to relocate the Restaurant except pursuant to this Section.

4.2 **<u>Acknowledgments Regarding Site Approval</u>.** You and your Owners acknowledge and agree that:

(a) our recommendation or approval of any site, the Designated Area, or the Protected Territory does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

(b) our recommendation or approval of any site, the Designated Area, or the Protected Territory indicates only that we believe that the site, the Designated Area and the Protected Territory fall within the acceptable demographic and other criteria for Approved Locations, Designated Areas and Protected Territories that we have established as of the time of such recommendation or approval by us;

(c) application of criteria that have appeared effective with respect to other Approved Locations may not accurately reflect the potential for all sites, and, after our approval of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site;

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of an Approved Location, Designated Area or Protected Territory to meet expectations as to potential revenue or operational criteria; and

(e) with respect to any review of your design plans and constructional renovation plans, or other federal, state, or local health regulations, we will not review whether you are in compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act (the "**ADA**") and you acknowledge and agree that **(i)** you are solely responsible for compliance with all such laws and regulations; and **(ii)** our approval is not, and will not be deemed to be, an assessment as to whether or not you have complied with those laws and regulations.

4.3 **<u>Lease of Site</u>.**

(a) **<u>Lease of Site</u>:** You agree to deliver copies of the proposed lease agreement and related documents pertaining to the Approved Location to us prior to signing them. You agree not to sign any lease agreement or related documents (or any renewal of it) unless we have previously approved them. Our approval, which will not be unreasonably withheld, will be limited to ensuring that the lease is consistent with this Agreement. You agree to deliver a copy of the signed lease to us within 10 days after its execution along with the Lease Assignment (as defined below).

(b) **__Lease Assignment__:** When entering into a lease for an Approved Location, you and the lessor must sign our then-current form of Conditional Assignment of Lease Agreement (the "**Lease Assignment**"), a copy of which is attached to our FDD. You will give the lessor our form of the Lease Assignment when you begin discussions with the prospective lessor. You agree not to sign any lease or renewal of a lease unless you have also obtained the Lease Assignment signed by the lessor.

(c) **__Lease Terms__:** We may require that the lease or any renewal contain certain provisions, which will:

(i) expressly permit the lessor of the Approved Location to provide us with all revenue and other information it receives from you pertaining to the operation of the Franchised Business as we may request;

(ii) require the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default;

(iii) require that the premises be used solely for the operation of a Franchised Business;

(iv) upon our request, require you to de-identify the Approved Location as a Restaurant and to promptly remove all Proprietary Marks, signs, décor and other items which we reasonably request be removed as being distinctive and indicative of a Restaurant and the System (or, if you fail to do the foregoing things, then the lease must permit us to have sufficient access to the interior and exterior of the premises so that we may de-identify the premises, as provided above, at your cost);

(v) state that any default under the lease which is not cured within any applicable cure period also constitutes grounds for termination of this Agreement;

(vi) provide for a lease term which is at least equal to the Term, either through an initial term of that length or rights, at your option, to renew the lease for the Term;

(vii) provide that we will be permitted unrestricted access to the Approved Location to inspect the Restaurant; and

(viii) provide that the lease cannot be modified without our prior written approval.

(d) **__No Warranty__:** You acknowledge that our approval of the lease for the Approved Location does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a Restaurant operated at the Approved Location. Such approval indicates only that we believe that the Approved Location and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to have an attorney review and evaluate the lease.

4.4 **__Ownership and Financing__.** Instead of leasing the Approved Location, you may propose to purchase, construct, own and operate a Restaurant on real property owned by you or through affiliates.

You will meet certain conditions if you or your affiliates own the Approved Location or at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Approved Location, the Restaurant or any Operating Assets in which any of such items are pledged as collateral securing such financing. The form of any purchase contract with the seller of a the Approved Location and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of any loan or mortgage sent to you or your affiliates or the purchaser;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency;

(c) a provision which expressly states that any default under any loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage; and

(d) your delivery to us of an Agreement to Lease, in a form acceptable to us, which requires you, at our option, to lease the Approved Location to us if this Agreement is terminated, assigned, or transferred.

5. RESTAURANT DEVELOPMENT, DECOR AND OPERATING ASSETS

5.1 Restaurant Development. You are responsible for developing the Restaurant. We will furnish you with access to prototype design plans, specifications, decor and layout for the Restaurant, including requirements for design, color scheme, image, interior, layout and Operating Assets for the Restaurant. You are obligated to have prepared all required construction plans and specifications to suit the shape and dimensions of the Approved Location and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You agree to submit construction plans and specifications to us for approval before construction of the Restaurant is commenced and, at our request, submit all revised or "as built" plans and specifications during the course of such construction. We may require that an architect approved by us prepare the initial floor and concept plan, and/or oversee the finished plans before construction begins. At your request, we may assist you in developing the Restaurant by recommending contractors and architects and otherwise furnishing information to assist you in developing the Restaurant in accordance with our specifications.

5.2 Development Expenses. You agree, at your own expense, to perform the following with respect to developing the Restaurant at the Approved Location:

(a) have complete and detailed construction drawings approved by an architect (both the drawings and your architect are subject to our approval);

(b) secure all financing required to develop and operate the Restaurant;

(c) obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Restaurant and pay all assessed impact fees;

(d) construct all required improvements to the Approved Location and decorate the Restaurant in compliance with plans, specifications and schedule we have approved;

(e) purchase or lease and install all Operating Assets required for the Restaurant;

(f) purchase such items as we specify in the Manual or otherwise in writing, including, but not limited to, an initial supply of business cards, and logoed clothing; and

(g) purchase an opening inventory of Restaurant Supplies.

5.3 **Decor.** You agree that all decor of the Restaurant must be previously approved by us and must comply with our standards as described in the Manual, which may be periodically revised. Your failure to maintain the Restaurant's decor in compliance with our System Standards constitutes a material breach of this Agreement.

5.4 **Operating Assets and Restaurant Supplies.** You agree to acquire all services, supplies, materials, ingredients, inventory, food and beverage products, and media products and services for use in connection with your Restaurant (collectively, the "**Restaurant Supplies**") and all fixtures, furnishings, equipment, signs and electronic or computerized devices and services (including telecopiers, cash registers, computers, POS, e-mail, ISP, Intranet and internet services, hardware and software) (the "**Operating Assets**") from us (or our affiliates) or suppliers we have previously approved ("**Approved Suppliers**"). We will only approve suppliers whose Restaurant Supplies and Operating Assets meet the quality standards that we establish from time to time. You agree to only place or display at the Restaurant (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. You are responsible for the payment of any applicable licensing fees relating to Restaurant Supplies and Operating Assets. We may require that you purchase or lease Operating Assets and Restaurant Supplies through any form of a "business to business," e-commerce, intranet or internet supply network that we may designate, establish or participate in from time to time.

5.5 **Changes to Approved Suppliers.** If you want to propose a new supplier of Restaurant Supplies or Operating Assets, you agree to submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular items. We will have 90 days from receipt of the information to approve or reject the proposed new supplier or items. If we have not responded to your request within this time period, the request is deemed disapproved. We may consider in providing such approval not just the quality standards of the products or services, but the proposed supplier's delivery capabilities, financing terms and ability to service our System as a whole. We may terminate or withhold approval of any Restaurant Supplies or Operating Assets, or any supplier of such item, that does not meet our quality standards by giving you written notice. If we do so, you agree to immediately stop purchasing from such supplier or using such Restaurant Supplies or Operating Assets in the Restaurant until we notify you that such supplier or such Restaurant Supplies or Operating Assets meet our quality standards. At our request, you agree to submit to us sufficient information about a proposed supplier and samples of the proposed Restaurant Supplies or Operating Assets for our examination so that we can determine whether they meet our quality standards. We also must have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties in furtherance of the evaluation. Nothing in this Agreement shall be construed to require us to approve any particular supplier, nor to require that we make available to prospective suppliers, standards and specifications which we have the right to deem confidential.

5.6 **Preferred Vendor Programs.** In addition to our approval of Approved Suppliers, we may develop certain programs and terms under which we, our affiliates, certain franchisees or others receive certain negotiated benefits or terms from Approved Suppliers ("**Preferred Vendor Programs**"). You must follow all of our policies and procedures for participation in, or termination of, Preferred Vendor Programs ("**Program Rules**"). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may require you to agree to, and you must agree to, only place or display at the Restaurant (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve in connection with Preferred Vendor Programs. We may, in connection with our Preferred Vendor Programs, designate one or more Approved Suppliers as an exclusive or the exclusive supplier or suppliers of types, models or brands of Restaurant Supplies or Operating Assets or other business services that we approve for Restaurants as meeting our specifications and standards, and we may require such preferred vendors or other preferred vendors to pay to us or our affiliates, in a manner we designate, monies or provide other benefits as a condition of our designation of them as preferred vendors or permission for them to serve as an Approved Supplier (collectively, "**Preferred Vendors**"). We may require, and certain Approved Suppliers we designate as Preferred Vendors may require, that you agree to enter into certain agreements with them (subject to our approval) in connection with our designation of them as Preferred Vendors or Approved Suppliers or your participation in the Preferred Vendor Program (the "**Preferred Vendor Agreements**"). We may require that we be a party to such Preferred Vendor Agreements with Preferred Vendors. You acknowledge and agree that:

(a) monies or other remuneration that we receive in connection with Preferred Vendor Programs or other benefits we receive from Preferred Vendors or Approved Suppliers is fair and appropriate compensation to us in connection with our active efforts to evaluate them as Preferred Vendors or Approved Suppliers, our ongoing efforts to monitor and evaluate whether they continue to meet our requirements for participation as Preferred Vendors or Approved Suppliers and our administration of Preferred Vendor Programs; and

(b) such monies or remuneration are fully earned by us. We and our affiliates may retain all revenue and other remuneration we receive from Approved Suppliers or Preferred Vendors without restriction (unless the supplier or vendor requires otherwise).

We, in our sole judgment, may concentrate purchases with one or more Approved Suppliers or Preferred Vendors to obtain lower prices, advertising support and/or services for the benefit of us and our affiliates, or for any other reason that we deem appropriate, and establish supply facilities or servicing capabilities owned by us or our affiliates which we may designate as an Approved Supplier or Preferred Vendor. In such instances, we may limit the number of suppliers, Approved Suppliers or Preferred Vendors with whom you may deal, designate sources that you must use, and refuse any request by you for another approved supplier or preferred vendor of any applicable product or service.

5.7 **Food Commissaries and Distribution Facilities.** We have the right (directly, or through our affiliates and/or our designees) to establish food commissaries and distribution facilities, and to designate these as exclusive Approved Suppliers of certain Restaurant Supplies, Operating Assets, or both.

5.8 **Restaurant Opening.** You agree not to open the Restaurant for business until:

(a) we approve the Restaurant as developed in accordance with our specifications and standards;

(b) Initial Training of you and your personnel has been completed to our satisfaction;

(c) the Initial Franchise Fee and all other amounts then due to us have been paid;

(d) you have obtained all required building, utility, sign, health, sanitation, business permits, certificates and licenses required to operate the Franchised Business;

(e) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept; and

(f) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the Approved Site.

5.9 **Time to Opening.** Unless we otherwise agree in writing, you must open the Restaurant for business within the earlier to occur of: **(a)** 210 days after the Agreement Date; or **(b)** 150 days after the date that we designate an Approved Location for your Restaurant. Time is of the essence.

5.10 **Remodeling**. You agree to refurbish the Restaurant at your expense to conform to our then-current building design, exterior façade, trade dress, signage, furnishings, décor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Restaurants, including, but not limited to, remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Facilities Remodeling**"). In this regard, the parties agree that:

(a) You will not have to engage in Facilities Remodeling more than once every 5 years during the Term (provided, however, that we may require Facilities Remodeling more often if Facilities Remodeling is required as a pre-condition to renewal); and

(b) You will have 90 days after you receive our written notice within which to complete Facilities Remodeling.

6. FEES

6.1 **Initial Franchise Fee.** You agree to pay us a nonrecurring and nonrefundable initial franchise fee (the "**Initial Franchise Fee**") in the amount of $35,000, payable on the Agreement Date. However, if this Agreement is entered into pursuant to an area development agreement with us (an "**Area Development Agreement**"), the Initial Franchise Fee for each of the first 2 Restaurants opened pursuant to the Area Development Agreement is $35,000 per Restaurant. Provided that you and your affiliates are not then in default of the performance of your obligations under any agreement with us or our affiliates, the Initial Franchise Fee for each successive Restaurant opened after the initial 2 Restaurants pursuant to the Area Development Agreement shall be $30,000 per Restaurant. The Initial Franchise Fee is payable on the Agreement Date and is nonrefundable and is fully earned by us when paid.

6.2 **Royalty Fee.** You agree to pay us a royalty fee ("**Royalty**") equal to 6% of Net Sales (defined below). For each day of operation of the Franchised Business, Net Sales must be reported and a

Royalty must be paid on those Net Sales by the next business day by electronic transfer or other method designated by us. You must install, at your expense, and use pre-authorized payment and computerized POS Systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. These requirements may be specified by Franchisor to fulfill any business purposes reasonably related to the operation of the Franchised Business and the System and to allow us to access reports of Net Sales and other information and to initiate electronic or other transfers of all payments you are required to make to us.

6.3 **<u>Definition of "Net Sales"</u>.** As used in this Agreement, the term "**Net Sales**" means all revenue you derive from operating the Franchised Business, including, but not limited to, proceeds from business interruption insurance policies, all amounts you receive at or away from the Restaurant from any activities or services whatsoever, including wholesale, catering and any activities or services that are in any way associated with the Proprietary Marks, and whether from cash, check, barter, debit or credit, regardless of collection in the case of credit but excluding: (a) all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; (b) promotional discounts and coupons required by us; and (c) customer refunds, adjustments, credits and allowances actually made by the Franchised Business.

6.4 **<u>Electronic Funds Transfer and Payment Procedure</u>.** We require you to pay all payments of the Royalties or any other amounts due us under this Agreement to us by electronic funds transfer (automatic bank transfers). You agree to comply with the procedures we specify in our Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. You will give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the Franchised Business's bank operating account for payments of the Royalties and other amounts due under this Agreement, including any applicable interest charges and late charges. You agree to install, at your expense, and use pre-authorized payment and computerized POS Systems, credit verification systems, automatic payment systems, electronic funds transfer systems, or automatic banking systems as we may specify. We may specify these requirements to fulfill any business purpose reasonably related to the operations of your Franchised Business and the System and to allow us to access reports of Net Sales and other information and to initiate electronic and other transfers of all payments you are required to make to us. If we determine at any time that you have under-reported Net Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Franchised Business's bank operating account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to the Franchised Business's bank operating account through a credit, effective as of the first day after you and we determine that such credit is due.

6.5 **<u>Interest on Late Payments</u>.** All amounts which you owe us will bear interest after their due date at the annual rate of 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to or otherwise finance your operation of the Franchised Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.6 **<u>Late Payment Fees</u>.** All Royalties, Marketing Contributions, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a late payment fee of 10% of the amount due. The late payment fee is due immediately on any delinquent payments. The provision in this Agreement concerning late payment fees survives termination or expiration of this Agreement and does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to or otherwise finance the operation of the Franchised Business.

6.7 **Insufficient Funds Charge.** You agree to pay on demand an insufficient funds charge equal to the lesser of $150 or the maximum amount permitted by applicable law for each dishonored check you tender to us or if there are insufficient funds in your account when we draft it for payment of fees of other amounts due us for our affiliates or any other insufficient funds items you tender to us.

6.8 **Application of Payments.** You acknowledge and agree that your obligation to make full and timely payment of amounts owing to us and our affiliates are absolute, unconditional; and that Royalties and Marketing Contributions are fully earned and due when you have generated or received Net Sales. You further agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us or any marketing fund; nor withhold or delay submission of any reports due under this Agreement including, without limitation, sales reports. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us or our affiliates.

6.9 **Payment Offsets.** We may setoff from any amounts that we may owe you any amount that you or your Owners or affiliates owe to us or our affiliates, for any reason whatsoever, including, without limitation, Royalties, Marketing Contributions, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you or your Owners or affiliates owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you or your Owners or affiliates may owe to us, or our affiliates, at any time. We will notify you monthly if we do so.

6.10 **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.11 **Grant of Security Interest.** For valuable consideration, as security for the payment of all amounts owing by you to us and our affiliates under this Agreement and any other agreements, and performance of all of the obligations to be performed by you, you hereby grant to us and our affiliates a security interest in all of your business assets now owned or hereafter acquired in connection with the Franchised Business and wherever located, together with all substitutions, replacements, additions and accessions thereto, all products thereof and all cash and non-cash proceeds thereof, including, but not limited to, accounts, chattel paper, documents, instruments general intangibles, inventory, goods, equipment, machinery, furnishings, furniture, tables, chairs, signage, computers, hardware and software, fixtures, improvements, and all policies and certificates of insurance (collectively, the "**Collateral**"). You warrant that the security interest granted is prior to all other security interests in the Collateral, except bona fide purchase money security interests and any security interest granted to a third party in connection with your original financing for the Restaurant, if any, or lease of the Approved Location from any third party unaffiliated lessor. You agree not to remove the Collateral or any portion thereof from the Restaurant without our prior written consent. Upon the occurrence of any event and timely termination of this Agreement or any other agreement with us or any of our affiliates, we and our affiliates shall have the rights and remedies of a secured party under the Uniform Commercial Code of the jurisdiction in which the Restaurant is located, including, without limitation, the right to take possession of the Collateral. You agree to execute and deliver to us financing statements or other documents as will be reasonably necessary to perfect security interests in the Collateral within 10 days of receipt by you of such documents from us. You irrevocably and unconditionally appoint us and our designees as your true and lawful attorneys-in-fact to act in your name and place to execute, deliver and file all financing statements or such other documents we deem reasonably necessary to perfect our and our affiliates' security interest in the Collateral. You irrevocably and unconditionally grant to us and our designees, as your attorney-in-fact, full power and authority to perform every act necessary to be done in the exercise of the foregoing power as fully as you could do if personally present or acting, with full power of substitution, hereby ratifying and confirming all that said attorney shall lawfully do or cause to be done by virtue of this appointment. This power of attorney is coupled with an interest and is irrevocable prior to the full performance of the obligations of you and all of your Owners.

7. TRAINING AND ASSISTANCE

7.1 Initial Training. Before the Restaurant opens, we or our designee will furnish the initial training program ("**Initial Training**") to you (or, if you are a Business Entity, your Operating Principal), and 2 other management level employees ("**Highly Trained Personnel**"). Successful completion of the Initial Training by you or your Operating Principal and your Highly Trained Personnel is a condition to the opening of the Restaurant. Although we, or our designee, will furnish the Initial Training at no additional fee or other charge, you will be responsible for all travel and living expenses incurred by such persons in connection with the training. If you ask to send more than 3 individuals to the Initial Training, then you agree to pay us a training fee in the amount of $2,000 for each additional individual that will attend the Initial Training, with the payment to made in full before the Initial Training commences. Up to 5 individuals may attend the Initial Training.

7.2 Management of Restaurant. The Restaurant must be under the active full-time day-to-day management of either you or the Operating Principal who has successfully completed (to our satisfaction) the Initial Training. The Operating Principal or one of your Highly Trained Personnel must be on-site at all times when the Restaurant is open to the public for business.

7.3 Opening Assistance. If you are opening your first Restaurant, we will provide to you, at your Restaurant, and at our expense for not more than 2 days, one of our representatives for the purpose of providing general assistance and guidance in connection with opening and the day-to-day operations of the Franchised Business (the "**Opening On-Site Assistance**"). Such assistance shall take place immediately prior to and after commencement of operation of the Restaurant or as otherwise agreed upon by you and us. Should you request additional assistance from us in order to facilitate the opening of the Restaurant, and should we deem it necessary and appropriate to comply with such request (and subject, at all times, to the availability of our personnel), we will provide such additional assistance at our then-current standard rates, plus expenses.

7.4 Additional Training. If, at any time after the Restaurant opens, you hire additional management personnel or replace your Operating Principal or any Highly Trained Personnel, you must ensure that such new employees are satisfactorily trained at your expense. We may require you, your Operating Principal or other employees to attend periodic refresher training courses at such times and locations that we designate. You must pay to us or our designee our then-current training charges for each person who receives additional or replacement training by us or our designee.

7.5 **<u>Annual Conference</u>.** We may, in our sole discretion, hold a mandatory Annual Conference at our headquarters or at another location that we determine, no more than once per year, that will last approximately 3 days. We will determine the topics and agenda of the Annual Conference, which generally will include updating our franchisees on new developments affecting them and exchanging information between our franchisees and our personnel concerning the operations and programs of the franchise operation. We may require you (or your Operating Principal) and one or more of your Highly Trained Personnel to attend the Annual Conference (if any). You will be responsible for the travel and living expenses of such persons, and we may charge you a reasonable fee sufficient to cover the costs and expenses of Annual Conferences.

7.6 **<u>General Guidance and Ongoing Assistance</u>.** We will advise you from time to time regarding the operation of the Franchised Business based on reports you submit to us or inspections we make. In addition, we will furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by Franchised Businesses;

(b) purchasing Restaurant Supplies and Operating Assets;

(c) Products, serving methods, display methods and retail concepts for selling Products;

(d) use of suppliers and volume buying;

(e) advertising and marketing programs;

(f) employee training;

(g) recipes, menu items, food preparation methods, proper food handling procedures, and service methods; and

(h) administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our offices or the Restaurant. At your request, we will furnish additional guidance and assistance (subject, at all times, to the availability of our personnel). If your requests for additional or special training and guidance are, in our opinion, excessive or if we incur additional expenses that are directly attributable to responding to your requests, we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

7.7 **<u>Your Certified Training Programs</u>.** We may, from time to time, require or permit you to implement, at your expense, programs for the training of some or all of your employees. Prior to training any of your employees, your training programs must be certified by us as meeting our System Standards. You will be required to obtain re-certification of your training programs from time to time, and we may withhold certification if we determine, in our sole discretion, that your training programs do not meet our System Standards.

8. PROPRIETARY MARKS

8.1 Ownership and Goodwill of Proprietary Marks. Your right to use the Proprietary Marks is derived solely from this Agreement and limited to your operation of the Franchised Business pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during the Term. Your unauthorized use of the Proprietary Marks will be a breach of this Agreement and an infringement of our rights in and to the Proprietary Marks. You acknowledge and agree that any goodwill established by your usage of the Proprietary Marks will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Proprietary Marks upon you (other than the right to operate the Franchised Business in compliance with this Agreement). You agree that you will not directly or indirectly contest the validity of our rights and interests in the Proprietary Marks. All provisions of this Agreement applicable to the Proprietary Marks apply to any additional proprietary trade and service marks, trade dress and commercial symbols we authorize you to use.

8.2 Limitations on Your Use of Proprietary Marks. You agree to use the Proprietary Marks as the sole identification of the Franchised Business, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manual or otherwise. We will place a conspicuous notice at a place we designate in your Restaurant identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not do so, we may accomplish the notice or identification as we see fit, and you agree to reimburse us for doing so. You may not use any Proprietary Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Proprietary Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Proprietary Mark may be used in any advertising concerning the transfer, sale or other disposition of the Franchised Business or an ownership interest in you. You agree to display the Proprietary Marks prominently in the manner we prescribe at the Restaurant, on supplies or materials we designate and in connection with forms and advertising and marketing materials.

8.3 Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement of or challenge to your use of any Proprietary Mark, or of any claim by any person of any rights in any Proprietary Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office or U.S. Copyright Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Proprietary Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or U.S. Patent and Trademark Office, U.S. Copyright Office, or other proceeding or otherwise to protect and maintain our interests in the Proprietary Marks.

8.4 Discontinuance of Use of Proprietary Marks. If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Proprietary Mark and usage of other marks (due to merger, acquisition or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will not be obligated to reimburse you for any direct or indirect loss, including loss of revenue attributable to any modified or discontinued Proprietary Mark or for any expenditures you make to change any of the Restaurant’s signs, trade dress or to promote a modified or substitute trademark or service mark. This obligation is independent of any Facilities Remodeling obligation described in Section 5.10.

8.5 Indemnification. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of our Proprietary Marks, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of any of the Proprietary Marks infringes their trademark rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Proprietary Marks except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within 5 days of your receipt of such notice and you must tender the defense of the claim to us or our nominee. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

8.6 Signage. Signage will comply with all state and local laws and ordinances. You are also to limit your signage to the Proprietary Marks. The use of any other language is forbidden. If you employ any signage that does not comply with this Agreement, you will be in material breach of this Agreement. The signage must also incorporate the specific letter style and designs associated with the Barry Bagels® logos. You must not use a sign that deviates from the standard logos unless and until you have submitted a request for such deviation to us in writing with drawings and we have approved such deviation.

9. CONFIDENTIAL INFORMATION

9.1 Types of Confidential Information. We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of the Franchised Businesses, which includes (without limitation):

(a) the System and the know-how related to its use;

(b) plans, specifications, size and physical characteristics of Restaurants;

(c) site selection criteria, land use and zoning techniques and criteria;

(d) methods of obtaining licensing and meeting regulatory requirements;

(e) sources, designs and methods of use of equipment, furniture, forms, materials, supplies, websites, internet or intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

(f) marketing, advertising and promotional programs for Franchised Businesses;

(g) staffing and delivery methods and techniques for personal services;

(h) the selection, testing and training of managers and other employees for Restaurants;

(i) the recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) any computer software we make available or recommend for Restaurants;

(k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation, advertising, marketing and franchising of Restaurants;

(l) knowledge of specifications for and identities of and suppliers of certain Restaurant Supplies and Operating Assets;

(m) serving methods, presentation methods, merchandising techniques and customer retention programs;

(n) recipes, formulas, preparation methods and serving techniques for Products; and

(o) knowledge of budgets, operating results and financial performance of Restaurant (other than those operated by you or your affiliates).

9.2 **Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of the Franchised Business by furnishing the Manual to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of the Franchised Business, you or your employees may develop ideas, concepts, methods, techniques or improvements ("**Improvements**") relating to the Franchised Business or the System, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of Franchised Businesses or any other aspect of the System. Improvements will then also constitute Confidential Information.

9.3 **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of the Franchised Business in accordance with the terms of this Agreement, and that the use or duplication of the Confidential Information in any other business would result in irreparable injury to us and constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and our affiliates, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the Term;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manual; and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees and the use of nondisclosure or noncompetition agreements (or both) we may prescribe for employees or others who have access to the Confidential Information.

9.4 Exceptions to Confidentiality. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used in the restaurant business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially; provided, however, that if such protective order is not obtained you will disclose only that portion of the Confidential Information that, in the advice of counsel, you are legally required to disclose.

10. COVENANTS

10.1 Full Time Efforts. You agree that during the Term, except as we have otherwise approved in writing, you (or the Operating Principal) shall devote full time, energy, and best efforts to the management and operation of the Franchised Business.

10.2 Understandings.

(a) You acknowledge and agree that: (i) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; (iii) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (iv) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in the System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (v) restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

(b) As used in this Section 10, the term "**Competitive Business**" is agreed to mean a retail business that sells or offers bagels, cream cheese, and/or coffee products that separately or in the aggregate constitute or would constitute 30% or more of that businesses Net Sales at any one or more retail location(s).

10.3 **Covenant Not to Compete or Engage in Injurious Conduct**. Accordingly, you and your Owners covenant and agree that, during the Term and for a continuous period of 2 years after the expiration or termination of this Agreement and/or a Transfer, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

(a) Divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

(b) Engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.

10.4 **Where Restrictions Apply**. During the Term, there is no geographical limitation on the restrictions set forth in Section 10.3. During the 2-year period following the expiration or earlier termination of this Agreement and/or a Transfer, these restrictions shall apply within the Protected Territory and a 10 miles radius of the Approved Location and any then-existing Barry Bagels Restaurant, except as we may otherwise approve in writing. These restrictions shall not apply to Restaurants that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

10.5 **Application to Transfers**. You further covenant and agree that, for a continuous period of 2 years after the expiration or termination of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or Transfer the Approved Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Approved Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Approved Location, shall include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Approved Location for this 2 year period, and you shall take all steps necessary to ensure that these restrictive covenants become a matter of public record.

10.6 **Periods of Non-Compliance**. If, at any time during the 2 year period following expiration or termination of this Agreement, you fail to comply with your obligations under this Section 10, then that period of noncompliance will not be credited toward your satisfaction of the 2 year obligation specified above.

10.7 **Publicly-Held Entities**. Section 10.3 shall not apply to your ownership of less than 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term “publicly-held corporation” shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

10.8 **Personal Covenants**. You agree to require and obtain execution of covenants similar to those set forth in Sections 8, 9 and this Section 10 (as modified to apply to an individual), from your Highly Trained Personnel and other employees, supervisors, and Owners. The covenants required by this Section shall be in the form provided in Exhibit F to the FDD. If you do not obtain execution of a covenant required by this Section and deliver to us those signed covenants, that shall constitute a default under Section 18.2.

10.9 Construction. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 10 and, if we do so, you agree to comply with the obligations as we have reduced them.

10.10 Claims Not a Defense. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 10. You agree to pay all costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 10.

10.11 Defaults. You acknowledge that your violation of the terms of this Section 20 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 10.

11. OPERATION AND SYSTEM STANDARDS

11.1 Confidential Operations Manual. During the Term, we will loan you one copy of our manual (the "**Manual**"), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials or other formats) that we generally furnish to franchisees from time to time for use in operating a Franchised Business. The Manual may be provided to you in electronic form and by any means of e-commerce we designate. The Manual contain mandatory and suggested specifications, standards, operating procedures and rules ("**System Standards**") that we prescribe from time to time for the operation of a Franchised Business and information relating to your other obligations under this Agreement and related agreements. You agree to follow the System Standards and other standards, specifications and operating procedures we establish periodically for the System that are described in the Manual. We also reserve the right to make the Manual accessible to you on-line via computer systems or other electronic format (like Internet, Intranet, CD-Rom, Websites or e-mail). You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, including via computer systems (e.g., internet, CD or other media we select). Any form of the Manual we make accessible to you on-line will be deemed our Confidential Information. You agree to maintain the Manual as confidential and maintain the information in the Manual as secret and confidential. The Manual may be modified, updated and revised (in written or electronic format) by us from time to time to reflect changes in System Standards. You agree to keep your copy of the Manual current and in a secure location at the Restaurant. In the event of a dispute relating to its contents, the master copy of the Manual we maintain at our principal office will be controlling. However, in the event we utilize an on-line Manual, the most recent online Manual will control any disputes between the on-line version and printed copies of the Manual. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual. If your copy of the Manual is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge (unless we have made an on-line Manual accessible to you, in which case you may utilize the on-line Manual instead of purchasing a replacement Manual).

11.2 Compliance with System Standards. You acknowledge and agree that your operation and maintenance of the Franchised Business in accordance with System Standards are essential to preserve the goodwill of the Proprietary Marks and all Franchised Businesses. Therefore, at all times during the Term, you agree to operate and maintain the Franchised Business in strict accordance with each and every System Standard, as we periodically modify and supplement them. System Standards may regulate any aspects of the Franchised Business, including but not limited to, the following:

(a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; televisions; music and other entertainment services; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;

(c) types, content, size, materials and standards for signage;

(d) required or authorized Restaurant Supplies;

(e) designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, software, products, ingredients, materials and supplies including for all Products;

(f) 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, unaffiliated suppliers or others;

(g) sales, marketing, advertising and promotional programs and materials and media used in such programs;

(h) pricing methods and formats for all Products to be sold;

(i) policies for participation and sale from your Restaurant of Products from other food providers and methods and programs for doing so (if any) as specified in the Manual;

(j) use and display of the Proprietary Marks;

(k) staffing levels for the Restaurant, and qualifications, training, dress and appearance of employees;

(l) participation in market research and testing and product and service development programs and customer satisfaction programs;

(m) acceptance of credit cards, corporate and other franchisee issued gift certificates, coupons, frequent diner programs, and payment systems and check verification services;

(n) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(o) types, amounts, terms and conditions of insurance coverage required to be carried for the Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for the Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(p) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us and our affiliates; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business;

(q) regulation of such other aspects of the operation and maintenance of the Restaurant that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Proprietary Marks and Franchised Businesses; and

(r) your use of, or mandatory or recommended participation in, any e-commerce, Intranet, Internet or Website communities, systems or processes, Website and compliance with any Internet, Intranet or e-commerce policies or procedures we may establish from time to time.

You agree that System Standards prescribed from time to time in the Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3 **Modification of System Standards.** In the exercise of our sole business judgment, we may from time to time modify any components of the System and requirements applicable to you by means of supplements to the Manual or otherwise, including, but not limited to, altering the Products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; adding to, deleting from or modifying the Products and services which your Restaurant is authorized and required to offer; modifying or substituting the equipment, signs, trade dress and other System Standards that you are required to adhere to (subject to the limitations set forth in this Agreement); and, changing, improving, modifying or substituting for the Proprietary Marks. You agree to implement any such System modifications as if they were part of the System at the time you sign this Agreement. You acknowledge that because uniformity under many varying conditions may not be possible or practical, we reserve the right to materially vary our Standards or franchise agreement terms for any franchised business, based on the timing of the grant of the Franchise, the peculiarities of a particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions or any other condition which we consider important to the successful operation of a Franchised Business. You will have no right to require us to disclose any variation or to grant the same for a similar variation to you.

11.4 **Interior and Exterior Upkeep.** You agree at all times to maintain the Restaurant's interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Restaurant established in the Manual and by federal, state and local laws and regulations.

11.5 **Hours of Operation.** You agree to operate the Restaurant during the hours that we designate, unless we have otherwise approved in advance in writing. Standard system-wide holidays allow for closing of the Restaurant on Christmas Day, with other holiday closings at your discretion but subject to our prior approval.

11.6 Trade Accounts and Taxes. You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with the Franchised Business's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties (including our affiliates), or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.7 Proprietary Products. Because of the importance of quality and uniformity of production and the significance of the proprietary products to the System, it is to the mutual benefit of the parties that we closely control the production and distribution of Proprietary Products. These items include products of confidential processes or items that bear any of the Proprietary Marks such as meals, beverages, ancillary food items, beverage containers, packaging, food products, employee clothing (such as shirts, hats and aprons), stationary, forms, products and advertising materials and other items that we designate as proprietary (the "**Proprietary Products**"). You agree to purchase from us or approved manufacturers or suppliers all Proprietary Products at then prevailing prices, plus freight, taxes and delivery costs.

11.8 Approved Products. You agree not to sell any food or beverage products or other items at the Restaurant that we have not previously approved for sale. You agree not to, without our prior written consent, prepare, sell, dispense, give away or otherwise provide food or beverage products or other items except by means of retail sales, as provided in the Manual. You must sell all of the food and beverage Products prescribed by us and no others. You will immediately implement changes to the Products, service or other items requested by us. You agree to maintain an inventory of Products sufficient to meet the daily demands of the Restaurant. You will only sell the types and brands of food and beverage products we authorize from time to time. You also agree to participate in any programs we develop with participating stores for this purpose on the terms we develop from time to time.

11.9 Beverage and/or Food Agreements. Continuously throughout the Term, you agree to provide beverage and/or food services we may designate only at the Restaurant in accordance with our System Standards and subject to all applicable laws, unless we waive this requirement in advance in writing which waiver we may retract or modify later in writing. We have the right to approve the form of any agreements, and all modifications to them, between you and any person or entity providing beverage services or food to you, and the quality and brands of beverages or foods we have approved to be sold at the Restaurant.

11.10 Business Licenses. You understand and acknowledge that this Agreement is expressly conditioned on your ability to secure and maintain, at your sole cost, any and all required state, county and/or local license(s) required for the preparation, retention and sale of approved products at the Restaurant and any other business licenses required for the operation of the Restaurant. If you fail to secure the required license(s) by the date the Restaurant is otherwise ready (and/or required) to open for business, then we may, in our sole discretion, terminate this Agreement upon 10 days prior written notice to you and, in such event, we will not be required to refund any part of the Initial Franchise Fee. After you have secured the required license(s), you will thereafter comply with all applicable laws and regulations relating to the sale of Products at the Restaurant. If the sale of Products at the Restaurant is suspended or prohibited for more than 10 consecutive days as a result of your failure to comply with applicable laws and regulations, then we may, in our sole discretion, terminate this Agreement upon 10 days prior written notice to you and, in such event, we will not be required to refund any part of the Initial Franchise Fee.

11.11 Compliance With Laws. You agree to comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, food handlers permits, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual or our other instructions, you agree to: (a) comply with said laws; (b) immediately provide us with written notice describing the nature of the conflict; and (c) cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

11.12 Notice of Violations and Actions. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the franchised business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

11.13 Management. You (or your Operating Principal) agree to be directly responsible for the Restaurant's day-to-day management and operation and supervision of the Restaurant's personnel. During all hours of operations, the Restaurant must be under the direct on-site supervision of you (or your Operating Principal) or one of your Highly Trained Personnel, who has satisfactorily completed our Initial Training program.

11.14 Personnel. You agree to hire, train and supervise the Franchised Business personnel in accordance with the specifications set forth in the Manual. All personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. You are solely responsible for all employment decisions with respect to your employees, including hiring, firing, compensation, training, supervision and discipline, regardless whether you receive advice from us on any of these subjects. All persons you employ who have access to any of the Confidential Information must sign a nondisclosure agreement in a form satisfactory to us. You are liable to us for any unauthorized disclosure of such information by any of your Owners, directors, employees, representatives or agents. We reserve the right to require that any management level employee who has attended or is to attend the Initial Training, execute and deliver to us our current form of confidentiality, non-solicitation and non-competition agreement.

11.15 Employee Attire and Personal Appearance. Your employees must comply with such dress code or standards we may require from time to time, which may include use of branded or other uniform apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing). We may also require that you and your employees comply with personal appearance standards (including, but not limited to, dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays at work stations, etc.).

11.16 Pricing. Because enhancing the System's competitive position and consumer acceptance of the System's products and services is a paramount goal for us and our franchisees, and because this objective is consistent with the long-term interest of the System overall, we may exercise rights with respect to the pricing of products and services to the fullest extent permitted by then-applicable law. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge customers for the products and/or services offered and sold at the Restaurant; recommending retail prices; advertising specific retail prices for some or all products or services sold by the Restaurant, which prices you will be compelled to observe; engaging in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices (such as “buy one, get one free”); and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which the Restaurant may charge the public for the products and services it offers. We may engage in such activity either periodically or throughout the Term. Further, we may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum, minimum or other prices we prescribe or suggest may or may not optimize the revenues or profitability of the Restaurant and you irrevocably waive any and all claims arising from or related to our prescription or suggestion of the Restaurant’s retail prices.

11.17 Quality Control. We may, in our sole discretion, establish quality control programs, including food safety programs, “secret shopper” programs, interactive voice response customer satisfaction measurement programs and/or “customer intercept” programs, to ensure the highest quality of service and food products in all Restaurants. You shall participate in any such quality control programs and bear your pro-rata share, as determined by us in our sole discretion, of the costs of any such program. We reserve the right to publish or disclose to other franchisees, in any manner or format we deem appropriate in our sole discretion, any information that we collect, produce or maintain in connection with such quality control programs. We also reserve the right to publish or disclose to third parties in an aggregate anonymous format any information that we collect, produce or maintain in connection with such quality control programs. If you receive an unsatisfactory or failing report in connection with any such program, you must immediately implement any remedial actions we require and pay us all expenses we incur to have the evaluation service re-evaluate the Franchised Business (as well as all expenses we may have incurred to inspect the Franchised Business thereafter) together with any costs or incidental expenses that we incur.

11.178 Customer Data. All information, mailing lists and databases of customer data from whatever source derived, shall, at our request, and in any event when provided by you to us, be our property. You agree not to use such information, except in connection with the Franchised Business in accordance with this Agreement. You agree not to use, process, copy, display, publish, store or transfer the customer data without our approval. You agree to comply with all applicable laws with respect to customer data. In addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of customer data, subject in all instances to applicable laws. You shall promptly notify us if you become aware or suspect any unauthorized access to the customer data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices of customer data. You agree to indemnify us for all third party claims related to your use of customer data. It is your responsibility to maintain and report your payment card industry (“**PCI**”) compliance, which encompasses operational policies and practices as well as networks and POS systems hardware/software used to process credit card transactions, as well as attesting that you are abiding by (a) PCI data security standards enacted by applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (b) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and on-going fees for monitoring customer credit card histories and/or transactions for affected customers of the Franchised Business.

11.19 **<u>Approved Suppliers</u>**. Notwithstanding anything to the contrary contained in this Agreement, you acknowledge and agree we have the right to establish one or more strategic alliances or preferred vender programs with one or more nationally or regionally known suppliers that are willing to supply all or some Restaurants with some or all of the Products and/or services that we require for use and/or sale in the development and/or operation of Restaurants. In this event, we may limit the number of Approved Suppliers with whom you may deal, designate sources that you must use for some or all Products, Proprietary Products, and other products and services, and/or refuse any of your requests if we believe this action is in the best interests of the System or the network of Restaurants.

11.20 **<u>Supplier Allowances</u>**. You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, the "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon your purchases of Products, Proprietary Products, and other goods and services. These Allowances include those based on system-wide purchases of beverages, food, paper goods and other items. You assign to us or our designee all of your right, title and interest in and to any such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.

11.21 **<u>Environmental Matters</u>**. We are committed to working to attain optimal performance of Restaurants with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.

12. <u>TECHNOLOGY</u>

12.1 **<u>Computer Systems and Software</u>**. With respect to computer systems and required software:

(a) We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Restaurants, and in accordance with our System Standards, including, without limitation: **(i)** back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at the Restaurant, and between and among the Franchised Business, you and us; **(ii)** POS Systems; **(iii)** physical, electronic, and other security systems and measures; **(iv)** printers and other peripheral devices; **(v)** archival back-up systems; **(vi)** internet access mode (e.g., form of telecommunications connection) and speed; and **(vii)** front-of-the-house WiFi and other internet service for customers (collectively, all of the above are referred to as the "**Computer System**").

(b) We will have the right, but not the obligation, to develop or have developed for our needs, or to designate: **(i)** computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you will install; **(ii)** updates, supplements, modifications, or enhancements to the Required Software, which you will install; **(iii)** the tangible and hosted media upon which you will record data; and **(iv)** the database file structure of your Computer System.

(c) You agree to install and use the Computer System and Required Software at your sole expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install and continue to use the Required Software, hardware, and other elements of the Computer System.

(d) You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

(e) You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to also afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

12.2 **Data**. All data that you provide, uploaded to our system from your Computer System, and/or downloaded from your Computer System to our system is (and will be) owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. In addition, all other data that you create and/or collect in connection with the Computer System, or in connection with your operation of the Franchised Business (including, but not limited to, consumer and transaction data), is and will be owned exclusively by us during the Term and following termination or expiration of this Agreement. Copies and/or originals of such data must be provided to us immediately upon our request. We hereby license use of such data back to you, at no additional cost, solely for the Term and solely for your use in connection with the Franchised Business.

12.3 **Data Requirements and Usage**. We may periodically specify in the Manual or otherwise in writing the information that you will collect and maintain certain data on the Computer System installed at the Restaurant, and you will provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Restaurant (including, without limitation, data pertaining to or otherwise about customers) is and shall be our exclusive property, and we hereby grant a royalty-free non-exclusive license to you to use said data during the term of this Agreement. In connection with any use of data in the Franchised Business:

(a) You agree to comply with all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

(b) You also agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you will: **(i)** comply with the requirements of applicable law; **(ii)** immediately give us written notice of any conflict; and **(iii)** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law.

(c) You agree not to publish, disseminate, implement, revise, or rescind any data privacy policy we implement without our prior written consent.

12.4 **Extranet**. You agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require. The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet (even if it is referred to as an "intranet"). If we establish an Extranet (we are not required to do so or to maintain an Extranet), then you agree to comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of the Franchised Business. The Extranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You will purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet.

12.5 **Online Ordering System**. You agree to participate in our online ordering system on such terms and conditions that we may specify in the Manual and to pay the fees for such online ordering system that we and/or our vendors reasonably specify.

12.6 **No Separate Online Sites**. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPad or Droid apps), and other applications, etc. However, if we give you our prior written consent for you to have a separate Online Site (which we are not obligated to approve), then each of the following provisions shall apply:

(a) You specifically acknowledge and agree that any Online Site owned or maintained by or for the benefit of you will be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13.7.

(b) Before establishing any Online Site, you agree to submit to us, for our prior written approval, a sample of the proposed Online Site name (e.g., domain name), format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner we may reasonably require.

(c) You agree not to use or modify such Online Site without our prior written approval as to such proposed use or modification.

(d) In addition to any other applicable requirements, you agree to comply with the Standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing (including, but not limited to, requirements pertaining to designating us as the sole administrator or co-administrator of the Online Site).

(e) If we require you to do so, you will establish such links to our Online Site and others as we may request in writing.

(f) If we require you to do so, you must post timely updates to our Online Site to reflect information regarding specials and other promotions at the Restaurant.

(g) We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

12.7 **POS Systems**. You agree to record all sales on computer-based point of sale systems that we have approved in writing or on such other types of cash registers that we may designate in the Manual or otherwise in writing ("**POS Systems**"). You agree to utilize computer-based point-of-sale cash registers which are fully compatible with any program or system (which we shall have the right to require) and you agree to record all sales and all sales information on such equipment. The POS System is included within the definition of your "Computer System" as specified in Section 12.1(a).

12.8 **Electronic Identifiers; E-Mail**.

(a) You agree to use an e-mail address that we assign to you for official Restaurant business if we assign such an address to you (or to one or more of your employees), and to use that e-mail address in the manner and for the purposes that we reasonably require in the Manual or otherwise in writing.

(b) You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic media without first obtaining our written consent as to: **(i)** the content of such electronic advertisements or solicitations; and **(ii)** your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, but not limited to, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act. As used in this Agreement, the term "**electronic communication**" is agreed to include all methods for sending communication electronically, whether or not currently invented or used, including, without limitation, e-mails, text messages, and faxes.

12.9 **Outsourcing**. You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may provide. The provisions of this Section 12.9 are in addition to and not instead of any other provision of this Agreement.

12.10 **Telephone Service**. You agree to use the telephone service for the Franchised Business that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for the Franchised Business.

12.11 **Changes**. Each party to this Agreement acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System and you agree to comply with those reasonable new standards that we establish as if we periodically revised this Section 12 for that purpose.

12.12 **Electronic Communication – Including E-Mail and Fax**. You acknowledge and agree that exchanging information with us by electronic media is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "**Official Senders**") to you during the Term.

(a) In order to implement the terms of this Section 12.12, you agree that: **(i)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; **(ii)** you will cause your officers, directors, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(iii)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the Term.

(b) The consent given in this Section 12 shall not apply to the provision of notices by either party under this Agreement using e-mail, unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

(c) We may permit or require you to use a specific e-mail address (that is, one that will contain a Top Level Domain Name that we designate, such as joe.smith@barrybagels.com or mary.jones@bbfran.com) (the "**e-mail address**") in connection with the operation of the Franchised Business. You will be required to sign our current form of E-Mail Authorization Letter and Extranet Agreement, appended to this Agreement as Exhibits D and E, for this purpose. If we assign you an e-mail address, then you agree that you (and your employees) will use only that e-mail account for all official business associated with the Franchised Business.

13. MARKETING, PROMOTION AND PUBLIC RELATIONS

13.1 **Marketing Contribution**. You agree to contribute an amount equal to 2.0% of the Franchised Business's Net Sales (the "**Marketing Contribution**") to be allocated as provided in Section 13.2 below. The Marketing Contribution must be paid in the same manner and at the same time as specified for payment of Royalties pursuant to Section 6.2 above (and as otherwise provided in this Section 13). In addition to the Marketing Contribution, you agree to spend a minimum of $5,000 to conduct the Grand Opening Marketing Program described in Section 13.8 below.

13.2 **<u>Allocation and Collection</u>**.

(a) We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: **(i)** our system-wide marketing fund (the "**Systemwide Marketing Fund**"); **(ii)** any Market Co-op Fund established for your area, as provided in Section 13.4 below (but we are not required to establish a Market Co-op Fund for your area); and **(iii)** the local store marketing ("**LSM**") fund.

(b) Our current allocation of the Marketing Contribution is as follows:

Amount or Percent	Fund:
Fifty percent (50%) of the Marketing Contribution (that is, 1.0% of your Net Sales)	Systemwide Marketing Fund
Fifty percent (50%) of the Marketing Contribution (that is, 1.0% of your Net Sales)	LSM

(c) We have the right to periodically make changes to the allocation of the Marketing Contribution among the Systemwide Marketing Fund, the LSM and/or a Market Coop Fund, by giving you written notice of the change, and those changes will take effect immediately, unless otherwise specified in the notice.

(d) We reserve the right to collect and hold LSM funds, and seek your guidance on how LSM funds are to be spent; provided, however, we also reserve the exclusive right to direct the expenditure of LSM funds.

(e) No part of the Marketing Contribution (whether deposited in the Systemwide Marketing Fund, a Market Co-Op Fund, or as LSM funds) shall be subject to refund or repayment under any circumstances.

(f) Our current policy is that neither the 5 existing legacy stores operated by The Bagel Place, Inc., a Michigan corporation, Big M Bagel Co., a Michigan corporation, or Little M Bagel Company, LLC, an Ohio limited liability company, in Ohio and Michigan nor any of our company-owned Restaurants contribute to the Systemwide Marketing Fund or the LSM. However, certain company-owned Restaurants situated in the same markets as franchised Restaurants may contribute to the LSM. Those certain company-owned Restaurants would likely contribute to that portion of the LSM, if any, designated for that particular market on an equal basis. If we elect to have any of our Restaurants contribute to the LSM or Systemwide Marketing Fund, we will have the same rights for our contributing Restaurants as or franchisees have for their Restaurants. We reserve the right to change our policy at any time.

13.3 **<u>Systemwide Marketing Fund</u>**. Once it is established, we (or our designee) will maintain and administer the Systemwide Marketing Fund as follows:

(a) We or our designee shall have the right to direct all marketing programs, as well as all aspects thereof, including, without limitation, the concepts, materials, and media used in such programs and the placement and allocation thereof. You acknowledge and agree that the Systemwide Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System and that we and our designee are not obligated, in administering the Systemwide Marketing Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or proportionately from expenditures by the Systemwide Marketing Fund.

(b) The Systemwide Marketing Fund, all contributions to that fund, and any of that fund's earnings, shall be used (except as otherwise provided in this Section 13.3) to meet any and all costs of maintaining, administering, directing, conducting, creating and/or otherwise preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, but not limited to, the costs of preparing and conducting: media advertising campaigns; marketing via direct mail and other print and electronic media; marketing surveys and other public relations activities; employing marketing personnel, as well as advertising and/or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Restaurants operated under the System). The Systemwide Marketing Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on Products, services, or improvements, so long as we have given our prior written approval, which Products, services, or improvements; and we will have the right to determine what methods to use in order to promote general public awareness of, and favorable support for, the System.

Furthermore, the Systemwide Marketing Fund may be used for the further development and maintenance of our technology systems including, but not limited to, our websites, data collection and analysis, Internet and Extranet, online ordering system, PRS Systems, software and such other technology which we in our sole discretion deem appropriate or otherwise desirable to further develop efficiencies and market trends. You acknowledge and agree that effective marketing and system sustainability require that we have the ability to constantly adapt in order to meet evolving marketing conditions, customer needs and System efficiencies. You grant to us and we retain broad latitude in the determination of how the Systemwide Marketing Fund is managed.

(c) We or our designee will maintain all sums in the Systemwide Marketing Fund in an account separate from our other monies. We will have the right to charge the Systemwide Marketing Fund for the reasonable administrative costs and overhead that we or our designee incur in activities reasonably related to the direction and implementation of the Systemwide Marketing Fund and marketing programs for franchisees and the System (including, but not limited to, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs). We or our designee will maintain separate bookkeeping accounts for the Systemwide Marketing Fund.

(d) No part of your Marketing Contribution (whether deposited in the Systemwide Marketing Fund, a Market Co-Op Fund, or as LSM funds) shall be deemed an asset of ours, nor a trust, and we do not assume any fiduciary obligation to you for maintaining, directing or administering said funds or for any other reason. We will prepare a statement of the operations of the Marketing Fund, Market Co-Op Funds, and LSM funds that you have deposited, as shown on our books, annually, and make that report available to you.

(e) Although the Systemwide Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Systemwide Marketing Fund. The Systemwide Marketing Fund shall not be terminated, however, until all monies in the Systemwide Marketing Fund have been expended for marketing and/or promotional purposes.

13.4 **<u>Market Co-op Fund</u>**. We will have the right to designate any geographical area for purposes of establishing a cooperative market marketing fund ("**Market Co-op Fund**"). If a Market Co-op Fund for the geographic area in which the Franchised Business is located has been established at the time you start to operate under this Agreement, you will immediately become a member of such Market Co-op Fund. If a Market Co-op Fund for the geographic area in which the Franchised Business is located is established during the Term, you will become a member of that Market Co-op Fund within thirty (30) days after the date on which the Market Co-op Fund commences operation; provided, however, you will not be required under any circumstances to be a member of more than one Market Co-op Fund. The following provisions shall apply to each Market Co-op Fund:

(a) Each Market Co-op Fund shall be organized (including, but not limited to, bylaws and other organic documents) and governed in a form and manner, and shall commence operations on a date, which we must have approved in advance in writing. Subject to the provisions of this Section 13, the activities carried on by each Market Co-op Fund shall be decided by a majority vote of its members (unless we specify otherwise in writing). Any Restaurants that we operate in the region shall have the same voting rights as Restaurants owned by franchisees. Each franchisee shall be entitled to cast one vote for each Restaurant.

(b) Each Market Co-op Fund shall be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in local store marketing.

(c) No advertising, marketing, or promotional plans or materials may be used by a Market Co-op Fund or furnished to its members without our prior written approval.

(d) You agree to make your required contribution to a Market Co-op Fund pursuant to the allocation that we specify, as described in Section 13.2.

(e) Although once established, each Market Co-op Fund is intended to be of perpetual duration, we maintain the right to terminate any Market Co-op Fund. A Market Co-op Fund shall not be terminated, however, until all monies in that Market Co-op Fund have been expended for marketing and/or promotional purposes.

13.5 **<u>Standards</u>.** All of your Local Store Marketing must:

(a) be in the media, and of the type and format, that we may approve;

(b) be conducted in a dignified manner; and

(c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval.

13.6 Materials Available for Purchase. We will make available to you from time to time, at your expense, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in Local Store Marketing.

13.7 Our Review and Right to Approve All Proposed Marketing. For all proposed advertising, marketing, and promotional plans, you (or the Market Co-op Fund, where applicable) shall submit to us samples of such plans and materials, for our review and prior written approval. If you (or the Market Co-op Fund) have not received our written approval within 14 days after we have received those proposed samples or materials, then we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.

13.8 Grand Opening Marketing Program. In addition to and not instead of the Marketing Contribution, you agree to spend a minimum of $5,000 for grand opening marketing and promotional programs in conjunction with the Franchised Business's initial grand opening pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program shall be executed and completed during the period 30 days prior to opening of the Franchised Business until 30 days after the Franchised Business commences operation. For the purpose of this Agreement, the Grand Opening Marketing Program shall be considered Local Store Marketing. We reserve the right to require you to deposit the funds required under this Section 13.8 with us, for us to distribute as may be necessary in order to conduct the Grand Opening Marketing Program.

13.9 Additional Marketing Expenditure Encouraged. You understand and acknowledge that the required contributions and expenditures are minimum requirements only and that you may (and we encourage you to) spend additional funds for Local Store Marketing of a local nature, which will focus on disseminating marketing directly related to the Franchised Business.

13.10 Local Store Marketing. We will have the right to require you to independently spend all or a portion of the Marketing Contribution on Local Store Marketing within the Protected Territory (to the extent that we do not require it to be deposited with us as specified in Section 13.2). At our request, you must submit appropriate documentation to verify compliance with any local marketing and advertising spending obligations. We have the right to periodically designate in the Manual the types of expenditures that will or will not count toward your minimum spending requirement. You must advertise the Franchised Business in all major directories in your Protected Territory, including local online directories, as prescribed in the Manual. If you advertise jointly with other franchisees, your share of the cost will count toward your local spending requirement under this Section 13.10. As used in this Agreement, the term "**Local Store Marketing**" shall consist only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; provided, however, the parties expressly agree that Local Store Marketing shall not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:

(a) Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons;

(b) Political donations;

(c) The value of discounts provided to consumers; and/or

(d) The cost of food, beverage, and merchandise items.

13.11 <u>Rebates</u>. You acknowledge that periodic rebates, give-aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give-aways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.

13.12 <u>Considerations as to Charitable Efforts</u>. You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

14. <u>RECORDS, REPORTS AND FINANCIAL STATEMENTS</u>

14.1 <u>Accounting Records</u>.

(a) With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

(b) With respect to the Franchised Business, you agree to maintain for at least 3 years during (as well as after) the Term (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed from time to time in the Manual or otherwise in writing, including but not limited to: **(i)** daily cash reports; **(ii)** cash receipts journal and general ledger; **(iii)** cash disbursements and weekly payroll journal and schedule; **(iv)** monthly bank statements, daily deposit slips and cancelled checks; **(v)** all tax returns; **(vi)** supplier's invoices (paid and unpaid); **(vii)** dated daily and weekly cash register journals and POS reports in accordance with our standards; **(viii)** semi-annual fiscal period balance sheets and fiscal period profit and loss statements; **(ix)** operational schedules and weekly inventory records; **(x)** records of promotion and coupon redemption; and **(xi)** such other records as we may from time to time request.

(c) We have the right to specify a common chart of accounts, and, if we do so, you agree to use that chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us.

14.2 **Financial Statements**.

(a) You agree to provide us, at your expense, and in a format that we have specified, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within 90 days after the end of each fiscal year of the Franchised Business. Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

(b) No later than the fifteenth (15th) day after each fiscal quarter (or, if we elect, each fiscal month or other periodic time period) during the Term after the opening of the Franchised Business, you will submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): (i) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Business; (ii) reports of those income and expense items of the Franchised Business that we periodically specify for use in any revenue, earnings, and/or cost summary we chooses to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); and (iii) copies of all state sales tax returns for the Franchised Business. You must certify as correct and true all reports and information that you submit to us pursuant to this Section 14.2.

14.3 **Additional Information**. You also agree to submit to us for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified from time to time in the Manual or otherwise in writing, including but not limited to: **(i)** information in electronic format; **(ii)** restated in accordance with our financial reporting and accounting periods; **(iii)** consistent with our then-current financial reporting and accounting periods and accounting practices and standards; and/or **(iv)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or us. The reporting requirements of this Section 14.3 shall be in addition to, and not in lieu of, the electronic reporting required under Section 12.

14.4 **Gift Cards and Incentive Programs**. You agree to offer for sale, and to honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including, but not limited to, loyalty programs that we or a third party vendor operate, as well as mobile payment applications) and you agree to do all of those things in compliance with our standards and procedures for such programs.

15. INSPECTIONS AND AUDITS

15.1 Our Right to Inspect the Restaurant. To determine whether you and the Restaurant are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

(a) inspect the Restaurant;

(b) observe, photograph and videotape the operations of the Restaurant for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of the Restaurant; and

(e) inspect and copy any books, records and documents relating to your operation of the Restaurant.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal, interviews and electronic (Internet or Intranet) record access. You agree to: (i) present to your customers such evaluation forms that we periodically prescribe; (ii) participate and/or request your customers to participate in any surveys performed by us or on our behalf; (iii) participate in mystery shopping programs, as we may require from time to time, at your expense; and (iv) correct or repair any unsatisfactory conditions we specify within 5 days.

15.2 Our Right to Audit. We have the right at any time during your business hours to inspect and audit, or cause to be inspected and audited, your business, bookkeeping and accounting records, purchasing records, advertising and marketing records and expenditures, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate or if your Net Sales are understated by more than 2%, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within 10 days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law, which may include termination of this Agreement.

16. INSURANCE

16.1 Required Insurance Coverage. Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the Term (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term), at your expense, insurance in connection with the Franchised Business as set forth below. Such policy or policies shall be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and shall include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees from time to time in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances), the following:

(a) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of not less than $2,000,000 in the aggregate and $1,000,000 per occurrence.

(b) Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least $1,000,000, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located. Such policy shall contain an "Alternate Employer Endorsement" including us as the "alternate employer."

(c) Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (including, without limitation, comprehensive general liability, workers' compensation, and property insurance) to not less than $5,000,000 total limit of liability. Such umbrella liability will provide at a minimum those coverages and endorsements required in the underlying policies described in this Section 16.1(c).

(d) Food Borne Illness, Accidental & Malicious Contamination coverage, with minimum coverage of at least $1,000,000.

(e) Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood and earthquake. Appropriate coverage shall also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies shall value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance shall not be less than 90% of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy shall be subject to our review and approval.

(f) Products liability insurance in an amount not less than $2,000,000, which policy shall be considered primary.

(g) Business interruption insurance to cover at least your obligations with respect to leases, Royalties, marketing fund obligations, fixed costs, and other recurring expenses for a period of not less than 180 days following an interruption to the Restaurant's operation.

(h) Fire, lightning, vandalism, theft, malicious mischief, flood (if in a special flood-hazard area), sprinkler damage, and the perils described in extended-coverage insurance with primary and excess limits of not less than the full-replacement value of the supplies, furniture, fixtures, equipment, machinery, inventory, and plate glass having a deductible of not more than $1,000 and naming us as loss payee.

(i) Automobile liability insurance, including coverage of vehicles not owned by you, but used by employees in connection with the Franchised Business, with a combination of primary and excess limits of not less than $1,000,000.

(j) Commercial blanket bond in the amount of $100,000.

(k) Any other insurance coverage that is required by federal, state, or municipal law.

16.2 **Endorsements**. All policies listed in Section 16.1 (unless otherwise noted below) shall contain such endorsements as shall, from time to time, be provided in the Manual. All policies shall waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

16.3 **Notices to Us**. In the event of cancellation, material change, or non-renewal of any policy, 60 days advance written notice must be provided to us in the manner provided in Section 23 below.

16.4 **Construction Coverages**. In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the Term, you must require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manual and written by insurance or bonding companies that we have approved, having a rating as set forth in Section 16.1.

16.5 **Other Insurance Does Not Impact your Obligation**. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that we may maintain, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 20.4 below. Additionally, the requirements of this Section 16 shall not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including, but not limited to, other Restaurants operated by you (and/or your affiliates) under the System.

16.6 **Additional Named Insured**. All public liability and property damage policies shall list us as an additional named insured, and shall also contain a provision that we, although named as an insured, shall nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees.

16.7 **Certificates of Insurance**. At least 30 days before the time you are first required to carry any insurance under this Agreement, and from then on, at least 30 days before the expiration of any such policy, you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates shall expressly provide that we will receive at least 60 days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 16 must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

16.8 **Proof of Coverage**. In addition to your obligations under Section 16.7, on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date, you agree to provide us with proof of insurance evidencing the proper coverage with limits not less than those required under this Agreement, in such form as we may reasonably require.

16.9 **Changes**. We will have the right, from time to time, to make such changes in policy limits, maximum deductibles and endorsements as we may determine are necessary or appropriate; provided, however, all changes shall apply to all of our franchisees who are similarly situated.

17. TRANSFER OF INTEREST

17.1 **By Us**. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

17.2 **Your Owners**. If you are an entity, then each party that directly or indirectly holds any interest whatsoever in you (each, an "**Owner**"), and the interest that each Owner directly or indirectly holds in you, is identified in Exhibit D to this Agreement. You represent and warrant to us that your Owners are accurately set forth on Exhibit D to this Agreement, and you also agree not to permit the identity of those Owners, or their respective interests in you, to change without complying with this Agreement. We will have the right to designate any person or entity which owns a direct or indirect interest in you as an Owner, and Exhibit D shall be so amended automatically upon written notice thereof to you.

17.3 **Owners**. We will have a continuing right to designate as an Owner any party that owns a direct or indirect interest in you.

17.4 **By You**. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this Franchise in reliance on your (or your Owners') business skill, financial capacity, and personal character. Accordingly:

(a) Without our prior written consent, neither you (nor any successor to any part of your interest in this Agreement) nor any Owner, nor any other party that directly or indirectly owns any interest in this Agreement, in you, and/or in the Franchised Business, may sell, assign, transfer, convey, pledge, encumber, merge, create a security interest in, and/or give away (collectively, "**Transfer**") any direct or indirect interest in: **(i)** this Agreement; **(ii)** you; **(iii)** any or all of your rights or obligations under this Agreement; and/or **(iv)** all or substantially all of the assets of the Franchised Business. Any purported assignment or Transfer not having our prior written consent as required by this Section 17 shall be null and void and shall also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure.

(b) If you are an entity (other than a partnership or a limited liability company), then you agree that: **(i)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(ii)** the recipient of any such securities shall become an Owner under this Agreement, if we designate them as such.

(c) If you are a partnership or limited liability company, then the partners/members of that entity shall not, without our prior written consent, admit additional general partners or members, remove a general partner or member, or otherwise materially alter the powers of any general partner or member. Each general partner or member in such entity shall automatically be deemed to be an Owner.

17.5 **Transfer Conditions**. We will not unreasonably withhold any consent required by Section 17.4; provided, however, that if you propose a Transfer, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed Transfer:

(a) The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and/or the transferor and us, and/or our respective affiliates, and federal, state, and local laws and rules.

(b) The transferee of an Owner shall be designated as an Owner and each transferee who is designated an Owner shall enter into a written agreement, in a form satisfactory to us, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the new Owner shall guarantee the performance of all such obligations in writing in a form satisfactory to us.

(c) The proposed new Owners (after the Transfer) must meet our educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.

(d) We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher Royalty and Marketing Contribution.

(e) If we so request, then you, at your expense, must conduct Facilities Remodeling to conform to the then-current standards and specifications of new Restaurants then-being established in the System, and you must complete the upgrading and other requirements specified in Section 5.10 within the time period that we specify.

(f) You must pay in full all of your monetary obligations to us and our affiliates, whether under this Agreement or otherwise, and you must not be otherwise in default of any of your obligations under this Agreement (including, but not limited to, your reporting obligations).

(g) The transferor shall remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the Transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments that we reasonably request to evidence such liability.

(h) An Owner of the transferee whom we designate to be a new Operating Principal, and those of the transferee's Highly Trained Personnel as we may require, shall successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require.

(i) You agree to pay us a Transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the Transfer in the amount of $5,000 or 1/5th of our then-current Initial Franchise Fee, whichever is more.

(j) The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Section 10.

(k) We have approved the material terms and conditions of such Transfer and determined that the price in terms of payment will not adversely affect the transferee's operation of the Franchised Business.

(l) If you or any Owner(s) finance any part of the sale price of the transferred interest, you and your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Franchised Business are subordinate to the transferee's obligations to pay any amounts owing to us under this Agreement or any ancillary agreement.

17.6 **Right of First Refusal**. If you or any of your Owners wish to accept any bona fide offer from a third party to purchase you or purchase or lease any Operating Assets and/or the lease for the Restaurant, or any direct or indirect interest in you, then all of the following shall apply:

(a) You (or the Owner who proposes to sell his/her interest) shall promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within 30 days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase shall occur within 30 days from the date of notice to the seller of the election to purchase by us.

(b) Any material change in the terms of the offer before closing shall constitute a new offer, subject to our same rights of first refusal (as set forth in this Section). If we do not exercise the option afforded by this Section 17.6, that shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 17, with respect to a proposed Transfer.

(c) If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we shall promptly designate an independent appraiser and you shall promptly designate another independent appraiser and those 2 appraisers shall, in turn, promptly designate a third appraiser; and all 3 appraisers shall promptly confer and reach a single determination, which determination shall be binding upon both you and us. The cost of any such appraisal shall be shared equally by both parties.

(d) If we exercise our rights under this Section 17.6, then we will have the right to set off all amounts due from you, including but not limited to 1/2 of the cost of the appraisal, if any, specified above against any payment to you.

17.7 **Death or Incapacity**. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 90 days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 17.5 and 17.6.

(a) In addition, if the deceased or incapacitated person is the Operating Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the Transfer is completed and to charge a reasonable management fee for our services.

(b) For purposes of this section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(i)** for a period of 30 or more consecutive days; or **(ii)** for 60 or more total days during any 12 month period. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 17.5, the executor may Transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement.

(c) If an interest is not disposed of under this section within 180 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 18.

17.8 **Consent to Transfer**. Our consent to a Transfer that is the subject of this Section 17 shall not constitute a waiver of any claims that we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

17.9 **No Transfers to a Non-Franchisee Party to Operate a Similar Business**. You agree that neither you nor any Principal will Transfer or attempt to Transfer any or all of the Franchised Business to a third party who will operate a similar business at the Approved Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

17.10 Bankruptcy Issues. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 17.

17.11 Securities Offers. All materials for an offering of equity, membership or partnership interests in you or any of your affiliates that are required by federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. You agree that:

(a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates;

(b) our review of any offering shall be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and

(c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above. You (and the offeror if you are not the offering party), your Owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, members, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, you agree to pay us a non-refundable fee of $10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You agree to give us written notice at least 30 days before the date that any offering or other transaction described in this Section 17.11 commences. Any such offering shall be subject to all of the other provisions of this Section 17, and further, without limiting the foregoing, it is agreed that any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

18. DEFAULT AND TERMINATION

18.1 Automatic. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement shall automatically terminate without notice to you:

(a) if you become insolvent or make a general assignment for the benefit of creditors;

(b) if you file a petition in bankruptcy or such a petition is filed against and not dismissed within 30 days following commencement;

(c) if you are adjudicated bankrupt or insolvent (to the extent permitted under the U.S. Bankruptcy Code);

(d) if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you;

(e) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction;

(f) if proceedings for a composition with creditors under any state or federal law is instituted by or against you;

(g) if a final judgment remains unsatisfied or of record for 30 days or longer (unless appealed or a supersedeas bond is filed);

(h) if you are dissolved;

(i) if execution is levied against your business or property;

(j) if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; and/or

(k) if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

18.2 **With Notice**. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner set forth under Section 23 below):

(a) If you fail to obtain our approval of an Approved Location within the required time period or if you fail to construct and open the Franchised Business within the time limits provided in this Agreement;

(b) If you at any time cease to operate or otherwise abandon the Franchised Business for 2 consecutive business days (during which you are otherwise required to be open, and without our prior written consent to do so), lose the right to possession of the Approved Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within 90 days thereafter, then you will have 30 days after such event in which to apply for our approval to relocate and/or reconstruct the premises, which approval we shall not unreasonably withhold);

(c) If you or any of your Owners are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

(d) If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

(e) If you or any of your Owners purport to Transfer any rights, interests, or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 17;

(f) If you fail to comply with any of the covenants contained in Section 10;

(g) If, contrary to the terms of this Agreement, you disclose or divulge the contents of the Manual or other Confidential Information;

(h) If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this Franchise) to us;

(i) If you commit 3 or more defaults under this Agreement in any 365 day period, whether or not each such default has been cured after notice;

(j) If you sell Products that we have not previously approved, or purchase any Product from a supplier that we have not previously approved, or if you sell any Proprietary Products anywhere other than from the Restaurant (except as permitted under Section 2.5) or sell any Proprietary Products other than at retail;

(k) If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice;

(l) If you engage in delivery services from the Franchised Business without having first obtained our prior written consent; and/or

(m) If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Owners use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Owners directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

18.3 With Notice and Opportunity to Cure.

(a) Except as otherwise provided in Sections 18.1 and 18.2, if you are in default of your obligations under this Agreement, we may only terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 23 below) stating the nature of the default at least 30 days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof of the cure to us, all within the 30 day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate upon notice to you of our election to terminate the Agreement.

(b) If you or any of your Owners or affiliates are in default under the terms of any other franchise agreement or other contract between you (and/or your Owners and/or affiliates) and us (and/or our affiliates), that will also constitute a default under Section 18.3(a).

18.4 **Bankruptcy**. If, for any reason, this Agreement is not terminated pursuant to this Section 18, and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth:

(a) the name and address of the proposed assignee; and

(b) all of the terms and conditions of the proposed assignment and assumption shall be given to us not less than 10 days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption.

We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Agreement.

18.5 **Our Rights Instead of Termination**. If we are entitled to terminate this Agreement in accordance with Sections 18.2 or 18.3, we will also have the right to take any lesser action instead of terminating this Agreement, including, but not limited to, terminating, modifying, or eliminating completely, the Protected Territory.

18.6 **Reservation of Rights under Section 18.3**. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 18.5, such action shall be without prejudice to our right to terminate this Agreement in accordance with Sections 18.2 or 18.3, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

19. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you shall forthwith terminate, and:

19.1 **Cease Operation**. You agree to:

(a) immediately stop operating the Franchised Business;

(b) never directly or indirectly represent to the public that you are a present franchisee of ours; and

(c) comply with the confidentiality obligations and non-competition provisions set forth in this Agreement.

19.2 **Stop Using Marks and Intellectual Property**. You agree to immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, the mark "Barry Bagels" and any and all other Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the foregoing, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

19.3 **Cancel Assumed Names**. You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Barry Bagels" and any and all other Proprietary Marks, and/or any other service mark or trademark of ours, and you will give us evidence that we deem satisfactory to provide that you have complied with this obligation within 5 days after termination or expiration of this Agreement.

19.4 **Return Confidential Information**. You agree to immediately return to us the Manual and all other manuals, records, and instructions containing Confidential Information (including, without limitation, any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.

19.5 **Right to Enter and Continue Operations**. Pending our determination of whether or not we shall exercise our right to buy your assets and the closing pursuant to Section 19.6, we (or our designee) shall have the right to enter the Franchised Business (without liability to you, your Owners, or otherwise) for the purpose continuing the Franchised Business's operation and maintaining the goodwill of the business.

19.6 **Our Option to Buy Your Assets**. We will have the right (but not the obligation), which we may exercise at any time within 30 days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "cost" shall be determined based upon a 5 year straight-line depreciation of original costs. For equipment and fixtures that are 5 or more years old, the parties agree that fair market value shall be deemed to be 10% of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we shall have the right to set off all amounts due from you. At the closing, which shall take place within 30 days following notice of our election to buy your assets, we will be entitled to all warranties, closing documents and post-closing indemnifications that we may reasonably require, including, without limitation: instruments transferring good and merchantable title to the purchased assets free and clear of all liens, encumbrances and liabilities, to us or our nominee or assignee with all sales and other transfer taxes paid by you; and an assignment of all leases pertaining to the purchased assets for the full remaining term and on the terms and conditions of your lease, including renewal and/or purchase options. In the event that you cannot deliver clear title to the purchased assets or in the event there are any unresolved issues, the closing may, at our option, be accomplished through an escrow on such terms and conditions as we deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to the purchased assets. Further, you shall comply with any applicable bulk sales provisions of Uniform Commercial Code as enacted in the state where the Restaurant is located and all applicable sales and income tax notification and/or escrow procedures.

19.7 Restaurant. We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Restaurant is operated and/or for the building in which the Restaurant is operated. If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Restaurants, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us. If you fail or refuse to comply with all of the requirements of this Section, then we (or our designee) shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

19.8 Pay All Sums Due and Damages. You agree to immediately pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums shall include all damages, costs, and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default. If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, you agree to pay to us, as liquidated damages, for lost Royalties only, an amount calculated as follows:

(a) the average of your monthly Royalty Fees that are due under this Agreement for the 365 days immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than 365 days, the average of your monthly Royalty Fees for the number of months you have operated the Restaurant);

(b) multiplied by the lesser of 36 or the number of months and any partial months remaining in the Term. The foregoing remedy shall not constitute a waiver of our right to pursue other remedies to which we may be entitled at law, equity or pursuant to this Agreement for losses (other than lost future Royalties) which we may incur as a result of your default.

19.9 Our Rights. You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 19.

20. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

20.1 Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Restaurant personnel and others as the independent Owner of the Restaurant under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require from time to time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. 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 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. 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 circumstances shall 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 the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, or imply that we control any aspect or element of your day-to-day operations of the Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of your day-to-day operations of your Restaurant.

20.2 **<u>No Liability for Acts of Other Party</u>.** You agree not to employ any of the Proprietary Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and you must not use the Proprietary Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Restaurant's operation or the business you conduct pursuant to this Agreement.

20.3 **<u>Taxes</u>.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Restaurant, in connection with the business you conduct pursuant to this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your sole responsibility.

20.4 **<u>Indemnification</u>.** You and your Principals, jointly and severally, agree to indemnify, defend and hold us, our affiliates and our respective shareholders, members, directors, officers, employees, agents, successors and assigns (the "**Indemnified Parties**") harmless from and against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages described in this Section 20 and any and all claims and liabilities directly or indirectly arising out of the Franchised Business operation (even if our negligence is alleged, but not proven), your breach of this Agreement, or the lease of the Restaurant or your use of the Proprietary Marks in any manner not in accordance with this Agreement. For purposes of this indemnification, "**claims**" means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Each Indemnified Party has the right to defend any such claim against them in such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. 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.

21. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control including, without limiting the generality of the foregoing: (a) acts of nature; (b) acts of war, terrorism or insurrections; (c) strikes, lockouts, neighbor actions, boycotts, floods, fires, hurricanes, tornados and/or other casualties; and/or (d) our inability (and that of our affiliates and/or suppliers) to manufacture, purchase and/or cause delivery of any Products used in the operation of the Franchised Business. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of the above. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; provided, further, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement without any such delay or extension.

22. APPROVALS AND WAIVERS

22.1 Approval and Consents. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld, delayed or conditioned any consent or approval of this Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce this Agreement provisions, for a specific performance or for declaratory judgment.

22.2 Waivers and Variances. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time:

(a) we do not exercise a right or power available to us under this Agreement;

(b) we do not insist on your strict compliance with the terms of this Agreement;

(c) if there develops a custom or practice which is at variance with the terms of this Agreement; or

(d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else. You and your Owners acknowledge that we have and may, at different times, in our absolute and sole discretion, approve exceptions or changes from the uniform standards of the System, which we deem desirable or necessary under particular circumstances. You understand that you have no right to object to or automatically obtain such variances, and any exception or change must be approved in advance by us in writing. You understand that existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

23. NOTICES AND PAYMENTS

All written notices and reports permitted or required under this Agreement or by the Manual must be in writing and will be deemed delivered:

(a) at the time delivered by hand;

(b) one business day after transmission via facsimile, telecopier, c-mail or other electronic system;

(c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(d) 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

We may direct notices to your affiliates to you. All notices must be addressed to the parties as follows:

If to Us:

JMB Franchising, LLC
3715 King Road
Toledo, Ohio 43617
Attention: Chief Executive Officer

If to You:

____
____
____
Attention:__________________________

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent.

24. GOVERNING LAW AND DISPUTE RESOLUTION

24.1 GOVERNING LAW. EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. 41051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY OHIO LAW WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES AND EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND

FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION; PROVIDED, HOWEVER, THAT THE COVENANTS IN SECTION 10.3 OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED. NOTHING IN THIS SECTION 24.1 IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE, BUSINESS OPPORTUNITY, OR SIMILAR LAW, RULE, OR REGULATION TO THE STATE OF OHIO TO WHICH THIS AGREEMENT WOULD NOT OTHERWISE BE SUBJECT.

24.2 VENUE. YOU AND YOUR OWNERS AGREE THAT ANY ACTION THAT YOU OR YOUR OWNERS BRING AGAINST US, IN ANY COURT, WHETHER FEDERAL OR STATE, MUST BE BROUGHT ONLY WITHIN SUCH STATE THAT IS IN THE JUDICIAL DISTRICT IN WHICH WE THEN HAVE OUR PRINCIPAL PLACE OF BUSINESS. ANY ACTION BROUGHT BY US AGAINST YOU OR YOUR OWNERS IN ANY COURT, WHETHER FEDERAL OR STATE, MAY BE BROUGHT WITHIN THE STATE AND THE JUDICIAL DISTRICT IN WHICH WE MAINTAIN OUR PRINCIPAL PLACE OF BUSINESS. THE PARTIES AGREE THAT THIS SECTION SHALL NOT BE CONSTRUED AS PREVENTING EITHER PARTY FROM REMOVING AN ACTION FROM STATE TO FEDERAL COURT; PROVIDED, HOWEVER, THAT VENUE SHALL BE AS SET FORTH ABOVE. THE PARTIES WAIVE ANY QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

24.3 LIMITATIONS OF CLAIMS. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND/OR YOUR OWNERS AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY(S) WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN), EXCEPT FOR CLAIMS ARISING FROM: (A) CLAIMS FOR INDEMNIFICATION; AND/OR (B) UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

24.4 WAIVER OF PUNITIVE DAMAGES. EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US AND CLAIMS FOR UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, YOU, YOUR OWNERS AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

24.5 WAIVER OF JURY TRIAL. YOU, YOUR OWNERS AND AFFILIATES AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

24.6 PRIVATE DISPUTES. ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-

WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.

24.7 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

24.8 Costs and Attorneys' Fees. If a claim for amounts owed by you or your Owners or affiliates to us or any of our affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement or any ancillary agreements in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement. If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to this Agreement, any related agreements, or the Restaurant as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, members, management, employees, contractors and/or representatives); by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our status as Franchisor; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, attorneys' fees and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, and attorneys' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

24.9 Mediation. The parties agree that in the event that you, any of your Owners or affiliates or we bring an action in court against us, you, or any of your Owners or affiliates, any party to the litigation may demand that the dispute be submitted to non-binding mediation. The obligation to mediate a dispute is conditioned upon (a) the plaintiff tendering a demand for mediation to each party contemporaneously with the filing of the plaintiff’s complaint or (b) any defendant tendering a demand for arbitration to all other parties to the proceedings within 20 days following service of process of the complaint upon the party tendering the demand. Any such mediation shall be conducted by one mediator appointed under and conducted in accordance with the American Arbitration Association’s commercial mediation rules where our principal place of business is then located; provided, however, that if the complaint is filed with a court in accordance with the provisions of Section 24.2, and the court maintains a mediation program to which the litigants may avail themselves, then the non-binding mediation shall be conducted in accordance with applicable court rules. Notwithstanding the foregoing, you, your Owners and we agree that any statements made by you or us in any such mediation proceedings will not be admissible in any legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and shall share equally the cost of any third parties who are required to participate. Nevertheless, the condition to conduct mediation shall not bar either party from obtaining temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction at any time. Other than as required as part of any court-ordered mediation program, any mediation conducted pursuant to this Section shall not otherwise delay or alter the course of any litigation filed by any of the parties to this Agreement.

25. ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

25.1 Entire Agreement. This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the FDD that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in the FDD and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

25.2 Severability: Substitution of Valid Provisions. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires:

(a) a greater prior notice of the termination of or refusal to renew this Agreement: or

(b) the taking of some other action not described in this Agreement; or

(c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

25.3 Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

25.4 No Liability to Others: No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

25.5 Construction. The headings of the Sections are for convenience only. If 2 or more persons are at any time franchise Owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be executed in multiple counterparts, each of which will be deemed an original and together will constitute one and the same instrument. **"A or B"** means "A" or **"B"** or both.

25.6 Certain Definitions. The term **"family member"** refers to parents, spouses, off-spring and siblings, and the parents and siblings of spouses. The term **"affiliate"** means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlling a person. The terms "**Franchisee, you** and **your**" are applicable to one or more persons or a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term **“person”** includes individuals, corporations, partnerships (general or limited), limited liability companies, and all artificial or legal entities. The term “**Section**” refers to a Section or Subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**Owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

25.7 Timing. Time is of the essence of this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words **“from”** and **“commencing on”** (and the like) mean **“from and including”;** and the words **“to,” “until” and “ending on”** (and the like) mean **“to but excluding.”**

25.8 Survival. SECTIONS 8, 9, 10, 16, 17, 19, 20, 23, 24, 25 AND ALL OTHER PROVISIONS OF THIS AGREEMENT WHICH, BY THEIR EXPRESS TERMS OR INTENT, ARE DESIGNED TO SURVIVE TERMINATION OF THIS AGREEMENT, SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT FOR ANY REASON.

25.9 Counterparts. This Agreement may be signed in counterparts, and signature pages may be exchanged by facsimile or electronic mail, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

[*REMAINDER OF PAGE LEFT BLANK INTENTINOALLY; SIGNATURE PAGE FOLLOWS*]

Intending to be bound, you and we sign and deliver this Agreement effective as of this Agreement Date, regardless of the actual date of signature.

"US":	**"YOU":**
JMB FRANCHISING, LLC, an Ohio limited liability company	If a corporation, partnership, limited liability company or other legal entity
	________________________________ (Name of Business Entity)
By: ________________________________	By: ________________________________
Print Name: ________________________	Print Name: ________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

If Individual(s):

Sign: ________________________________

Print Name: ________________________

Date: ______________________________

Sign: ________________________________

Print Name: ________________________

Date: ______________________________

Sign: ________________________________

Print Name: ________________________

Date: ______________________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of _____________, 202_, by __________________________ the ___________________________ of JMB Franchising, LLC an Ohio limited liability company, on behalf of the company.

____
Notary Public

{SEAL}

My Commission Expires: __________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of _____________, 202_, by _____________________________, an individual.

____
Notary Public

{SEAL}

My Commission Expires: __________________

EXHIBIT A

BARRY BAGELS FRANCHISE AGREEMENT

APPROVED LOCATION

____
____
____
____
____
____

JMB FRANCHISING, LLC:

By:_________________________________
Print Name:__________________________
Title:_______________________________
Date:_______________________________

FRANCHISEE:

____

By:_________________________________
Print Name:__________________________
Title:_______________________________
Date:_______________________________

____
Print Name:__________________________
Date:_______________________________

____
Print Name:__________________________
Date:_______________________________

____
Print Name:__________________________
Date:_______________________________

EXHIBIT B

BARRY BAGELS FRANCHISE AGREEMENT

MAP OR DESCRIPTION OF DESIGNATED AREA

____
____
____
____
____
____

Check box ☐ if map is attached.

You acknowledge that the Designated Area is delineated solely for the purpose of establishing a geographic area within which you will secure an approved site for the Barry Bagels Store and for no other purpose. The Designated Area does not grant to you any promise of exclusivity or territorial protection.

JMB FRANCHISING, LLC:	FRANCHISEE:
	______________________________
By:______________________________	By:______________________________
Print Name:______________________	Print Name:______________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________
	______________________________
	Print Name:______________________
	Date:____________________________
	______________________________
	Print Name:______________________
	Date:____________________________
	______________________________
	Print Name:______________________
	Date:____________________________

EXHIBIT C

BARRY BAGELS FRANCHISE AGREEMENT

MAP OR DESCRIPTION OF PROTECTED TERRITORY

Description of Protected Territory:____
____
____
____
____
____
____

Check box ☐ if map is attached.

If no description is set forth above and no map attached, the Protected Territory shall consist of the area within 1 mile from the center of the Store.

JMB FRANCHISING, LLC:	FRANCHISEE:
	____________________________________
By:__________________________________	By:__________________________________
Print Name:___________________________	Print Name:___________________________
Title:________________________________	Title:________________________________
Date:________________________________	Date:________________________________
	____________________________________
	Print Name:___________________________
	Date:________________________________
	____________________________________
	Print Name:___________________________
	Date:________________________________
	____________________________________
	Print Name:___________________________
	Date:________________________________

EXHIBIT D

BARRY BAGELS FRANCHISE AGREEMENT

OWNER'S STATEMENT

This form must be completed by the Franchisee and/or Developer ("**I**", "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise and/or Area Development Agreement to me.

1. **Form of Company**. I am a (check one):

(a) General Partnership
(b) Corporation
(c) Limited Partnership
(d) Limited Liability Company
(e) Other
Specify:________________________________

2. **Business Entity**. I was incorporated or formed on __________________, ____, under the laws of the State of ________________. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _______________________. The following is a list of all persons who have management rights and power (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**

3. **Owners**. The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of _________________, 20___.

OWNER

INDIVIDUALS:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

____
[Name]

By:______________________________
Print Name:______________________________
Title:______________________________

EXHIBIT E

BARRY BAGELS FRANCHISE AGREEMENT

INDEX

This Index is intended as a general guideline to assist you in reading the Franchise Agreement. You must review the Franchise Agreement to get an exact definition of a term.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

JMB FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

AGREEMENT DATE	NAME OF FRANCHISEE
STORE LOCATION:	ADDRESS OF FRANCHISEE:

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO MEDIATION.

TABLE OF CONTENTS

Section **Page**

Contents

JMB FRANCHISING, LLC

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") is effective as of __________________, 202___ (the "**Agreement Date**"). The parties to this Agreement are **JMB FRANCHISING, LLC**, an Ohio limited liability company, with its principal business address at 3715 King Road, Toledo, Ohio 43617 (referred to in this Agreement as "**Franchisor**," "**we**," "**us**" or "**our**"), and ________________________ whose principal business address is ________________________________ (referred to in this Agreement as "**you**," "**your**" or "**Developer**").

1. INTRODUCTION

1.1 **Barry Bagels® System**. We own a format and system relating to the establishment and operation of "Barry Bagels® Restaurants" which are businesses operating under our Proprietary Marks in facilities that bear our interior and/or exterior trade dress (each one of which is referred to as a "**Restaurant**" or a "**Franchised Business**"). A Restaurant specializes in the sale of Proprietary Products and non-proprietary products for on premises and carry out consumption (collectively, "**Products**"). Among the distinguishing characteristics of a Restaurant are that it operates under our Barry Bagels system, which includes, among other things: Products; equipment layouts; signage; distinctive interior and exterior design and accessories; operational procedures; quality and uniformity of products and services offered; recipes, procedures for management and inventory control; training and assistance; and marketing programs, all of which we may periodically change, improve, and further develop (collectively, the "**System**"). We identify the System by means of our Proprietary Marks which include certain trade names, service marks, trademarks, logos, emblems and trade dress, all of which we may periodically modify for use in connection with the System (collectively, the "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.

We grant to persons who meet our qualifications and are willing to undertake the investment and effort (each an "**Area Developer**"), the right to acquire franchises to develop and operate a certain number of Restaurants utilizing the System. You have applied for the right to be an Area Developer.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and they agree as follows:

1.2 **Acknowledgments**. You and your Owners acknowledge and agree that:

(a) You have read this Agreement and our franchise disclosure document (the "**FDD**").

(b) You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by an Area Developer may evolve and change over time.

(c) An investment in a Barry Bagels® development business involves business risks and that your business abilities and efforts are vital to the success of the venture.

(d) Any information you acquire from other System franchisees or Area Developers relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information.

(e) In all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

(f) We have advised you to have this Agreement reviewed and explained to you by an attorney.

(g) You have received the FDD at least 14 days before signing a binding agreement or before making any payment to us or our affiliate(s) relating to this Agreement.

(h) No representation has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or sales persons) and relied on by you as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised business, or any other Restaurant, other than any information we have provide in Item 19 of the most recent FDD, nor have we or any of the foregoing made any representations, statements or promises to you which conflict with, contravene or vary from the contents of our most recent FDD.

(i) No representation or statement has been made by us or our affiliates (or any of our or their officers, directors, managers, employees, agents or sales persons) and relied on by you regarding our anticipated income, earnings and growth or that of the System, or the viability of the business opportunity being offered under this Agreement.

(j) We may modify the terms under which we will offer Development Rights to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

(k) The success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent business person, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the Franchised Business.

1.3 **Representations and Warranties**. As an inducement to our entry into this Agreement, you and your Owners represent and warrant to us that:

(a) All statements you have made and all materials you have submitted to us in connection with your purchase of these Development Rights and the unit franchises are accurate and complete and you have made no misrepresentations or material omissions in obtaining these rights or the franchises.

(b) You will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the business and not engage in any other business or activity that conflicts with your obligations to operate the business in compliance with this Agreement.

(c) You will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, 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 addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**").

(d) Neither you nor any of your Owners, employees, agents, or property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws.

(e) There are no other agreements, court orders, or other legal obligations that would preclude or in any manner restrict you or your Owners from:

(i) negotiating and entering into this Agreement or any related agreement;

(ii) exercising your rights under this Agreement; or

(iii) fulfilling the responsibilities of you and your Owners under this Agreement and any related agreements.

Our approval of your request to purchase these Development Rights is made in reliance on all of your representations and warranties. Any violation of these representations and warranties, or any Anti-Terrorism Laws, by you or your Owners, or your or your Owners' agents or employees, or any "blocking" of your or their assets under the Anti-Terrorism Laws, will constitute grounds for immediate termination of this Agreement and any other agreements you have entered into with us or any of our affiliates.

1.4 **<u>Our Reliance</u>**. If there are any exceptions to any of the acknowledgments or representations made by you in Sections 1.1 and 1.2, you agree to immediately notify our Chief Executive Officer in writing of the specific exceptions prior to the execution of this Agreement by you. Our approval of your request to purchase area Development Rights is made in reliance on all of your acknowledgments, representations and warranties. Any inaccuracy in or violation of these acknowledgments, representations and warranties, or any Anti-Terrorism Laws by you or any of your Owners, or your Owners' agents or employees, or any "blocking" of your or their assets under the Anti-Terrorism Laws, will constitute grounds for our immediate termination of this Agreement and any other agreements you have entered into with us or any of our affiliates.

1.5 **<u>Our Decision-Making</u>**. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised businesses and systems in which we have an interest and on our activities (and those of our affiliates'); (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to introduce proprietary products and non-proprietary items or operational equipment used by the System into other franchised systems in which we have an interest; and/or (d) to allocate resources and other developments between and among systems and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section and that nothing in this Section shall, in any way, affect your obligations under this Agreement.

2. TERM

This Agreement commences on the Agreement Date and expires on the earlier of: (a) the last day of the Development Schedule (as defined in Section 3.1); or (b) the opening of the last Restaurant specified in the Development Schedule (the "**Term**"). This Agreement may be terminated before it expires in accordance with the termination provisions of this Agreement. Upon expiration or termination of this Agreement, you will not have any further rights to acquire franchises to operate Restaurants, but you may continue to develop, own and operate all Restaurants then subject to fully-executed franchise agreements with us in accordance with their terms. Upon termination or expiration of this Agreement, we may operate, or grant other persons the right to operate, Restaurants within the Development Area.

3. GRANT OF DEVELOPMENT RIGHTS

3.1 **Development Rights**. During the Term, subject to the terms and conditions of this Agreement, we grant you the exclusive right to establish and operate Restaurants within the geographic area described in Exhibit A (the "**Development Area**"). The Development Area does not include, even though such areas may be within the geographic area described in Exhibit A, certain locations that are by their nature distinctive and separate in character from sites generally developed as Restaurants. As a result, the following locations ("**Special Locations**") are excluded from the Development Area and we and our affiliates have the right, without granting any rights to you, to develop or franchise Restaurants or other retail outlets using any part or all of the System and/or Proprietary Marks at such locations unless we expressly consent to grant such development or franchise rights to you in writing:

(a) federal, state or local governmental facilities (including military bases);

(b) public transportation facilities (including airport terminals);

(c) sports venues (including race tracks);

(d) schools, college or university campuses;

(e) amusement and theme parks;

(f) casinos;

(g) community and special events or similar venues;

(h) any facility that operates on a concessionaire basis;

(i) grocery stores, convenience stores and retail stores so long as sales of Products do not constitute more than 10% of any such store's aggregate annual sales;

(j) shopping malls;

(k) recreational facilities; and

(l) any non-food service businesses of any sort within which a Restaurant or other food service facility selling Products may be established.

You agree that you will construct, open and maintain in operation a minimum number of Restaurants in the Development Area on or before the dates and time periods set forth on the development schedule (the "**Development Schedule**") attached as Exhibit A. Each Restaurant to be established under this Agreement must be located in the Development Area. We may, in our absolute discretion, consider sites proposed by you outside the Development Area, which will count toward the Development Schedule if approved by us in writing. The operation of any Restaurant established pursuant to this Agreement will be governed by an individual franchise agreement to be entered into between you and us in accordance with Section 6 below (each a "**Franchise Agreement**"). The rights granted to you pursuant to this Agreement are sometimes collectively referred to herein as the "**Development Rights**".

3.2 **<u>Development Schedule</u>**. You must establish and open the specified minimum number of Restaurants on or before each of the dates specified in the Development Schedule and maintain the specified minimum number of Restaurants in continuous operation as specified in the Development Schedule. Your failure to comply with the foregoing requirements will constitute a default under this Agreement. You understand that time is of the essence with respect to your obligations to comply with the Development Schedule. You acknowledge and understand that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule. You further acknowledge and understand that the estimated investment requirement and fees and expenses set forth in the FDD are subject to increase and change over time, and that future Restaurants developed under this Agreement will most likely require a greater initial investment and increased operating capital than those detailed in the FDD we provided to you in connection with the execution of this Agreement.

3.3 **<u>Effect of Failure</u>**. Strict compliance with the Development Schedule is of the essence of this Agreement. If you do not timely meet your development obligations as of the end of any time period shown on the Development Schedule, you will be in default of your obligations under this Agreement. If such a default occurs, it will constitute a material breach of this Agreement and we may then, in our sole discretion, elect to:

(a) terminate this Agreement;

(b) have the right to operate (directly or through affiliates) or grant franchises for the operation of Restaurants within the Development Area;

(c) grant to you an extension under the Development Schedule for such period of time and for a non-refundable extension fee equal to the balance of the Initial Franchise Fees for the number of Restaurants remaining to be opened under the Development Schedule; and/or

(d) reduce the Development Schedule to a size and magnitude that we reasonably believe you are capable of operating otherwise in accordance with this Agreement.

4. TERRITORIAL PROTECTION AND RESERVATION OF RIGHTS

4.1 **<u>Territorial Protection</u>**. Subject to the limitations and conditions set forth in this Agreement and Franchise Agreements, you may establish the Restaurants required to be developed under this Agreement at any location within the Development Area provided that we, in our sole discretion, consent in writing to the location. Subject to the limitations and conditions set forth in this Agreement and the Franchise Agreements, if you are in full compliance with all of the provisions of this Agreement and all of the Franchise Agreements, then during the term of this Agreement, we will not operate (directly or through an affiliate), or grant a franchise for the operation of, a Restaurant to be located in the Development Area, except for:

(a) those franchises granted to you pursuant to this Agreement;

(b) any Restaurants open and operating in the Development Area as of the Agreement Date; and

(c) Special Locations.

4.2 **Rights We Reserve**. We reserve all rights that we have not expressly granted to you. We (and our affiliates) retain the right, in our sole discretion, to among other things:

(a) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Proprietary Marks at any location outside of the Development Area (despite their proximity to the Development Area) on such terms and conditions as we deem appropriate.

(b) Establish and operate, and grant to others the right to establish and operate, businesses of any kind whatsoever under other systems and using other proprietary marks, both within and outside the Development Area, despite their proximity to any Restaurant or the Development Area, as we deem appropriate.

(c) To acquire (or be acquired) and then operate any business of any kind, whether located inside or outside the Development Area, despite such businesses' proximity to any Restaurant or its actual or threatened impact on sales of any Franchised Business (so long as those businesses are not Restaurants operated within the Development Area).

(d) Establish and operate, and grant to others the right to establish and operate, businesses under the System and Proprietary Marks at Special Locations within or outside the Development Area despite such businesses' proximity to any Restaurant.

(e) Sell and distribute, or license others to sell and distribute, directly or indirectly, any Products in ready-to-prepare or bulk packaged form (as compared to single-serving ready-to-consume form), from any location or to any purchaser (including, but not limited to, the sale of items at wholesale and to purchasers in the Development Area through supermarkets, gourmet shops, mail order, and on the internet under our Proprietary Marks or its private-labeled items), so long as these sales are not made from a Restaurant operated inside the Development Area (excluding Special Locations).

(f) Engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement.

You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other businesses facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while this Agreement is in effect) the Proprietary Marks, regardless of the location of these businesses and/or facilities, which may be within the Development Area or immediately proximate to the Development Area. You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly, contending otherwise.

5. DEVELOPMENT FEE

5.1 **Amount and Consideration**. You agree to pay us a non-recurring and nonrefundable initial franchise fee (the "**Initial Franchise Fee**") for each Restaurant. The Initial Franchise Fee for each of the first two (2) Restaurants open pursuant to this Agreement is $35,000 per Restaurant. Provided that you and your affiliates are not then in default of the performance of your obligations under any agreement with us or our affiliates, the Initial Franchise Fee for each successive Restaurant entered into pursuant to this Agreement shall be $30,000 per Restaurant. When you sign this Agreement, you agree to pay us a development fee (the "**Development Fee**") equal to 100% of the Initial Franchise Fee for the first Restaurant plus one-half (1/2) of the Initial Franchise Fee for each additional Restaurant to be developed under this Agreement. For example, if you commit to develop five (5) Restaurants, you will pay a Development Fee of $97,500, which is the sum of:

(a) $35,000 for your first Restaurant;

(b) $17,500 for the second Restaurant;

(c) $15,000 for the third Restaurant;

(d) $15,000 for the fourth Restaurant; and

(e) $15,000 for the fifth Restaurant.

You acknowledge and agree that the Development Fee constitutes payment only for the exclusive rights we grant to you under this Agreement, and that the Development Fee is fully earned by us at the time this Agreement is executed and is not refundable for any reason. Provided that a Restaurant is established in accordance with the Development Schedule, that portion of the Development Fee applicable to the Initial Franchise Fee due under the Franchise Agreement for such Restaurant will be credited against the payment of such Initial Franchise Fee. In the event a Restaurant is not established strictly in accordance with the Development Schedule, that portion of the Development Fee that would have otherwise been credited against the payment of the Initial Franchise Fee will be forfeited and retained by us. If, for any reason, this Agreement terminates before all or a portion of the Development Fee has been applied to the Initial Franchise Fees, we will retain the unapplied portion of the Development Fee to compensate ourselves for our time, effort and foregone opportunities.

5.2 **Initial Franchise Fees**. As long as you are in compliance with the Development Schedule and you and your affiliates are in compliance with all agreements with us or our affiliates, the amount of the Initial Franchise Fee for the third and each subsequent Restaurant to be established under this Agreement is reduced as provided in Section 5.1. The Initial Franchise Fee for each Restaurant you develop is to be paid in addition to the Development Fee; provided, however, that the Development Fee may be credited against Initial Franchise Fees as provided for in Section 5.1 above. The balance of each Initial Franchise Fee associated with a Restaurant, to the extent any is due and owing, will be paid upon execution and delivery of the Franchise Agreement covering such Restaurant.

6. GRANT OF FRANCHISES

6.1 **Site Selection and Acceptance**. You are responsible for locating proposed sites for the Restaurants to be established under this Agreement. We, in our sole discretion, may counsel and offer advice to you with respect to such site selection; provided, however, that in no event will we be liable to you in connection with providing advice or any assistance. Without our prior written consent, you may not operate the Franchised Business from any location other than from a site which we approve (an "**Approved Location**"). The Approved Location must meet our criteria, which we will provide to you, for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other Franchised Businesses, the nature of other business in proximity to the proposed site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site, and any other factors and characteristics we consider appropriate. Our criteria, and our evaluation of them, may vary periodically and from location to location. If you and we are unable to agree on a site for a Restaurant or you have not obtained a fully signed lease agreement for an Approved Location or opened the Restaurant for business to the public within the timeframes prescribed in the Franchise Agreement, we may exercise one or more of the remedies specified in Section 3.3 of this Agreement. We will approve or disapprove a site that you propose within 10 days after we receive from you a complete site report and any other materials that we may reasonably request. If you have not heard from us within such 10-day period, the proposed site is deemed disapproved. No proposed site will be deemed approved by us until we provide you with written notification that the site has been designated by us as an Approval Location. You agree to obtain our prior written consent to the proposed site before you sign any lease, sublease or binding purchase agreement for the proposed site. We have the right to reject any proposed site if you are in default of this Agreement, any Franchise Agreement, or any other agreement between you or one of your affiliates and us or one of our affiliates. You acknowledge that we may withhold our consent to a proposed site for reasons based on our good faith business judgment.

6.2 **<u>Acknowledgements Regarding Site Approval</u>**. You and your Owners acknowledge and agree that:

(a) our recommendation or approval of any site, the Designated Area, or the Protected Territory (those 2 terms are defined in the Franchise Agreement) does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

(b) our recommendation or approval of any site, the Designated Area, or the Protected Territory indicates only that we believe that the site, the Designated Area and the Protected Territory fall within the acceptable demographic and other criteria for Approved Locations, Designated Areas and Protected Territories that we have established as of the time of such recommendation or approval by us;

(c) application of criteria that have appeared effective with respect to other Approved Locations may not accurately reflect the potential for all sites, and, after our approval of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site;

(d) the uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of an Approved Location, Designated Area or Protected Territory to meet expectations as to potential revenue or operational criteria; and

(e) with respect to any review of your design plans and construction renovation plans, or other federal, state, or local health regulations, we will not review whether you are in compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act (the "**ADA**") and you acknowledge and agree that (i) you are solely responsible for compliance with all such laws and regulations; and (ii) our approval is not, and will not be deemed to be, an assessment as to whether or not you have complied with those laws and regulations.

6.3 **<u>Franchise Agreement</u>**. If we have approved a particular site, we will offer you a franchise to operate a Restaurant at the Approved Location by delivering to you a Franchise Agreement in a form ready for signing by you. The Franchise Agreement will be the standard form of Franchise Agreement we are then using to grant franchises for Restaurants, except that the Initial Franchise Fee for each Restaurant will be the amounts specified in Section 5 of this Agreement. The Initial Franchise Fee for each Restaurant must be paid on the date of the Franchise Agreement for that Restaurant, but consistent with Section 5 above. Within 30 days after your receipt of the Franchise Agreement, you must:

(a) sign and deliver such Franchise Agreement, together with any ancillary agreements required by the Franchise Agreement, to us; and

(b) pay us the applicable then-current Initial Franchise Fee required by the Franchise Agreement, but consistent with Section 5 above. If you do not timely sign and return such Franchise Agreement and tender payment of the Initial Franchise Fee, we may revoke our offer to grant you a franchise to operate a Restaurant at such proposed site. Contemporaneously with the signing of the Franchise Agreement, each of your direct or indirect Owners must sign and deliver to us an Owner's Guaranty in the form attached to the Franchise Agreement.

You understand that any obligation or liability you incur with respect to the proposed Restaurant or location before we have approved it in writing and countersigned the Franchise Agreement is at your sole risk and will be your sole responsibility. We will be under no obligation to execute and deliver a Franchise Agreement, unless you have complied in a timely manner with all of the terms and conditions of this Agreement and satisfied all requirements set forth herein to the execution of the Franchise Agreement. In addition, we will be under no obligation to execute a Franchise Agreement if you are in breach or default of any other Franchise Agreement, Area Development Agreement, or any other agreement between you and us. If any Franchise Agreement contemplated by this Agreement is executed by us, it will supersede this Agreement in all respects and govern the relationship between the parties with respect to the Restaurant that is the subject matter of such Franchise Agreement.

7. NO RIGHT TO OPERATE OR USE PROPRIETARY MARKS

You acknowledge and agree that:

(a) until a Franchise Agreement has been entered into for a specific Restaurant, you will not have, nor be entitled to exercise, any of the rights, powers and privileges granted by the Franchise Agreement, including, without limitation, the right to use the Proprietary Marks or the System;

(b) the execution of this Agreement will not be deemed to grant any such rights, powers or privileges granted by a Franchise Agreement to you; and

(c) you may not, under any circumstances, commence operations of any Restaurant prior to our execution of a Franchise Agreement for that particular Restaurant.

8. OWNERSHIP AND MANAGEMENT

8.1 **Business Organization**. If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity ("**Business Entity**"), you agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation.

(b) Your organizational or governing documents will recite that the issuance and Transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement.

(c) You will complete an "**Owners Statement**," which will completely and accurately describe all of your Owners and their interests in you, and everyone who has voting or management rights and obligations. A copy of our current form of Owner's Statement is attached to the FDD.

(d) You and your Owners agree to revise the Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval).

(e) Each of your Owners during the Term will sign and deliver to us our standard form of "**Owners Guaranty**" undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Owners Guaranty is attached to our FDD.

(f) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners and agents in you (e.g., articles of incorporation or organization and partnership, operating or shareholder agreements, etc.).

8.2 **Operating Principal/Management of the Franchised Business**. You acknowledge and agree that your personal participation and day-to-day involvement in the management and operation of the Franchised Business is critical to its success and that we are granting Development Rights to you on the condition that you agree, and you therefore do agree, as follows:

(a) If you are, or at any time become, a Business Entity, you must designate as the "**Operating Principal**" an individual approved by us who must:

(i) own and control, or have the right to own and control (subject to terms and conditions reasonably acceptable to us), not less than 20% of your equity interests;

(ii) have the authority to bind you regarding all operational decisions with respect to the Franchised Business;

(iii) be actively employed on a full-time basis to manage the Franchised Business's operations; and

(iv) satisfactorily complete our initial training program and any other training programs we require from time to time as provided in the Franchise Agreements.

(b) You (or your Operating Principal) must:

(i) exert your full-time and best efforts to the timely completion of your Development Rights pursuant to the Development Schedule; and

(ii) not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under this Agreement.

(c) If, at any time, your Operating Principal cannot fulfill his responsibilities under this Agreement, you must appoint a replacement from among your Owners, subject to our approval, to serve as the replacement Operating Principal.

9. CONFIDENTIAL INFORMATION

9.1 **Types of Confidential Information**. We possess (and will continue to develop and acquire) certain confidential information (the "**Confidential Information**") relating to the development and operation of the Franchised Businesses, which includes (without limitation):

(a) the System and the know-how related to its use;

(b) plans, specifications, size and physical characteristics of Restaurants;

(c) site selection criteria, land use and zoning techniques and criteria;

(d) methods in obtaining licensing and meeting regulatory requirements;

(e) sources, design and methods of use of equipment, furniture, forms, materials, supplies, websites, internet or intranet, "business to business" or "business to customer" networks or communities and other e-commerce methods of business;

(f) marketing, advertising and promotional programs for Franchised Businesses;

(g) staffing and delivery methods and techniques for personal services;

(h) the selection, testing and training of managers and other employees for Restaurants;

(i) the recruitment, qualification and investigation methods to secure employment for employment candidates;

(j) any computer software we make available or recommend for Restaurants;

(k) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation, advertising, marketing and franchising of Restaurants;

(l) knowledge of specifications for and identities of and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;

(m) serving methods, presentation methods, merchandising techniques and customer retention programs;

(n) recipes, formulas, preparation methods and serving techniques for food products; and

(o) knowledge of operating results and financial performance of Restaurants (other than those operated by you or your affiliates).

9.2 **Confidentiality Obligations**. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of the Franchised Business in accordance with the terms of this Agreement, and that the use or duplication of the Confidential Information in any other business would result in irreparable injury to us and constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and our affiliates, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the Term;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manual (as defined in the Franchise Agreement); and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees and the use of nondisclosure or noncompetition agreements (or both) we may prescribe for employees or others who have access to the Confidential Information.

9.3 **Exceptions to Confidentiality**. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known and used in the restaurant business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially; provided, however, that if such protective order is not obtained you will disclose only that portion of the Confidential Information that, in the advice of counsel, you are legally required to disclose.

10. COVENANTS

10.1 **Full Time Efforts**. You agree that during the Term, except as we have otherwise approved in writing, you (or the Operating Principal) shall devote full time, energy, and best efforts to the fulfillment of your Development Rights.

10.2 **Understandings**.

(a) You acknowledge and agree that:

(i) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System;

(ii) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value;

(iii) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money;

(iv) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and

(v) restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

(b) As used in this Section 10, the term "**Competitive Business**" is agreed to mean a retail business that sells or offers bagels, cream cheese, and/or coffee products that separately or in the aggregate constitute or would constitute 30% or more of that businesses Net Sales (as defined in the Franchise Agreement) at any one or more retail location(s).

10.3 **Covenant Not to Compete or Engage in Injurious Conduct**. Accordingly, you and your Owners covenant and agree that, during the Term and for a continuous period of 2 years after the expiration or termination of this Agreement, and/or a Transfer as contemplated in Section 11, you and your Owners shall not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

(a) Divert or attempt to divert any actual or potential business or customer of any Barry Bagels Restaurant to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Proprietary Marks or the System.

(b) Engage in, franchise or license, make loans to, lease real or personal property to, and/or have any direct or indirect ownership interest in, or render services or give advice to, any Competitive Business.

10.4 <u>Where Restrictions Apply</u>. During the Term, there is no geographical limitation on the restrictions set forth in Section 10.3. During the 2-year period following the expiration or earlier termination of this Agreement, or a Transfer as contemplated under Section 11, these restrictions shall apply only within the Development Area and a 10 mile radius of an Approved Location and any then-existing Barry Bagels Restaurant, except as we may otherwise approve in writing. These restrictions shall not apply to Restaurants that you operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

10.5 <u>Application to Transfers</u>. You and your Owners further covenant and agree that, for a continuous period of 2 years after a Transfer as contemplated in Section 11, the transferor shall fully comply with and otherwise be bound by the provisions in this Section 10.

10.6 <u>Periods of Non-Compliance</u>. If, at any time during the 2-year period following expiration or termination of this Agreement, and/or a Transfer as contemplated in Section 11, you fail to comply with your obligations under this Section 10, then that period of noncompliance will not be credited toward your satisfaction of the 2 year obligation specified above.

10.7 <u>Publicly-Held Entities</u>. Section 10.3 shall not apply to your ownership of less than 5% beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.

10.8 <u>Personal Covenants</u>. You agree to require and deliver to us agreements from each of your Owners providing that each Owner agrees to comply with and otherwise be bound by the provisions of Sections 8, 9 and 10 of this Agreement and all other provisions of this Agreement that apply, by their respective terms, to your Owners.

10.9 <u>Construction</u>. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce in writing the scope of any part of this Section 10 and, if we do so, you agree to comply with the obligations as we have reduced them. The provisions of this Section 10 shall be deemed to supplement and not conflict with any covenants set forth in any Franchise Agreement executed and delivered pursuant to this Agreement.

10.10 <u>Claims Not a Defense</u>. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 10. You agree to pay all costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 10.

10.11 <u>Defaults</u>. You acknowledge that your violation of the terms of this Section 10 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction (without the requirement of a posting of a bond or additional security) prohibiting any conduct in violation of the terms of this Section 10.

11. TRANSFER OF INTEREST

11.1 <u>By Us</u>. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

11.2 **<u>Your Owners</u>**. If you are an entity, then each Owner, and the interest that each Owner directly or indirectly holds in you, is identified in Exhibit B to this Agreement. You represent and warrant to us that your Owners are accurately set forth on Exhibit B to this Agreement, and you also agree not to permit the identity of those Owners, or their respective interests in you, to change without complying with this Agreement. We will have the right to designate any person or entity which owns a direct or indirect interest in you as an Owner, and Exhibit B shall be so amended automatically upon written notice thereof to you.

11.3 **<u>Owners</u>**. We will have a continuing right to designate as an Owner any party that owns a direct or indirect interest in you.

11.4 **<u>By You</u>**. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you (or your Owners), and that we have granted to you Development Rights in reliance on your (or your Owners) business skill, financial capacity, and personal character. Accordingly:

(a) Without our prior written consent, neither you (nor any successor to any part of your interest in this Agreement) nor any Owner, nor any other party that directly or indirectly owns any interest in this Agreement, in you, and/or in any Franchised Business, may sell, assign, Transfer, convey, pledge, encumber, merge, create a security interest in, and/or give away (collectively, "**Transfer**") any direct or indirect interest in:

(i) this Agreement;

(ii) you;

(iii) any or all of your rights or obligations under this Agreement; and/or

(iv) all or substantially all of the assets of any Franchised Business.

Any purported assignment or Transfer not having our prior written consent as required by this Section 11 shall be null and void and shall also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure.

(b) If you are an entity (other than a partnership or a limited liability partnership), then you agree that:

(i) without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and

(ii) the recipient of any such securities shall become an Owner under this Agreement, if we designate them as such.

(c) If you are a partnership or limited liability partnership, then the partners/members of that partnership shall not, without our prior written consent, admit additional general partners, remove a general partner or member, or otherwise materially alter the powers of any general partner or member. Each general partner or member in such a partnership shall automatically be deemed to be an Owner.

(d) Owners shall not, without our prior written consent, Transfer, pledge or otherwise encumber their interest in you.

11.5 **Transfer Conditions**. We will not unreasonably withhold any consent required by Section 11.4; provided, that if you propose to a Transfer, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed Transfer:

(a) The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and/or the transferor and us, and/or our respective affiliates, and federal, state, and local laws and rules.

(b) The transferee of an Owner shall be designated as an Owner and each transferee who is designated an Owner shall enter into a written agreement, in a form satisfactory to us, agreeing to be bound as an Owner under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the new Owner shall guarantee the performance of all such obligations in writing in a form satisfactory to us.

(c) The proposed new Owners (after the Transfer) must meet our educational, managerial, and business standards; each shall possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate a Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate a Franchised Business.

(d) We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of area development agreement that we are then offering to new System area developers, and such other ancillary agreements that we may require, and those agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher Initial Franchise Fees, Development Fees, a reduced Development Area and/or a shorter Development Schedule.

(e) You must pay in full all of your monetary obligations to us and our affiliates, whether under this Agreement or otherwise, and you must not be otherwise in default of any of your obligations under this Agreement (including, but not limited to, your reporting obligations).

(f) The transferor shall remain liable for all of the obligations to us in connection with this Agreement that arose before the effective date of the Transfer, and any covenants that survive the termination or expiration of this Agreement, and shall execute any and all instruments that we reasonably request to evidence such liability.

(g) An Owner of the transferee whom we designate to be a new Operating Principal, shall successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require.

(h) In addition to transfer fees payable to us as provided in any Franchise Agreement entered into by you pursuant to this Agreement, you agree to pay us a Transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the Transfer in the amount of $10,000.

(i) The transferor must acknowledge and agree that the transferor shall remain bound by the covenants contained in Section 10.

(j) We have approved the material terms and conditions of such Transfer and determine that the price in terms of payment will not adversely affect the transferee's operation of the Franchised Business.

(k) If you or any Owner(s) finance any part of the sale price of the transferred interest, you and your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved are subordinate to the transferee's obligations to pay any amounts owing to us under this Agreement or any ancillary agreement.

11.6 **Right of First Refusal**. If you or any of your Owners wish to accept any bona fide offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following shall apply:

(a) You (or the Owner who proposes to sell his/her interest) shall promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within 30 days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase shall occur within 30 days from the date of notice to the seller of the election to purchase by us.

(b) Any material change in the terms of the offer before closing shall constitute a new offer subject to our same rights of first refusal (as set forth in this Section) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section, that shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 11, with respect to a proposed Transfer.

(c) If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon 1 independent appraiser, then we shall promptly designate an independent appraiser and you shall promptly designate another independent appraiser and those 2 appraisers shall, in turn, promptly designate a third appraiser; and all 3 appraisers shall promptly confer and reach a single determination, which determination shall be binding upon both you and us. The cost of any such appraisal shall be shared equally by both parties.

(d) If we exercise our rights under this Section, then we will have the right to set off all amounts due from you, including but not limited to 1/2 of the cost of the appraisal, if any, specified above against any payment to you.

11.7 **<u>Death or Incapacity</u>**. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 90 days after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 11.5 and 11.6.

(a) For purposes of this section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement:

(i) for a period of 30 or more consecutive days; or

(ii) for 60 or more total days during any 12 month period. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 11.5, the executor may Transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement.

(b) If an interest is not disposed of under this section within 180 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 11.

11.8 **<u>Consent to Transfer</u>**. Our consent to a Transfer that is the subject of this Section 11 shall not constitute a waiver of any claims that we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

11.9 **<u>Bankruptcy Issues</u>**. If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any Transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 11.

11.10 **<u>Securities Offers</u>**. All materials for an offering of stock or partnership interests in you or any of your affiliates that are required by federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. You agree that:

(a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates;

(b) our review of any offering shall be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and

(c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

You (and the offeror if you are not the offering party), your Owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, you agree to pay us a non-refundable fee of $10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering. You agree to give us written notice at least 30 days before the date that any offering or other transaction described in this Section commences. Any such offering shall be subject to all of the other provisions of this Section 11, and further, without limiting the foregoing, it is agreed that any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

12. DEFAULT AND TERMINATION

12.1 **Automatic**. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights granted in this Agreement shall automatically terminate without notice to you:

(a) if you become insolvent or make a general assignment for the benefit of creditors;

(b) if you file a petition in bankruptcy, or such a petition is filed against and is not dismissed within 30 days after filing;

(c) if you are adjudicated bankrupt or insolvent;

(d) if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you;

(e) if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction;

(f) if proceedings for a composition with creditors under any state or federal law is instituted by or against you;

(g) if a final judgment remains unsatisfied or of record for 30 days or longer (unless unappealed or a supersedeas bond is filed);

(h) if you are dissolved; or if execution is levied against your business or property;

(i) if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; and/or

(j) if the real or personal property of any Restaurant you own shall be sold after levy thereupon by any sheriff, marshal, or constable.

12.2 **With Notice**. If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner set forth under Section 16 below):

(a) If you fail to obtain our approval of an Approved Location within the required time period or if you fail to construct and open any Restaurant within the time limits provided in this Agreement;

(b) If any Franchise Agreement entered into pursuant to this Agreement is terminated for any reason other than expiration of the initial term or any renewal term of the Franchise Agreement;

(c) If you default in the performance of your obligations under any Franchise Agreement entered into pursuant to this Agreement and fail to timely cure the event of default irrespective of whether or not we exercise our right to terminate the Franchise Agreement;

(d) If you or any of your Owners are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

(e) If you engage in any conduct or practice that is fraudulent, unfair, unethical, or deceptive;

(f) If, contrary to the terms of this Agreement, you disclose or divulge the contents of the Manual or other Confidential Information;

(g) If you fail to comply with the any of the covenants contained in Section 10;

(h) If you or any of your Owners purport to Transfer any rights, interests or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 11; or

(i) If you commit 3 or more defaults under this Agreement in any 365 day period, whether or not each such default has been cured after notice;

12.3 **With Notice and Opportunity to Cure**. Except as otherwise provided in Sections 12.1 and 12.2, if you are in default of your obligations under this Agreement, we may only terminate this Agreement by giving you written notice of termination (in the manner set forth under Section 16 below) stating the nature of the default at least 30 days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof of the cure to us, all within the 30 day period. If any such default is not cured within the specified time (or such longer period as applicable law may require), then this Agreement shall terminate upon notice to you of our election to terminate this Agreement.

12.4 **Bankruptcy**. If, for any reason, this Agreement is not terminated pursuant to this Section 12, and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth the name and address of the proposed assignee and all of the terms and conditions of the proposed assignment and assumption shall be given to us not less than 10 days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Agreement.

12.5 **Our Rights Instead of Termination**. If we are entitled to terminate this Agreement in accordance with Sections 12.2 or 12.3, we will also have the right to take any lesser action instead of terminating this Agreement, including, but not limited to, any or all of the following:

(a) Reducing the size of the Development Area; and/or

(b) Reducing the number of Restaurants to be developed pursuant to this Agreement; and/or

(c) Reducing the timeframes within which any or all of the Restaurants are to be developed.

12.6 **Reservation of Rights under Section 12.5**. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 12.5, such action shall be without prejudice to our right to terminate this Agreement in accordance with Sections 12.2 or 12.3, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

13. RIGHTS AND OBLIGATIONS ON TERMINATION

13.1 **Continuing Obligations**. All of the obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement, until they are satisfied in full or by their nature expire.

13.2 **Competitive Restrictions**. Upon termination or expiration of this Agreement for any reason whatsoever, you and your Owners agree to continue to comply with the provisions of Section 10 of this Agreement.

13.3 **Grant of Franchises**. Upon termination or expiration of this Agreement for any reason, your rights under this Agreement will terminate and you agree to immediately and permanently cease your development activities. We will then have no further obligation to grant you additional franchises for Restaurants and will be free to operate, or grant other persons franchises to operate, Restaurants within the Development Area.

13.4 **Confidential Information**. Upon termination or expiration of this Agreement for any reason, you and your Owners will immediately cease to use any Confidential Information except in connection with any ongoing Franchise Agreement between the parties.

14. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

14.1 **Independent Contractors**. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Restaurant personnel and others as the independent owner of Development Rights under this Agreement. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. 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 business and that under no circumstances shall 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 which you are required to comply with under this Agreement do not directly or indirectly constitute, suggest, or imply that we control any aspect or element of your day-to-day operations of your business, which you alone control.

14.2 **No Liability for Acts of Other Party**. You agree not to employ any of the Proprietary Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and you must not use the Proprietary Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than independent contractors, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the business you conduct pursuant to this Agreement.

14.3 **Taxes**. We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the business you conduct pursuant to this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your sole responsibility.

14.4 **Indemnification**. You and your Owners, jointly and severally, agree to indemnify, defend and hold us, our affiliates and our respective shareholders, members, directors, officers, employees, agents, successors and assigns (the "**Indemnified Parties**") harmless from and against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations and damages described in this Section, and any and all claims and liabilities directly or indirectly arising out of your business operation (even if our negligence is alleged, but not proven), your breach of this Agreement, or the lease of any Restaurant or your use of the Proprietary Marks. For purposes of this indemnification, "**claims**" means and includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. Each Indemnified Party has the right to defend any such claim against them in such manner as they deem appropriate or desirable in their sole discretion. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. 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.

15. APPROVALS AND WAIVERS

15.1 **Approval and Consents**. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you. In no event may you make any claim for money damages based on any claim or assertion that we have unreasonably withheld, delayed or conditioned any consent or approval of this Agreement. You waive any such claim for damages. You may not claim any such damages by way of setoff, counterclaim or defense. Your sole remedy for the claim will be an action or proceeding to enforce this Agreement provisions, for a specific performance or for declaratory judgment.

15.2 **Waivers and Variances**. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time:

(a) we do not exercise a right or power available to us under this Agreement;

(b) we do not insist on your strict compliance with the terms of this Agreement;

(c) if there develops a custom or practice which is at variance with the terms of this Agreement; or

(d) if we accept payments which are otherwise due to us under this Agreement.

Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else. You and your Owners acknowledge that we have and may, at different times, in our absolute and sole discretion, approve exceptions or changes from the uniform standards of the System, which we deem desirable or necessary under particular circumstances. You understand that you have no right to object to or automatically obtain such variances, and any exception or change must be approved in advance by us in writing. You understand that existing franchisees may operate under different forms of agreements and that the rights and obligations of existing franchisees may differ materially from this Agreement.

16. NOTICES AND PAYMENTS

All written notices and reports permitted or required under this Agreement or by the Manual must be in writing and will be deemed delivered:

(a) at the time delivered by hand;

(b) one business day after transmission via facsimile, telecopier, c-mail or other electronic system;

(c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(d) 3 business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

We may direct notices to your affiliates to you. All notices must be addressed to the parties as follows:

If to Us: JMB Franchising, LLC
3715 King Road
Toledo, OH 43617
Attention: Chief Executive Officer

If to You: ______________________________

____

____

Attention:______________________

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective 10 business days following delivery of written notice to the other party of any change in address. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent.

17. GOVERNING LAW AND DISPUTE RESOLUTION

17.1 GOVERNING LAW. EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. 41051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP OF THE PARTIES ARE GOVERNED BY OHIO LAW WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES AND EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION; PROVIDED, HOWEVER, THAT THE COVENANTS IN SECTION 10.3 OF THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE IN WHICH THE DEVELOPER IS LOCATED. NOTHING IN THIS SECTION 17.1 IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE, BUSINESS OPPORTUNITY, OR SIMILAR LAW, RULE, OR REGULATION TO THE STATE OF OHIO TO WHICH THIS AGREEMENT WOULD NOT OTHERWISE BE SUBJECT.

17.2 VENUE. YOU AND YOUR OWNERS AGREE THAT ANY ACTION THAT YOU OR YOUR OWNERS BRING AGAINST US, IN ANY COURT, WHETHER FEDERAL OR STATE, MUST BE BROUGHT ONLY WITHIN SUCH STATE THAT IS IN THE JUDICIAL DISTRICT IN WHICH WE THEN HAVE OUR PRINCIPAL PLACE OF BUSINESS. ANY ACTION BROUGHT BY US AGAINST YOU OR YOUR OWNERS IN ANY COURT, WHETHER FEDERAL OR STATE, MAY BE BROUGHT WITHIN THE STATE AND THE JUDICIAL DISTRICT IN WHICH WE MAINTAIN OUR PRINCIPAL PLACE OF BUSINESS. THE PARTIES AGREE THAT THIS SECTION SHALL NOT BE CONSTRUED AS PREVENTING EITHER PARTY FROM REMOVING AN ACTION FROM STATE TO FEDERAL COURT; PROVIDED, HOWEVER, THAT VENUE SHALL BE AS SET FORTH ABOVE. THE PARTIES WAIVE ANY QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

17.3 LIMITATIONS OF CLAIMS. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND/OR YOUR OWNERS AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY(S) WITHIN ONE YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN), EXCEPT FOR CLAIMS ARISING FROM: (A) CLAIMS FOR INDEMNIFICATION; AND/OR (B) UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES, SUCH CLAIM OR ACTION SHALL BE IRREVOCABLY BARRED. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

17.4 WAIVER OF PUNITIVE DAMAGES. EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US AND CLAIMS FOR UNAUTHORIZED USE OF THE PROPRIETARY MARKS OR CONFIDENTIAL INFORMATION, YOU, YOUR OWNERS AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

17.5 WAIVER OF JURY TRIAL. YOU, YOUR OWNERS AND AFFILIATES AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

17.6 PRIVATE DISPUTES. YOU, YOUR OWNERS AND AFFILIATES AND WE EACH AGREE THAT ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.

17.7 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

17.8 Costs and Attorneys' Fees. If a claim for amounts owed by you or your Owners or affiliates to us or any of our affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement or any ancillary agreements in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement. If we become a party to any action or proceeding commenced or instituted against us by a third party arising out of or relating to this Agreement, any related agreements, or any Restaurant as a result of any claimed or actual act, error or omission of yours (and/or any of your officers, directors, shareholders, members, management, employees, contractors and/or representatives); by virtue of statutory, "vicarious", "principal/agent" or other liabilities asserted against or imposed on us as a result of our relationship with you; or if we become a party to any litigation or any insolvency proceeding involving you pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then you will be liable to, and must promptly reimburse us for, attorneys' fees and all other expenses we incur in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, we will be entitled to add all costs of collection, interest, and attorneys' fees to our proof of claim in any insolvency or bankruptcy proceeding you file.

17.9 Mediation. The parties agree that in the event that you, any of your Owners or affiliates or we bring an action in court against us, you, or any of your Owners or affiliates, any party to the litigation may demand that the dispute be submitted to non-binding mediation. The obligation to mediate a dispute is conditioned upon (a) the plaintiff tendering a demand for mediation to each party contemporaneously with the filing of the plaintiff's complaint or (b) any defendant tendering a demand for arbitration to all other parties to the proceedings within 20 days following service of process of the complaint upon the party tendering the demand. Any such mediation shall be conducted by one mediator appointed under and conducted in accordance with the American Arbitration Association's commercial mediation rules where our principal place of business is then located; provided, however, that if the complaint is filed with a court in accordance with the provisions of Section 17.2, and the court maintains a mediation program to which the litigants may avail themselves, then the non-binding mediation shall be conducted in accordance with applicable court rules. Notwithstanding the foregoing, you, your Owners and we agree that any statements made by you or us in any such mediation proceedings will not be admissible in any legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and shall share equally the cost of any third parties who are required to participate. Nevertheless, the condition to conduct mediation shall not bar either party from obtaining temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction at any time. Other than as required as part of any court-ordered mediation program, any mediation conducted pursuant to this Section shall not otherwise delay or alter the course of any litigation filed by any of the parties to this Agreement.

18. ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

18.1 <u>Entire Agreement</u>. This Agreement, all exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in the FDD that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in the FDD and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

18.2 <u>Severability: Substitution of Valid Provisions</u>. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires:

(a) a greater prior notice of the termination of or refusal to renew this Agreement: or

(b) the taking of some other action not described in this Agreement; or

(c) if any provision of this Agreement is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

18.3 <u>Binding Effect</u>. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

18.4 <u>No Liability to Others: No Other Beneficiaries</u>. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

18.5 <u>Construction</u>. The headings of the Sections are for convenience only. If 2 or more persons are at any time Owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be executed in multiple counterparts, each of which will be deemed an original and together will constitute one and the same instrument. "A or B" means "A" or "B" or both.

18.6 **Certain Definitions**. The term "**family member**" refers to parents, spouses, off-spring and siblings, and the parents and siblings of spouses. The term "**affiliate**" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlling a person. The terms "**Developer, you** and **your**" are applicable to one or more persons or a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "**person**" includes individuals, corporations, partnerships (general or limited), limited liability companies, and all artificial or legal entities. The term "Section" refers to a Section or Subsection of this Agreement. The word "**control**" means the power to direct or cause the direction of management and policies. The word "**Owner**" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

18.7 **Timing**. Time is of the essence of this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words **"from"** and **"commencing on"** (and the like) mean **"from and including";** and the words **"to," "until" and "ending on"** (and the like) mean **"to but excluding."**

18.8 **Survival. SECTIONS 9, 10 AND 13 THROUGH 18 INCLUSIVE AND ALL OTHER PROVISIONS OF THIS AGREEMENT WHICH, BY THEIR EXPRESS TERMS OR INTENT, ARE DESIGNED TO SURVIVE TERMINATION OF THIS AGREEMENT, SHALL CONTINUE IN FULL FORCE AND EFFECT SUBSEQUENT TO AND NOTWITHSTANDING THE EXPIRATION OR TERMINATION OF THIS AGREEMENT FOR ANY REASON.**

18.9 **Counterparts**. This Agreement may be signed in counterparts, and signature pages may be exchanged by facsimile or electronic mail, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete Agreement.

"US":	**"YOU":**
JMB FRANCHISING, LLC, an Ohio limited liability company	If a corporation, partnership, limited liability company or other legal entity
	____________________________________ (Name of Business Entity)
By: ____________________________________	By:____________________________________
Print Name: ______________________________	Print Name:____________________________
Title: ___________________________________	Title: _________________________________
Date: ___________________________________	Date: _________________________________

If Individual(s):

Sign:__________________________________

Print Name: ____________________________

Date: _________________________________

Sign:__________________________________

Print Name: ____________________________

Date: _________________________________

Sign:__________________________________

Print Name: ____________________________

Date: _________________________________

[*SIGNATURE PAGE TO JMB FRANCHISING, LLC AREA DEVELOPMENT AGREEMENT*]

STATE OF ____________)
) ss
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of _________________, 202_, by ____________________________ the _____________________________ of JMB Franchising, LLC an Ohio limited liability company, on behalf of the company.

____
Notary Public

{SEAL}
My Commission Expires: ___________________

STATE OF ____________)
) ss
COUNTY OF __________)

The foregoing instrument was acknowledged before me this ____ day of ________________, 202_, by _______________________________, an individual.

____
Notary Public

{SEAL}
My Commission Expires: ___________________

EXHIBIT A TO THE DEVELOPMENT AGREEMENT

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Development Area. All Restaurants developed under this Development Agreement shall be located within the boundaries of the following area:

____
____
____
____

2. Development Schedule. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below:

By (Date)	**Cumulative Total Number of Restaurants Which Developer Shall Have Open and in Operation**	**By (Date)**	**Cumulative Total Number of Restaurants Which Developer Shall Have Open and in Operation**

JMB FRANCHISING, LLC:

By:______________________________________
Print Name:_______________________________
Title:_____________________________________
Date:_____________________________________

DEVELOPER:

____

By:______________________________________
Print Name:_______________________________
Title:_____________________________________
Date:_____________________________________

____
Print Name:_______________________________
Date:_____________________________________

____
Print Name:_______________________________
Date:_____________________________________

EXHIBIT B TO THE DEVELOPMENT AGREEMENT

OWNER'S STATEMENT

This form must be completed by the Franchisee and/or Developer ("**I**", "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise and/or Area Development Agreement to me.

1. **Form of Company**. I am a (check one):

(a) General Partnership
(b) Corporation
(c) Limited Partnership
(d) Limited Liability Company
(e) Other
Specify:________________________________

I was formed under the laws of ___________________________.
(state)

2. **Business Entity**. I was incorporated or formed on __________________, ____, under the laws of the State of ________________. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _______________________. The following is a list of all persons who have management rights and power (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**

3. **Owners**. The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of _________________, ____.

OWNER

INDIVIDUALS:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

____
[Name]

By:______________________________
Print Name:______________________________
Title:______________________________

EXHIBIT C TO DEVELOPMENT AGREEMENT

INDEX

This Index is intended as a general guideline to assist you in reading the Area Development Agreement. You must review the Area Development Agreement to get an exact definition of a term.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Financial Statements

JMB Franchising, LLC

December 31, 2024 and 2023

CONTENTS

5580 Monroe Street
Suite 210
Sylvania, OH 43560

tel 419.885.8338
fax 419.885.8182

www.gbq.com

GBQ Partners

To the Member of
JMB Franchising, LLC
Toledo, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of JMB Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 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 of time.

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

GBQ Partners LLC

Sylvania, Ohio
June 5, 2025

JMB FRANCHISING, LLC
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	**$ 14,075**	$ 18,709
Restricted cash	**17,286**	21,335
Accounts receivable, net of allowance	**7,815**	11,642
Total current assets	**39,176**	51,686
Other Assets		
Accounts receivable, net of allowance	**282,800**	331,700
Advances receivable - related parties	**107,952**	101,647
Advances receivable - member	**732,548**	388,495
Total other assets	**1,123,300**	821,842
TOTAL ASSETS	**$ 1,162,476**	$ 873,528

	2024	2023
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	**$ 1,035**	$ 3,287
Deferred franchise fees, current portion	**40,516**	37,282
Total current liabilities	**41,551**	40,569
Long-Term Liabilities		
Deferred franchise fees, net of current portion	**497,438**	489,786
Total Liabilities	**538,989**	530,355
Member's Equity	**623,487**	343,173
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 1,162,476**	$ 873,528

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

	2024	2023
Revenue		
Franchise fees	**$ 59,114**	$ 34,908
Royalties	**251,109**	242,450
Marketing fees	**60,892**	57,530
Total revenue	**371,115**	334,888
Operating Expenses		
Professional fees	**34,013**	40,295
Insurance	**14,128**	13,535
Advertising and marketing	**36,390**	16,895
Provision for expected credit losses	**2,627**	8,615
Other	**3,643**	2,686
Total operating expenses	**90,801**	82,026
Other Income		
Other income	**-**	35
Net Income	**$ 280,314**	$ 252,897

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

Statements of Changes in Member’s Equity
For the Years Ended December 31, 2024 and 2023

	Member's Equity
Balance at December 31, 2022	$ 90,276
Net income	252,897
Balance at December 31, 2023	343,173
Net income	280,314
Balance at December 31, 2024	**$ 623,487**

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

	2024	2023
Cash Flows from Operating Activities		
Net income	**$ 280,314**	$ 252,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for expected credit losses	**2,627**	8,615
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	**50,100**	(61,996)
Accounts payable	**(2,252)**	(8,241)
Deferred franchise fees	**10,886**	75,093
Total adjustments	**61,361**	13,471
Net cash provided by operating activities	**341,675**	266,368
Cash Flows from Investing Activities		
Advances receivable - related parties	**(6,305)**	(19,495)
Advances receivable - member	**(344,053)**	(263,592)
Net cash used in investing activities	**(350,358)**	(283,087)
Net Change in Cash	**(8,683)**	(16,719)
Cash - Beginning of Year	**40,044**	56,763
Cash - End of Year	**$ 31,361**	$ 40,044
Reconciliation of Cash and Restricted Cash		
Cash	**$ 14,075**	$ 18,709
Restricted cash	**17,286**	21,335
Total cash and restricted cash	**$ 31,361**	$ 40,044

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

Nature and Scope of Business

JMB Franchising, LLC was organized as an Ohio limited liability company in July 2013. The Company operates as a franchisor of Barry Bagels restaurants, which operate as quick service retail breakfast and lunch establishments. The Company is 100% owned by its parent company, JMB Restaurant Holdings. There were 14 and 16 franchised restaurants at December 31, 2024 and 2023, respectively.

Summary of Significant Accounting Policies

Use of Estimates

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

Basis of Presentation

The Company uses the accrual basis of accounting in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Accounts Receivable

The Company grants credit to its franchisees. Past due amounts are based on individual contract terms. The Company does not accrue interest on past due receivables. Accounts receivable are summarized as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable, net	**$ 290,615**	$ 343,342	$ 289,961

The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for expected credit losses was approximately $6,900 and $13,800 at December 31, 2024 and 2023, respectively. Changes in the valuation allowance were not material to the accompanying financial statements.

Advertising

The Company charges advertising costs to expense in the year incurred. Advertising expense was approximately $36,400 and $16,900 for the years ended December 31, 2024 and 2023, respectively. The Company also administers a cooperative marketing program for its franchisees.

Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue is recognized when a performance obligation has been satisfied by transferring control of promised goods and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

Nature of Goods and Services

Franchise fees primarily consists of up-front franchise fees and development fees. The Company generates revenues from franchising through individual franchise sales. In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised restaurant. Development agreements provide for the development of a specified number of restaurants within a defined geographic territory. Franchise fees and development fees are deferred when received, allocated to each agreed-upon restaurant and recognized as revenue over the contractual term of each respective agreement, once the store has opened. Subject to the provisions of the applicable franchise agreements, the Company is committed and obligated to allow franchisees to utilize the Company's trademarks, copyrights, operating procedures and other elements of the Barry Bagels restaurants in the operation of the franchised restaurants. As such, the initial franchise fees are considered highly dependent upon and interrelated with the franchise rights granted in the franchise agreement.

Royalties revenue from franchised restaurants are based on a percentage of sales of the franchised restaurants and are typically 6% of sales. Marketing fees revenue includes contributions to the advertising funds by franchisees. Revenues related to these contributions is based on a percentage of sales, of the franchised restaurant and are typically 2% of sales. Royalties and marketing fees are recognized in the same period the related franchised restaurant revenue is generated.

Contract Liabilities

Contract liabilities consist of deferred franchise and development fees which are recognized as revenue ratably over the contractual term of each respective franchise agreement. The Company has recorded $537,954 and $527,068 of deferred franchise and development fees as of December 31, 2024 and 2023, respectively.

Income Taxes

In lieu of corporate federal and state income taxes, the members of a Limited Liability Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes have been included in the accompanying financial statements.

FASB ASC 740, *Income Taxes,* provides guidance for accounting for uncertainty in income taxes and clarifies how tax benefits for uncertain tax positions are to be recognized, measured, and reported in financial statements and requires certain disclosures of uncertain tax matters. At December 31, 2024 and 2023, the Company did not have any unrecognized tax benefits.

Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Company's policy is to classify interest and penalties recognized in connection with income tax matters in interest expense and other operating expense, respectively.

Related Party Transactions

The Company has receivables from entities related through common ownership of $107,952 and $101,647 at December 31, 2024 and 2023, respectively, for advances.

The Company has receivables from its member totaling $732,548 and $388,495 at December 31, 2024 and 2023, respectively, for advances.

The Company receives certain services from two entities related through common ownership and control for administrative services and personnel training provided to franchisees. The Company does not reimburse these entities for these services. Total amounts for these services were approximately $36,900 and $32,000 at December 31, 2024 and 2023, respectively.

The Company has been granted all of the exclusive rights of its member to use, sublicense and franchise the Barry Bagels concept and related intellectual property.

Contingencies

The Company may at times be subject to lawsuits and other charges from franchisees, customers and employees which are typical within the industry. In the opinion of management, any open matters will not have a material impact upon the accompanying financial statements.

The Company is a co-borrower on a $1,635,000 term loan to its member and is jointly and severally liable. The loan has an effective interest rate of 5.50% per annum with a maturity date of September 28, 2029. Monthly installments of principal and interest of $17,806 were due until April 2023 at which point the monthly installments changed to $24,186 with the remaining principal and interest due at maturity. The balance on the loan was $1,208,562 and $1,424,591 as of December 31, 2023 and 2024, respectively.

Subsequent Events – Date of Management's Evaluation

The Company has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Subsequent to year end, in February 2025, two franchisees opened one store each.

Subsequent to year-end, the Company advanced two related parties a total of $52,000 for operating expenses.

Financial Statements

JMB Franchising, LLC

December 31, 2023 and 2022

CONTENTS

5580 Monroe Street
Suite 210
Sylvania, OH 43560
tel 419.885.8338
fax 419.885.8182
www.gbq.com

GBQ Partners

To the Member of
JMB Franchising, LLC
Toledo, Ohio

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of JMB Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 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 of time.

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

GBQ Partners LLC

Sylvania, Ohio
March 19, 2024

JMB FRANCHISING, LLC
Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash	**$ 40,044**	$ 56,763
Accounts receivable, net of allowance	**11,642**	7,461
Advances receivable - related parties	**101,647**	82,152
Advances receivable - member	**388,495**	124,903
Total current assets	**541,828**	271,279
Other Assets - accounts receivable, net of allowance	**331,700**	282,500
TOTAL ASSETS	**$ 873,528**	$ 553,779
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	**$ 3,287**	$ 11,528
Total current liabilities	**3,287**	11,528
Long-Term Liabilities		
Deferred franchise fees	**527,068**	451,975
Total Liabilities	**530,355**	463,503
Member's Equity	**343,173**	90,276
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 873,528**	$ 553,779

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

JMB FRANCHISING, LLC
Statements of Income
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenue		
Franchise fees	**$ 34,908**	$ 31,699
Royalties	**242,450**	194,408
Marketing fees	**57,530**	38,711
Total revenue	**334,888**	264,818
Operating Expenses		
Professional fees	**40,295**	37,031
Insurance	**13,535**	16,645
Advertising and marketing	**16,895**	27,696
Bad debt	**8,615**	-
Other	**2,686**	2,621
Total operating expenses	**82,026**	83,993
Other Income (Expense)		
Other income	**35**	249
Net Income	**$ 252,897**	$ 181,074

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

	Member's Equity (Deficit)
Balance at December 31, 2021	$ (90,798)
Net income	181,074
Balance at December 31, 2022	90,276
Net income	252,897
Balance at December 31, 2023	**$ 343,173**

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

JMB FRANCHISING, LLC
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Net income	**$ 252,897**	$ 181,074
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in allowance for credit losses	**8,615**	-
Changes in operating assets and liabilities that increase (decrease) cash flows:		
Accounts receivable	**(61,996)**	(64,238)
Prepaid expenses	**-**	7,917
Accounts payable	**(8,241)**	(9,915)
Deferred franchise fees	**75,093**	103,301
Total adjustments	**13,471**	37,065
Net cash provided by operating activities	**266,368**	218,139
Cash Flows from Investing Activities		
Advances receivable - related parties	**(19,495)**	(47,100)
Advances receivable - member	**(263,592)**	(119,816)
Net cash used in investing activities	**(283,087)**	(166,916)
Net Change in Cash	**(16,719)**	51,223
Cash - Beginning of Year	**56,763**	5,540
Cash - End of Year	**$ 40,044**	$ 56,763

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

Nature and Scope of Business

JMB Franchising, LLC was organized as an Ohio limited liability company in July 2013. The Company operates as a franchisor of Barry Bagels restaurants, which operate as quick service retail breakfast and lunch establishments. The Company is 100% owned by its parent company, JMB Restaurant Holdings. There were sixteen and fifteen franchised restaurants at December 31, 2023 and 2022, respectively.

Summary of Significant Accounting Policies

Use of Estimates

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

Basis of Presentation

The Company uses the accrual basis of accounting in preparing its financial statements.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Company grants credit to its franchisees. Bad debts are provided for using the allowance method, based on management's evaluation, based primarily on historical losses and existing economic conditions, of the collectability of outstanding accounts receivable at the end of the year. Past due amounts are based on individual contract terms. The Company does not accrue interest on past due receivables. Accounts receivable are summarized as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable, net	**$ 343,342**	$ 289,961	$ 225,723

The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for doubtful accounts was approximately $13,800 and $5,200 at December 31, 2023 and 2022, respectively. Changes in the valuation allowance were not material to the accompanying financial statements.

Summary of Significant Accounting Policies (continued)

Advertising

The Company charges advertising costs to expense in the year incurred. Advertising expense was approximately $16,900 and $27,700 for the years ended December 31, 2023 and 2022, respectively. The Company also administers a cooperative marketing program for its franchisees.

Revenue Recognition

Revenue is recognized when a performance obligation has been satisfied by transferring control of promised goods and services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services.

Nature of Goods and Services

Franchise fees primarily consists of up front franchise fees and development fees. The Company generates revenues from franchising through individual franchise sales. In general, the Company's franchise agreements provide for the payment of a franchise fee for each opened franchised restaurant. Development agreements provide for the development of a specified number of restaurants within a defined geographic territory. Franchise fees and development fees are deferred when received, allocated to each agreed-upon restaurant and recognized as revenue over the contractual term of each respective agreement, once the store has opened. Subject to the provisions of the applicable franchise agreements, the Company is committed and obligated to allow franchisees to utilize the Company's trademarks, copyrights, operating procedures and other elements of the Barry Bagels restaurants in the operation of the franchised restaurants. As such, the initial franchise fees are considered highly dependent upon and interrelated with the franchise rights granted in the franchise agreement.

Royalties revenue from franchised restaurants are based on a percentage of sales of the franchised restaurants and are typically 6% of sales. Marketing fees revenue includes contributions to the advertising funds by franchisees. Revenues related to these contributions is based on a percentage of sales, of the franchised restaurant and are typically 2% of sales. Royalties and marketing fees are recognized in the same period the related franchised restaurant revenue is generated.

Contract Liabilities

Contract liabilities consist of deferred franchise and development fees which are recognized as revenue ratably over the contractual term of each respective franchise agreement. The Company has recorded $527,068 and $451,975 of deferred franchise and development fees as of December 31, 2023 and 2022, respectively.

Summary of Significant Accounting Policies (continued)

Income Taxes

In lieu of corporate federal and state income taxes, the members of a Limited Liability Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes have been included in the accompanying financial statements.

FASB ASC 740, *Income Taxes,* provides guidance for accounting for uncertainty in income taxes and clarifies how tax benefits for uncertain tax positions are to be recognized, measured, and reported in financial statements and requires certain disclosures of uncertain tax matters. At December 31, 20223 and 2022, the Company did not have any unrecognized tax benefits.

The Company's policy is to classify interest and penalties recognized in connection with income tax matters in interest expense and selling, general and administrative expense, respectively.

Newly Adopted Accounting Pronouncements

Effective January 1, 2023, the Company adopted the provisions and disclosure requirements described in ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326). ASC 326 sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related allowances. The adoption of ASC 326 did not have a material effect to the accompanying financial statements.

Related Party Transactions

The Company has receivables from entities related through common ownership of $101,647 and $82,152 at December 31, 2023 and 2022, respectively, for advances.

The Company has receivables from its member totaling $388,495 and $124,903 at December 31, 2023 and 2022, respectively, for advances.

The Company receives certain services from two entities related through common ownership and control for administrative services and personnel training provided to franchisees. The Company does not reimburse these entities for these services. Total amounts for these services was approximately $32,000 and $32,400 at December 31, 2023 and 2022, respectively.

Subsequent Events – Date of Management's Evaluation

The Company has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

EXHIBIT D TO THE DISCLOSURE DOCUMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES (this "**Assignment**") is effective as of _________________ , 20__, between **JMB FRANCHISING, LLC**, an Ohio limited liability company with its principal place of business at 5965 Renaissance Place, Toledo, Ohio 43623 ("**Franchisor**", "**we**," "**us**" or "**our**") and _________________________________, whose current place of business is __________________________________ ("**Franchisee**", "**you**" or "**your**"). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party.**"

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement**") dated as of ____________, 20___ with you, pursuant to which you plan to own and operate a BARRY BAGELS Restaurant (the "**Restaurant**"). The BARRY BAGELS Restaurants use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "**System**"). We identify BARRY BAGELS Restaurants and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings and internet addresses of the Restaurant if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor: (a) those certain telephone numbers and regular, classified or other telephone directory listings used in connection with the operation of the Restaurant (collectively, the "**Telephone Numbers and Listings**"); and (b) those certain Internet website addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Restaurant. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and/or Franchisee's Internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof. Upon termination or expiration of the Franchise Agreement (without extension) for any reason, Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

3. **Power of Attorney**: Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the 1SP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company and/or ISP.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company and/or ISP.

7. **Attorney's Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in mediation proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**: **EXCEPT TO THE EXTENT THIS ASSIGNMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (THE LANHAM ACT, 15 U.S.C. SECTION 1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS ASSIGNMENT IS GOVERNED BY OHIO LAW WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES. YOU AND WE AGREE THAT ANY STATE COURT OF GENERAL JURISDICTION SITTING IN THE COUNTY AND STATE WHERE OUR PRINCIPAL PLACE OF BUSINESS AT THE TIME AN ACTION IS COMMENCED OR UNITED STATES DISTRICT COURT FOR THE COUNTY AND STATE WHERE OUR PRINCIPAL PLACE OF BUSINESS AT THE TIME THE ACTION IS COMMENCED SHALL BE THE VENUE AND EXCLUSIVE FORUM IN WHICH TO ADJUDICATE ANY CASE OR CONTROVERSY WHATSOEVER BETWEEN YOU AND US. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES FOR THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATIONAL AWARD IN ANY APPROPRIATE JURISDICTION. THE PROVISIONS OF SECTION 24 OF THE FRANCHISE AGREEMENT, TO THE EXTENT THAT THEY ARE NOT INCONSISTENT WITH THE EXPRESS PROVISIONS OF THIS ASSIGNMENT, ARE AFFIRMED, RATIFIED AND INCORPORATED HEREIN BY REFERENCE.**

"US":	**"YOU":**
JMB FRANCHISING, LLC, an Ohio limited liability company	If a corporation, partnership, limited liability company or other legal entity
	____________________________ (Name of Business Entity)
By: ________________________	By: ________________________
Print Name: ____________________	Print Name: ____________________
Title: ________________________	Title: ________________________
Date: ________________________	Date: ________________________

If Individual(s):

Sign: ____

Print Name: __________________________________

Date: ____

Sign: ____

Print Name: __________________________________

Date: ____

Sign: ____

Print Name: __________________________________

Date: ____

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of ___________, 202_, by __________________________ the ___________________________ of JMB Franchising, LLC an Ohio limited liability company, on behalf of the company.

____
Notary Public

{SEAL}

My Commission Expires: ______________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of ___________, 202_, by ______________________________, an individual.

____
Notary Public

{SEAL}

My Commission Expires: ______________________

EXHIBIT E TO THE DISCLOSURE DOCUMENT

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is made, entered into and effective as of the effective date of the Lease (as defined herein below), by, between and among **JMB FRANCHISING, LLC**, an Ohio limited liability company, with its principal business address located at 5965 Renaissance Place, Toledo Ohio 43623 ("**Franchisor**"), and ________________ ___________________________ whose current principal place of business is _________________ ________________________ ("**Franchisee**").

BACKGROUND INFORMATION

Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of ________________, 20___ with Franchisee, pursuant to which Franchisee plans to own and operate a BARRY BAGELS Restaurant (the "**Restaurant**") located at ____________________________ (the "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), Franchisee has leased or will lease certain space containing the Restaurant described therein from ______________________________________ (the "**Lessor**"). The Franchise Agreement requires Franchisee to deliver this Assignment to Franchisor as a condition to the grant of a franchise.

OPERATIVE TERMS

Franchisor and Franchisee agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

2. **Incorporation of Terms**: Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.

3. **Indemnification**: Franchisee agrees to indemnify and hold Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

4. **Conditional Assignment**: Franchisee hereby grants to Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory, licenses and supplies located in the Site and the franchise relating to the Restaurant, and all of Franchisee's rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of Franchisee's breach of the Lease, then such payment by Franchisor, or such breach or default by Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of Franchisor under any other Agreements or under other applicable laws or equities. In addition, if Franchisor or its affiliates elects to acquire the assets of the Restaurant or acquires the ownership interests of Franchisee, and Lessor agrees to Franchisor's assumption thereof, Franchisee will

assign all of its rights to the Lease and the Site to Franchisor. This Assignment shall constitute a lien on the interest of Franchisee in and to the Lease until satisfaction in full of all amounts owed by Franchisee to Franchisor. In addition, the rights of Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, or any liens securing the initial bank financing for the development of the Restaurant at the Site as provided in the Franchise Agreement. Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of Franchisee;

(c) to exclude Franchisee, its agents or employees from the Site;

(d) as attorney-in-fact for Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Restaurant and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by Franchisee, for any cause or ground which would entitle Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of Franchisor; and

(g) to insure and reinsure the same for all risks incidental to Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee's default under the Lease.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of Franchisor.

8. **Election of Remedies**: It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between Franchisor and Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by Franchisor or any of the rights hereunder will cure, waive or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by Franchisor of any such rights and remedies shall be construed as a waiver by Franchisor of any future rights and remedies.

9. **Binding Agreements**: This Assignment and all provisions hereof shall be binding upon Franchisor and Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control**: This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or mediation or bankruptcy proceeding from the non-prevailing Party.

12. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

THE "FRANCHISEE":

____
(Name of Business Entity)

By:______________________________

Print Name:______________________________

Title:______________________________

Date:______________________________

If Individual(s):

Sign:______________________________

Print Name:______________________________

Date:______________________________

Sign:______________________________

Print Name:______________________________

Date:______________________________

Sign:______________________________

Print Name:______________________________

Date:______________________________

THE "FRANCHISOR":

JMB FRANCHISING, LLC,
an Ohio limited liability company

By:______________________________

Print Name:______________________________

Title:______________________________

Date:______________________________

The Lessor hereby consents, agrees with, approves of and joins in with this CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE.

THE "LESSOR":

By:______________________________
Print Name: ______________________________
Title:______________________________
Date:______________________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of ___________, 202_, by __________________________ the ___________________________ of JMB Franchising, LLC an Ohio limited liability company, on behalf of the company.

____
Notary Public

{SEAL}

My Commission Expires: ______________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of __________, 202_, by _____________________________, an individual.

____
Notary Public

{SEAL}

My Commission Expires: ______________________

STATE OF ___________)
) ss
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ____ day of __________, 202_, by __________________________ the ___________________________ of _________________________ a ______________________________, on behalf of the ______________.

____
Notary Public

{SEAL}

My Commission Expires: ______________________

EXHIBIT F TO THE DISCLOSURE DOCUMENT

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT

THIS CONFIDENTIALITY, NONSOLICITATION AND NONCOMPETITION AGREEMENT (this "**Agreement**") is effective as of ____________________, 20___, between ______________________________________ (the "**Franchisee**," "**we**," "**us"** or **our**") and ____ ("**you**" or "**your**").

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the "**Franchise Agreement**") with **JMB FRANCHISING, LLC** (the "**Franchisor"**) to operate a BARRY BAGELS Restaurant franchise (the "**Restaurant**" or "**Restaurants**"). The Restaurant is operated pursuant to formats, specifications, standards, methods and procedures prescribed or approved by the Franchisor (the "**System**"). We and the Franchisor possess certain confidential information, consisting of specifications, plans and other characteristics of products and services provided, the computer system, intranet database and information, Restaurant and business operating techniques, criteria methods in obtaining licensing and meeting regulatory requirements, designing and constructing Restaurants featuring the preparation and sale of bagels, cream cheese and other spreads, coffees and teas, soups, salads and sandwiches for on-premises and off-premises consumption, the selection, testing and training of personnel and other employees, and the formats, specifications, standards, methods, procedures, information, and knowledge of and experience in the operating and franchising of BARRY BAGELS Restaurants, which we either own or license (the "**Confidential Information**").

You understand that the System and Confidential Information are the Franchisor's proprietary trade secrets and confidential. You acknowledge that we and the Franchisor have and will provide you with specialized and extensive training regarding operation of the Business and have invested considerable time, funds and resources to do so. We have an obligation under the Franchise Agreement to maintain such Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality**. You will: (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of your ownership in, or employment by us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **In-Term Competitive Restrictions**. During the time that you are one of our owners or employees, unless we otherwise permit in writing, you agree that you will not, directly or indirectly (e.g., through a spouse or child):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in any business or facility owning, operating or managing, or granting franchises or licenses to others to do so, any wholesale or retail business featuring bagels, cream cheese and other spreads, coffees and teas, soups, salads and sandwiches and related products as primary menu items (a "**Competitive Business**"), wherever located;

(b) act as a landlord or lender to a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(c) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees, without obtaining the prior written permission of that person's employer; or

(d) divert or attempt to divert any business or customer of the Restaurant to any Competitive Business, or otherwise take any action injurious or prejudicial to the goodwill associated with the System.

Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

3. **Post-Term Competitive Restrictions**. For a period of 2 years following the date that you cease to be one of our owners or an employee, you agree that you will not, directly or indirectly (e.g., through a spouse or child):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in a Competitive Business located or operating: (i) within 25 miles of the Restaurant; or (ii) within 25 miles of any Restaurant, whether owned by us, our affiliates, the Franchisor or any of the Franchisor's franchisees in operation or under construction on the date you cease to be one of our owners or employees;

(b) act as a landlord, lender or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business located or operating: (i) within 25 miles of the Restaurant; or (ii) within 25 miles of any Restaurant, whether owned by us, our affiliates, the Franchisor or any of the Franchisor's franchisees in operation or under construction on the date you cease to be one of our owners or employees;

(c) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees, without obtaining the prior written permission of that person's employer; or

(d) divert or attempt to divert any business or customer of the Restaurant to any Competitive Business, or otherwise take any action injurious or prejudicial to the goodwill associated with the System.

If you refuse to voluntarily comply with the foregoing obligations, the 2 year period will be extended by the period of noncompliance. Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

4. **Acknowledgment**. You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants contained in this Agreement will not deprive you of your personal goodwill or ability to earn a living.

5. **Severability and Substitution**. To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, length of time or remedy, but may be made enforceable by reduction, adjustment or modification of any or all thereof, you and we agree that this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the

jurisdiction in which enforcement is sought, and such reduced or modified provision will be enforced to the fullest extent.

6. **Acquisition**. You agree that the confidentiality and competitive undertakings and restrictions survive any change in our ownership, any merger or consolidation, any sale of our assets, and any assignment or transfer of this Agreement.

7. **Extension of Time Period**. The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

8. **Suspension of Compensation**. We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

9. **No Defense or Setoff**. You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

10. **Injunctive Relief**. You and we agree that the breach of this Agreement will result in irreparable harm to us, and that no monetary award can fully compensate us if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us at equity or law.

11. **Miscellaneous**.

(a) **Complete Agreement**: This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment**: A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative**: No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Certain Definitions**: As used throughout this Agreement, the following terms have the following meanings:

(i) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other business entity or enterprise or any natural person;

(ii) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other business entities that are beneficially owned by such person or its affiliates.

(e) **Governing Law and Forum**: This Agreement is governed by Ohio law without regard to conflict of laws principles. The parties agree that any state court of general jurisdiction sitting in the county and state where the party bringing the action maintains its principal place of business at the time an action is commenced or United States District Court for the county and state where the party bringing the action maintains its principal place of business at the time the action is commenced shall be the exclusive venue and the forum in which to adjudicate any case or controversy pertaining to this Agreement. The exclusive choice of jurisdiction does not preclude the bringing of any action by any party for the enforcement of any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction. The provisions of Section 24 of the Franchise Agreement, to the extent they are not inconsistent with the express provisions of this Agreement, are affirmed, ratified and incorporated herein by reference, provided, however, that Section 24.9 of the Franchise Agreement providing for mediation of disputes shall not apply to any dispute pertaining to disagreement that pertains, in whole or in part, to the enforcement of the provisions of Section 3 of this Agreement.

(f) **Third-Party Beneficiary**: The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement with you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor's successors and assigns.

(g) **Background Information**: The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

"US"	**"YOU"**
Signature:____________________________	Signature:____________________________
Print Name:___________________________	Print Name:___________________________
Title:________________________________	Title:________________________________
Date:________________________________	Date:________________________________

EXHIBIT G TO THE DISCLOSURE DOCUMENT

OWNER'S GUARANTY

OWNER'S GUARANTY

As an inducement to JMB Franchising, LLC ("**us**", or "**our**" or "**we**") to execute and deliver the Franchise Agreement between us and ________________________________ (the "**Business Entity**") dated ________________, 202____ (the "**Agreement**"), the undersigned ("**you**"), each having an ownership interest in Business Entity agree as follows:

1. **Scope of Guaranty**. Each of you signing this Guaranty jointly, severally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; (b) agree to be personally bound by every provision of the Agreement pertaining to the Business Entity or any Owner (as defined in the Agreement); and (c) agree to be personally liable for and indemnify us against any loss or damage, we or our affiliates may sustain or a result of any breach of provision of the Agreement by the Business Entity or any other Owner.

2. **Waivers**. Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs**. If we are required to enforce this Guaranty in any judicial or mediation proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', mediators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date (as defined in the Agreement), regardless of the actual date of signature. Defined terms that are used but not otherwise defined in this Guaranty shall have the meanings ascribed to them in the Agreement.

6. **Governing Law and Venue**. **THIS GUARANTY IS GOVERNED BY OHIO LAW. YOU AND WE AGREE THAT ANY STATE COURT OF GENERAL JURISDICTION SITTING IN THE COUNTY AND STATE WHERE OUR PRINCIPAL PLACE OF BUSINESS AT THE TIME AN ACTION IS COMMENCED OR THE UNITED STATES DISTRICT COURT FOR THE COUNTY AND STATE WHERE OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED AT THE TIME THE ACTION IS COMMENCED SHALL BE THE VENUE AND EXCLUSIVE FORUM IN WHICH TO**

ADJUDICATE ANY CASE OR CONTROVERSY WHATSOEVER BETWEEN OR AMONG YOU, THE BUSINESS ENTITY'S AND/OR ITS OWNERS AND US AND EACH OF YOU ARE OBLIGATED TO SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION FOR THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION.

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY	**GUARANTORS**
______________________________	______________________________ Print Name:______________________ Date:__________________________
______________________________	______________________________ Print Name:______________________ Date:__________________________
______________________________	______________________________ Print Name:______________________ Date:__________________________

EXHIBIT H TO THE DISCLOSURE DOCUMENT

OWNER'S STATEMENT

OWNER'S STATEMENT

This form must be completed by the Franchisee and/or Developer ("**I**", "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise and/or Area Development Agreement to me.

1. **Form of Company**. I am a (check one):

(a) General Partnership
(b) Corporation
(c) Limited Partnership
(d) Limited Liability Company
(e) Other
Specify:_________________________________

I was formed under the laws of ___________________________.
(state)

2. **Business Entity**. I was incorporated or formed on __________________, ____, under the laws of the State of ________________. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _______________________. The following is a list of all persons who have management rights and power (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	**Position(s) Held**
____	_________________________________
____	_________________________________
____	_________________________________
____	_________________________________
____	_________________________________

3. **Owners**. The following list includes the full name and mailing address of each person who is one of my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Owners is current and complete as of _________________, ____.

OWNER

INDIVIDUALS:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

____
[INSERT COMPANY NAME]

By:____
Print Name:____________________________________
Title:____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS

LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS

LIST OF CURRENT FRANCHISEES

FRANCHISEE	ADDRESS	PHONE
5760 Frantz Road, LLC[1]	Attention: David Nead 7320 Kerfield Road Galena, OH 43021	(614)776-4930
655 Worthington Road, LLC[2]	Attention: David Nead 7320 Kerfield Road Galena, OH 43021	(614)776-4930
Promised Land Bagels (Avon), LLC[3]	Attention: Brian Bradley 2100 Center Road Avon, OH 44011	(216)645-9725
Promised Land Bagels Catawba, LLC	Attention: Brian Bradley 2100 Center Road Avon, OH 44011	(216)645-9725
DYT Bagels, LLC[4]	Attention: Jennifer Fester 1700 Roslyn Avenue Kettering, OH 45429	(937)245-1680
Lansing Bagel, LLC[5]	Attention: Stacy Wallace 12110 Scotch Hollow Drive Bath, MI 48808	(517)488-2677
Sodexo Operations, LLC	Attention: Ron Dorchak 9801 Washington Boulevard Gaithersburg, MD 20878	(216)551-4313
WSR Holdings, LLC[6]	Attention: Adam Rosender 5958 Strawberry Circle Commerce Twp., MI 48382	(248)709-1123

[1] Franchisee is an Area Developer.

[2] Franchisee is an Area Developer.

[3] Franchisee is an Area Developer.

[4] Franchisee is an Area Developer.

[5] Franchisee is an Area Developer.

[6] Franchisee is an Area Developer.

BH Breadwinners, LLC[7]	Attention: Bret Couturier 16728 Maines Valley Drive Noblesville, Indiana 46062	(317)919-4176
Promised Land Bagels Westlake, LLC[8]	Attention: Brian Bradley 2100 Center Road Avon, OH 44011	(216)645-9725
Bluegrass Bagels, LLC[9]	Attention: Brian Lewis 411 McCready Avenue Louisville, KY 40206	(502)439-8614
Longtime LLC	Attention: Brian Bradley 2686 Rochester Road Shaker Heights, OH 44122	216-645-9725
ML Bagels, LLC (Bowling Green)	ATTN: Laura Heringhaus 5162 Bostwick Road Perrysburg, OH 43551	419-308-3079
Capital City Bagels, LLC[10]	ATTN: Amy Sigman 1943 Bellflower Court Grove City, OH 43123	614-207-6233
MW Bagels, LLC[11]	ATTN: Michael Wainz 15048 Ted Trail Aledo, TX 76008	419-349-5308

[7] Franchisee is an Area Developer.

[8] Franchisee is an Area Developer.

[9] Franchisee is an Area Developer.

[10] Franchisee is an Area Developer

[11] Franchisee is an Area Developer

EXHIBIT J TO THE DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES AND AREA DEVELOPERS

FORMER FRANCHISEES AND AREA DEVELOPERS

FRANCHISEE	ADDRESS	PHONE
FS Bagels, LLC[1]	Attention: William Fristo 3318 Meadowbrook Court Toledo, Ohio 43606	(419)466-6283
Benny's Bagels, LLC[2]	Attention: Benjamin Isaacson 5115 Chatham Valley Toledo, OH 43615	(419)705-5602
West Side Bagels, LLC[3]	Attention: Vance Carter 23815 Delmere Drive North Olmsted, OH 44070	(216)219-7433
AJn4c Inc. [4]	Attention: Alex Crawford 572 High Timber Drive Westerville, Ohio 43082	(614)542-7647
Mr. Bagel Company, LLC[5]	Attention: Marc Resnick 10212 Cardigan Drive Union , KY 41091	(419)343-0570
Original Six, LLC[6]	Attention: Jeremy Miller 3231 Central Park West #109 Toledo, OH 43617	(419)450-6854
Catawba Bagels, LLC[7]	Attention: Benjamin Isaacson 3929 E Harbor Road Port Clinton, OH 43452	(419)705-5602

[1] FS Bagels, LLC assigned all of its rights and obligations under its Franchise Agreement and certain related collateral documents with Franchisor to Original Six, LLC on January 19, 2018 pursuant to the terms of that certain Assignment, Transfer and Consent Agreement dated January 19, 2018 between Franchisor, FS Bagels, LLC, Original Six, LLC and certain other parties signatory thereto.
[2] In December of 2018, the Restaurant previously operated by Benny's Bagels, LLC located in Sandusky, Ohio closed and the related Franchise Agreement was terminated. A replacement Restaurant was subsequently opened in January of 2019 in Catawba Island, Ohio under a new Franchise Agreement with Catawba Bagels, LLC under the same management that previously operated the Sandusky, Ohio Restaurant location.
[3] West Side Bagels, LLC assigned all of its rights and obligations under its Franchise Agreement and certain related collateral documents with Franchisor to Promised Land Bagels (Avon), LLC on May 24, 2019 pursuant to the terms of that certain Assignment, Transfer and Consent Agreement dated May 24, 2019 between Franchisor, West Side Bagels, LLC, Promised Land Bagels (Avon), LLC and certain other parties signatory thereto.
[4] AJn4c., Inc. assigned all of its rights and obligations under its Franchise Agreement and certain related collateral documents with Franchisor to 655 Worthington Road, LLC on August 30, 2019 pursuant to the terms of that certain Assignment, Transfer and Consent Agreement dated August 30, 2019 between Franchisor, AJn4c, Inc., 655 Worthington Road, LLC and certain other parties signatory thereto.
[5] Mr. Bagel Company, LLC executed a franchise agreement but subsequently notified Franchisor that it elected not to proceed with construction of its Restaurant and to terminate the underlying Franchise Agreement.
[6] Original Six, LLC assigned all of its rights and obligations under its Franchise Agreement and certain related collateral documents with Franchisor to 5760 Frantz Road, LLC on June 30, 2020 pursuant to the terms of that certain Assignment, Transfer and Consent Agreement dated June 30, 2020 between Franchisor, Original Six, LLC, 5760 Frantz Road, LLC and certain other parties signatory thereto.
[7] Catawba Bagels, LLC assigned all of its rights and obligations under its Franchise Agreement and certain related collateral documents with Franchisor to Promised Land Bagels Catawba, LLC on June 1, 2022 pursuant to the terms of that certain Assignment, Transfer and Consent Agreement dated June 1, 2022 between Franchisor, Catawba Bagels, LLC, Promised Land Bagels Catawba, LLC and certain other parties signatory thereto.

EXHIBIT K TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

SECTION A: INTRODUCTION

SECTION B: PRE-OPENING PROCEDURES

SECTION C: HUMAN RESOURCES

SECTION D: DAILY OPERATING PROCEDURES

SECTION E: MANAGING A BARRY BAGELS BUSINESS

SECTION F: MARKETING

APPENDICES:

EXHIBIT L TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND AGENTS

FOR SERVICE OF PROCESS

Our registered agent in the State of Ohio is:

James B. Nusbaum, Esq.
Chief Executive Officer
5965 Renaissance Place
Toledo, Ohio 43623

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for review, registration and oversight of franchises in these states:

STATE	AGENCY
California	Department of Business Oversight 1-866-275-2677 *Los Angeles* 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 *Sacramento* 1515 K Street South Suite 200 Sacramento, CA 95813-4052 (916) 445-7205 *San Diego* 1350 Front Street Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* 71 Stevenson Street Suite 2100 San Francisco, CA 94105-2180 (415) 972-8559
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2727
Illinois	Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Franchise Section Indiana Securities Division Secretary of State 302 W. Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

STATE	AGENCY
Michigan	Consumer Protection Division, Franchise Unit Michigan Department of Attorney General G. Mennen Williams Bldg. 525 W. Ottawa Street, 6th Floor Lansing, Michigan 48913 (517) 373-7117
Minnesota	Franchise Examiner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211 FAX: (212) 416-8816
North Dakota	Franchise Examiner Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. NE, Rm. 410 Salem, Oregon 97301-3881 (503) 378-4140

STATE	AGENCY
Rhode Island	Department of Business Regulation Securities Division Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401)462-9527
South Dakota	Department of Labor and Regulation Division of Securities 445 East Capital Avenue Pierre, South Dakota 57501 (605) 773-4823
Virginia	State Corporation Commission Division of Securities & Retail Financing 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051
Washington	Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, SW Turnwater, Washington 98507 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 201 W. Washington Ave. Madison, Wisconsin 53703 (608) 267-9140

We intend to register this disclosure document as a "franchise" in some or all of the following states, in accordance with applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

STATE	AGENT FOR SERVICE OF PROCESS
California	Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2727
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State Franchise Section Indiana Securities Division Secretary of State 302 W. Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
Michigan	Consumer Protection Division, Franchise Unit Michigan Department of Attorney General G. Mennen Williams Bldg. 525 W. Ottawa Street, 6th Floor Lansing, Michigan 48913 (517) 373-7117

STATE	AGENT FOR SERVICE OF PROCESS
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
New York	New York Secretary of Sate New York Department of State Division of Corporations One Commerce Plaza Washington Avenue – 6th Floor Albany, NY 12231 (518)473-2492
North Dakota	North Dakota Securities Commissioner 600 East Boulevard - Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter St. NE, Rm. 410 Salem, Oregon 97301-3881 (503) 378-4140
Rhode Island	Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor, John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401)462-9527

STATE	AGENT FOR SERVICE OF PROCESS
South Dakota	Department of Labor and Regulation Division of Securities 445 East Capital Avenue Pierre, South Dakota 57501 (605) 773-4823
Virginia	Clerk of the State Corporation Commission Division of Securities & Retail Financing 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Director of Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, SW Turnwater, Washington 98507 (360) 902-8760
Wisconsin	Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, Wisconsin 53703 (608) 261-9555

EXHIBIT M TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC

ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLSOURE DOCUMENT
FOR JMB FRANCHISING, LLC

None.

EXHIBIT N TO THE DISCLOSURE DOCUMENT

FORM OF

FRANCHISE COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATION

As you know, JMB Franchising, LLC (the "**Franchisor**") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a Barry Bagels franchise (a "**Franchise**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

a.	_______________, 20___ Initials _______________	The date on which I received Franchisor's Franchise Disclosure Document (FDD).
b.	_______________, 20___ Initials _______________	The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) (the "**Franchise Agreement**") and all other documents I later signed.
c.	_______________, 20___ Initials _______________	The date on which I signed the Franchise Agreement and related documents.

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?
Yes_____ No_____ Initials _______________

3. Do you understand all of the information contained in the Franchise Agreement, Area Development Agreement (if any), each Addendum and related agreement provided to you?
Yes_____ No_____ Initials _______________

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, as needed.)

____

____

____

____

4. Have you received and personally reviewed the FDD that was provided to you?
Yes_____ No_____ Initials _______________

5. Did you sign a receipt for the FDD indicating the date you received it?
Yes_____ No_____ Initials _______________

6. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?
Yes_____ No_____ Initials _______________

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.)

____

____

____

____

7. Have you discussed the benefits and risks of establishing and operating a Barry Bagels® franchise with an attorney, accountant, or other professional advisor?
Yes_____ No_____ Initials _______________

If No, do you wish to have more time to do so?
Yes_____ No_____ Initials _______________

8. Do you understand that the success or failure of your Franchise will depend in large part upon your skills and abilities, competition from other businesses, availability of financing, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors.
Yes_____ No_____ Initials _______________

9. Do you understand that no agreement or addendum is effective until it is also signed and dated by a duly authorized officer of the Franchisor?
Yes_____ No_____ Initials _______________

10. Do you understand that there are no promises, agreements, "side deals," arrangements, written or oral that are not in the Franchise Agreement?
Yes_____ No_____ Initials _______________

11. If you have answered No to any one of questions 8-10, please provide a full explanation of each No answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered Yes to questions 8-10, please leave the following lines blank.

____

____

____

____

12. Has any employee or other person speaking for the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a Barry Bagels® franchise operated by the Franchisor, its affiliates, franchisees, or any of Franchisor's affiliates' licensees, that is contrary to the information contained in the FDD?
Yes_____ No_____ Initials _______________

13. Has any employee or other person speaking for the Franchisor made any statement or promise regarding the amount of money you may earn in operating a Barry Bagels® franchise that is contrary to the information contained in the FDD?
Yes_____ No_____ Initials ______________

14. Has any employee or other person speaking for the Franchisor made any statement or promise concerning the total amount of revenue your Barry Bagels® franchise will generate, that is contrary to the information contained in the FDD.
Yes_____ No_____ Initials ______________

15. Has any employee or other person speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating the Barry Bagels® franchise that is contrary to or different from, the information contained in the FDD.
Yes_____ No_____ Initials ______________

16. Has any employee or other person speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Barry Bagels® franchise?
Yes_____ No_____ Initials ______________

17. Has any employee or other person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?
Yes_____ No_____ Initials ______________

18. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise before today?
Yes_____ No_____ Initials ______________

19. Have you paid any money to the Franchisor concerning the purchase of this franchise before today?
Yes_____ No_____ Initials ______________

20. If you have answered Yes to any one of questions 12-19, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered No to each of questions 12-19, please leave the following lines blank.
____
____
____
____

21. Do you understand that all disputes and claims you may have against the Franchisor must be (i) litigated in courts sitting or (ii) mediated where the Franchisor's principal office is then located, applying Ohio and Federal law?
Yes_____ No_____ Initials ______________

22. Do you understand that the Franchise Agreement provides that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?
Yes_____ No_____ Initials ______________

23. Do you understand that the Franchise Agreement includes a waiver of jury trials?
Yes_____ No_____ Initials ______________

24. Do you understand that the Franchise Agreement includes a requirement that claims must be brought by you within one year after they arise or they may no longer be brought after that time?
Yes_____ No_____ Initials ______________

25. Do you understand that if the Franchisor shares with you information (that may be generated by a third party or otherwise) that relates to the evaluation of potential locations for your Franchise office(s), you will not be entitled to rely on that information as a representation or suggestion by the Franchisor that a particular location for a Barry Bagels® restaurant will be successful, or that you can expect to achieve a particular level of sales or profits from operating a Franchise office at that location?
Yes_____ No_____ Initials ______________

26. Do you understand that you do not have an automatic right to participate in any individual financing program that is sponsored by us or to any guarantee program we may offer?
Yes_____ No_____ Initials ______________

27. Do you understand that if you default in the performance of your obligations under the Franchise Agreement, you and your owners will be jointly and severally liable for lost future royalties?
Yes_____ No_____ Initials ______________

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully, accurately, and completely to each of the above questions.

FRANCHISE APPLICANT:

(BUSINESS ENTITY):

____
(name of entity)

By:____
Print Name:___________________________________
Title:____
Date:____

(INDIVIDUALS/PRINCIPALS):

____
Print Name:________________________, individually
Date:____

____
Print Name:________________________, individually
Date:____

____
Print Name:________________________, individually
Date:____

EXHIBIT O TO THE DISCLOSURE DOCUMENT

SAMPLE GENERAL RELEASE

SAMPLE GENERAL RELEASE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

General Release

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this ____ day of _________________, 20____ (the "**Effective Date**"), by and between __________________, a ___________ corporation, a partnership, or a limited liability company whose principal place of business is ___________________________________ ("**Franchisor**"); and __________________, a ___________ corporation, a partnership, or a limited liability company whose principal place of business is ___________________________________ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated _______________________, 20____ (the "**Agreement**");

B. Franchisor and Franchisee have agreed, pursuant to the Agreement, [to renew or extend Franchisee's rights under the Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment of ___________________ pursuant to the Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. **Release**. [Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless [FRANCHISOR], its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "**Franchisor Group**"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Agreement, the relationship created by the Agreement, or the development, ownership, or operation of the Store. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Agreement or the Store. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements, or promises described herein.

2. **General Terms**.

2.1 This Release shall be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2 This Release shall take effect upon its acceptance and execution by each of the parties hereto.

2.3 This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, shall be considered as one Release.

2.4 The captions in this Release are for the sake of convenience only, and shall neither amend nor modify the terms hereof.

2.5 This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.6 No amendment, change, or variance from this Release shall be binding on either party unless in writing and agreed to by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

______________________________	______________________________
Franchisor	
By:____________________________	By:____________________________
Name:__________________________	Name:__________________________
Title:___________________________	Title:___________________________

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	September 27, 2024
Maryland	
Michigan	December 4, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

EXHIBIT P TO THE DISCLOSURE DOCUMENT

RECEIPT

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 JMB Franchising, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If JMB 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 any applicable state agency (as listed in Exhibit "M" to this disclosure document).

The franchisor is JMB Franchising, LLC, located at 5965 Renaissance Place, Toledo, Ohio 43623. Its telephone number is 419-882-1010.

We authorize the respective state agencies identified on Exhibit "L" to receive service of process for us if we are registered in the particular state.

Issuance Date: June 30, 2025

The name, principal business address, and telephone number of the franchise sellers offering the franchise are (please check the box(es) next to the name of the person who made this offer to you):

Name	Principal Business Address	Telephone
James Nusbaum	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010
Mark Greenblatt	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010
Angie Bugert	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010

I received a disclosure document dated June 30, 2025 (the state effective dates are listed on the pages preceding the table of contents). The disclosure document included the following Exhibits:

Exhibit A	Franchise Agreement (including attachments)
Exhibit B	Area Development Agreement (including attachments)
Exhibit C	Financial Statements
Exhibit D	Conditional Assignment of Telephone Numbers and Listings
Exhibit E	Conditional Assignment and Assumption of Lease
Exhibit F	Confidentiality, Nonsolicitation and Noncompetition Agreement
Exhibit G	Owner's Guaranty
Exhibit H	Owner's Statement
Exhibit I	List of Current Franchisees and Area Developers
Exhibit J	List of Former Franchisees and Area Developers
Exhibit K	Table of Contents of Operations Manual
Exhibit L	List of State Agencies and Agents for Service of Process
Exhibit M	State Specific Addenda and Riders
Exhibit N	Form of Franchise Compliance Certificate
Exhibit O	Sample General Release
Exhibit P	Receipts

Date:______________________________ ______________________________
Print Name:__________________________

Date:______________________________ ______________________________
Print Name:__________________________

Date:______________________________ ______________________________
Print Name:__________________________

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 JMB Franchising, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If JMB 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 any applicable state agency (as listed in Exhibit “M” to this disclosure document).

The franchisor is JMB Franchising, LLC, located at 5965 Renaissance Place, Toledo, Ohio 43623. Its telephone number is 419-882-1010.

We authorize the respective state agencies identified on Exhibit “L” to receive service of process for us if we are registered in the particular state.

Issuance Date: June 30, 2025

The name, principal business address, and telephone number of the franchise sellers offering the franchise are (please check the box(es) next to the name of the person who made this offer to you):

Name	Principal Business Address	Telephone
James Nusbaum	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010
Mark Greenblatt	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010
Angie Bugert	5965 Renaissance Place, Toledo, Ohio 43623	419-882-1010

I received a disclosure document dated June 30, 2025 (the state effective dates are listed on the pages preceding the table of contents). The disclosure document included the following Exhibits:

Exhibit A	Franchise Agreement (including attachments)
Exhibit B	Area Development Agreement (including attachments)
Exhibit C	Financial Statements
Exhibit D	Conditional Assignment of Telephone Numbers and Listings
Exhibit E	Conditional Assignment and Assumption of Lease
Exhibit F	Confidentiality, Nonsolicitation and Noncompetition Agreement
Exhibit G	Owner’s Guaranty
Exhibit H	Owner’s Statement
Exhibit I	List of Current Franchisees and Area Developers
Exhibit J	List of Former Franchisees and Area Developers
Exhibit K	Table of Contents of Operations Manual
Exhibit L	List of State Agencies and Agents for Service of Process
Exhibit M	State Specific Addenda and Riders
Exhibit N	Form of Franchise Compliance Certificate
Exhibit O	Sample General Release
Exhibit P	Receipts

Date:______________________________ ______________________________

Print Name:______________________________

Date:______________________________ ______________________________

Print Name:______________________________

Date:______________________________ ______________________________

Print Name:______________________________

Your Copy