FRANCHISE DISCLOSURE DOCUMENT

BLUE BURRO FRANCHISE LLC
a California Limited Liability Company
7245 Garden Grove Blvd, Suite E
Garden Grove, CA 92841
(714) 373-9001
www.eatblueburro.com

We grant you the right to operate a Blue Burro™ Restaurant. Your Restaurant will offer burritos, shakes and fries and other products and beverage items concept. We also grant to qualified franchisees the right to develop multiple Blue Burro™ Restaurants under a Multi-Unit Agreement.

The total investment necessary to begin operation of a single unit Restaurant is from $237,700 to $582,500. This includes the initial Franchise Fee of $40,000 that must be paid to us upon execution of the Franchise Agreement. The total investment necessary to begin operation under a Multi-Unit Agreement is from $287,700 to $682,500. This includes $50,000 to $100,000 that must be paid to us as a franchise fee.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information, read it and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the Franchisor or an Affiliate in connection with the proposed Franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ivan Flores at 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841, Telephone (714) 373-9001, Email: franchise@eatblueburro.com.

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, (FTC) 600 Pennsylvania Avenue, NW, Washington DC 20580. You can reach the FTC by phone at 1-877-FTC-HELP or online at www.ftc.gov for additional information. Your State agency or local library may also offer information on franchising.

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

Issuing Date: March 18, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I
How much will I need to invest?	Item 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 list the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B 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 by the only Blue Burro 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?	Item 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 Blue Burro franchisee?	Item 20 or Exhibit I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out of state dispute resolution.** The Franchise Agreement and Multi-Unit Agreement requires you to resolve any disputes with us by litigation/arbitration/mediation only in Orange County, California. Out of state litigation/arbitration/mediation may force you to accept a less favorable settlement for disputes. it may also cost you more to litigate/arbitrate/mediate with us in California than in your own state.

2. **Spousal liability.** Your spouse must also sign a personal guarantee making your spouse individually liable for your financial obligations under the agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.

3. **Short operating history.** The Franchisor has been offering franchises for a short period of time therefore, there is only a brief operating history to assist you in judging whether or not to make this investment.

4. **Financial condition.** Franchisor is undercapitalized and may not be able to meet preopening obligations to all franchisees.

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

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EXHIBITS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), "we," "us," "Company," "Franchisor," "Blue Burro," or "our" means Blue Burro Franchise, LLC. "You," "your," or "Franchisee," means the person or legal entity (including an individual, corporation, partnership, limited liability company or other legal entity, and its owners, officers, and directors) buying the franchise. If you are a legal entity, your direct or indirect owners must sign our "Guaranty and Assumption of Obligations," and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

The Franchisor

We are a California Limited Liability Company formed on January 7, 2020. Our principal business is located at 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841. We do not offer and have not offered franchises in any other line of business. We have no other business activities outside the Blue Burro franchise business.

We operate under trade name "Blue Burro" and the other marks described in Item 13 (the "Marks").

We have three affiliates. All affiliates are California limited liability companies. One operates a business similar to the business you will be operating from the dates listed below. The current location of affiliated Blue Burro Restaurant is as follow:

Location	Address	Date Opened
Blue Burro 1 LLC	5726 E 7th Street Long Beach, CA 90803	12/2019

We operate under the name "Blue Burro™" and the other marks described in Item 13 (the "Marks").

Our affiliate, TBS Holding Company LLC, a California limited liability company, ("IP Holder") owns the Trademarks and other intellectual property used in the operation of Blue Burro restaurants. IP Holder holds the license and has granted us the right to sublicense the use of the Trademarks and other intellectual property.

Our affiliate, Encinal Management Group, LLC ("EMG"), a California limited liability company formed on January 7, 2020, provides management services to our affiliates and company-owned Restaurants. Those individuals or employees that have management responsibility for the sale or operation of the franchises offered by this Disclosure Document are listed in Item 2.

Agents for Service of Process

Our agents for service of process are disclosed in Exhibit A.

The Franchise Offered

We grant you the right to develop and operate a quick service Restaurant under the "BLUE BURRO" trademark and other Marks (the "Restaurant"). We also offer qualified franchisees the right to develop multiple Blue Burro™ Restaurants under the terms of a Multi-Unit Agreement (the "Multi-Unit Agreement"). If you sign a Franchise Agreement, you will sign a separate Franchise Agreement for each Restaurant developed under your Multi-Unit Agreement which will be our then-current form of Franchise Agreement.

Your Restaurant will offer burritos, tacos, salads, fries, shakes and many other beverages. (the "Menu Items"). Menu Items are prepared according to specified recipes and procedures and use high-quality ingredients. Each Restaurant will operate under the name Blue Burro™ and other Marks we designate.

You must operate your Restaurant under the Blue Burro™ System (the "System"). The System is characterized by a distinctive layout, service style, design, signs, decor, furnishings, recipes, procedures, and techniques all of which we may change. Blue Burro™ Restaurants range in size from 1,500 to 2,500 square feet of space and are usually located in neighborhood strip centers near major retail shopping areas in densely populated areas. You must adhere to the System regardless of the size of your Restaurant.

Multi-Unit Development Program

Under this program, we will assign you a defined area (the "Development Area") within which you, as a Developer (the "Developer"), must develop and operate a minimum of two (2) Blue Burro Restaurants within a specified period of time. The Development Area may be one city, one or more counties, or some other defined geographic area. We may not always afford you the opportunity to develop the number of Blue Burro Restaurants that you request. You will sign a Multi-Unit Agreement (the "Multi-Unit Agreement"), the form of which is attached hereto as Exhibit D, that will describe your development area and your development schedule and obligations. You and we will determine the Development Area and the number of Blue Burro Restaurants that you will develop and operate on a case-by-case basis before you sign your Multi-Unit Agreement. You must sign a separate Franchise Agreement for each Blue Burro that you will open under the Multi-Unit Development Agreement. The Franchise Agreement for your first Blue Burro Restaurant will be in the form attached as Exhibit C to this Disclosure Document and must be signed when you sign your Multi-Unit Development Agreement. The Franchise Agreements you will sign for your additional Blue Burro Restaurants will be signed after we accept the site for each Blue Burro Restaurant and will be our then-current form of Franchise Agreement that we are then offering to new franchisees, which may contain terms and conditions that are materially different from the form of the Franchise Agreement attached to this Disclosure Document as Exhibit C.

Market and Competition

Our concept is targeted at the general public. We are one of many franchisors in the highly competitive quick service restaurant industry. Fluctuations in the tastes and habits of the public local and national economic conditions, population density, and general traffic conditions affect this industry and are generally difficult to predict. You will compete for customers with independent and franchised restaurants as well with numerous other quick service, casual and family restaurants. You may also encounter competition from other "Blue Burro™" restaurants operated by us or other franchisees. Your Licensed Business may also operate in close proximity to major competitors. Some competitors will offer many goods and service that are the same as or similar to those you offer.

Industry-Specific Regulations

Laws exist in every state that govern the food-service industry including health, sanitation, and safety regulations regarding food storage, preparation and safety and the sale of alcoholic beverages. You must comply with all local, state, and federal laws that apply to your Restaurant's operation, including health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act requires readily accessible accommodation for disabled persons and therefore may affect your building construction. You must obtain real estate permits (such as zoning permits), real estate licenses and operational licenses. You also must comply with all PCI Data Security Standards.

There are also regulations that pertain to sanitation, labeling, food preparation, food handling, and food service. You will be required to comply with all applicable federal, state, and local laws and regulations during the operation of your Restaurant. You should consult with an attorney concerning those and other local laws and ordinances that may effect to your Restaurant's operation.

ITEM 2. BUSINESS EXPERIENCE

Ivan Flores, Chief Executive Office, and Manager – Mr. Flores is the Founder and serves as the CEO and Manager of Blue Burro Franchise, LLC, Garden Grove, CA since its formation on January 7, 2020.

Mr. Flores also serves as the President, CEO and Manager of Blue Burro 1 LLC previously named as The Buffalo Spot 12, LLC, Garden Grove, CA since May 17, 2018 to present.

Mr. Flores also the Founder and serves as the President, CEO and Manager of The Buffalo Spot Global, LLC, Garden Grove, CA since its formation on September 14, 2014.

Mr. Flores serves as the President, CEO and Manager of The Buffalo Spot 4, LLC, Garden Grove, CA since its formation on August 12, 2015 to present.

Mr. Flores serves as the President, CEO and Manager of The Buffalo Spot 6, LLC, Garden Grove, CA since its formation on May 6, 2016 to present.

Mr. Flores serves as the President, CEO and Manager of The Buffalo Spot 9, LLC since its formation on June 9, 2017 to present.

Mr. Flores serves as the President, CEO and Manager of The Buffalo Spot 10, LLC, in Garden Grove, CA since its formation on June 16, 2017 to present.

Mr. Flores serves as the President, CEO and Manager of The Buffalo Spot 11, LLC, Garden Grove, CA since its formation on April 11, 2018 to present.

Mr. Flores served as the President, CEO and Manager of Organic Fork 1, LLC, Garden Grove, CA since its formation on April 11, 2018 to January 9, 2019.

Mr. Flores serves as the President, CEO and Manager of TBS Holding Company, LLC, Garden Grove, CA since its formation on April 14, 2016 to present.

Mr. Flores serves as the President, CEO and Manager of Buffalo Spot Management Group, LLC, Garden Grove, CA since its formation on April 16, 2016 to present.

Mr. Flores serves as the President, CEO and Manager of Encinal Brands LLC, Garden Grove, CA since its formation on January 7, 2020 to present

Mr. Flores serves as the President, CEO and Manager of Encinal Restaurant Group LLC, Garden Grove, CA since its formation on January 7, 2020 to present.

Mr. Flores serves as the President, CEO and Manager of Encinal Management Group LLC, Garden Grove, CA since its formation on January 7, 2020 to present.

Mr. Flores serves as the President, CEO and Manager of Encinal Holdings LLC, Garden Grove, CA since its formation on January 7, 2020 to present.

Mr. Flores serves as the President and Manager of Mighty Birds South Gate LLC, Garden Grove, CA since its formation on September 23, 2020 to present.

Ismael del Pino Bermejo – Mr. Bermejo has served as the CFO for The Buffalo Spot Global LLC, Garden Grove, CA since 2018 to present. Mr. Bermejo also serves as an Accountant and Human Resources Manager with Income Protection Services, Inc. in San Diego, CA since 2008 to present. Mr. Bermejo served as the Bookkeeper for Great Office Installation, Inc. from 2008 to 2017. Mr. Bermejo served as a served as an Insurance Broker with Farmers Insurance from 2013 to 2017. Mr. Bermejo served as a Bookkeeper for Centro Familiar Cristiano from 2005 to 2008.

Antonio Mejia, Director of Kitchen Operations – Mr. Mejia has served as the Director of Kitchen Operations since its formation on January 7, 2020 to current. Mr. Mejia also serve as the Director of Kitchen Operations for The Buffalo Spot Global, LLC, Garden Grove, CA, and Trainer for since September 2008 to present.

Kenneth Gutierrez, Front of the House Trainer – Mr. Gutierrez serves as the Front of the House Trainer from January 2020 to present. Mr. Gutierrez also serves as the Front of the House Trainer for The Buffalo Spot Global, LLC, Garden Grove, CA since December 2017 to present. Mr. Gutierrez served as a Restaurant Manager with the Wingstop Restaurant, Long Beach, CA from 2012 to December 2017.

Frank Ramirez, Franchise Business Consultant – Mr. Ramirez served as the Accountant and Office Manager since 2015 and was promoted last year to Franchise Business Consultant.

Terry Vargas, Brand Ambassador and Culture – Mr. Vargas serves as the Brand Ambassador and Culture from 2020 to present.

Lourdes Cruz, Human Resource Manager – Ms. Cruz serves as the Human Resource Manager from January 2019 to present. Mr. Cruz previously served as the Human Resource Manager for Nutrawise Health and Beauty, Irvine, CA from 2014 to 2019.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

The Initial Franchise Fee is $40,000. You must pay the Initial Franchise Fee in a full, lump-sum payment on the date you sign the Franchise Agreement. The Initial Franchise Fee is fully earned upon payment and there are no refunds under any circumstance.

Multi-Unit Development

You may also purchase the rights to open multiple Blue Burro™ franchises, in which case you will sign the Multi-Unit Agreement (“Multi-Unit Agreement”), which is attached to this Disclosure Document as Exhibit D. If you sign a Multi-Unit Agreement, you must pay to us the Initial Franchise Fee of $40,000 for the first Blue Burro™ Restaurant, plus the Multi-Unit Fee (the “Multi-Unit Fee”) of $25,000 for each additional Blue Burro™ Restaurant you agree to develop under the Multi-Unit Agreement which is due when you sign the Multi-Unit Agreement. When you sign the Franchise Agreement, you will receive a credit of $40,000 toward the Initial Franchise Fee for the first Blue Burro™ Restaurant and $25,000 credit for each additional Blue Burro™ Restaurant you agree to develop under the Multi-Unit Agreement. The calculation and the structure of the Multi-Unit Fee is uniform for all developers. All Multi-Unit Fees are fully earned upon payment, and there is no refund under any circumstances.

Multi-Unit Package

Three (3) Units. In addition to the $40,000 Initial Franchise Fee you will pay a $50,000 Multi-Unit Fee for the two (2) additional units (2 x $25,000 = $50,000) you agree to develop, a total sum of $90,000 for three units. You shall open the first unit within nine (9) months, from the execution of the Franchise Agreement, the second unit within twelve (12) months of the first location opening and the third unit within twelve (12) months from the opening of the second location.

Five (5) Units. In addition to the $40,000 Initial Franchise Fee you will pay a $100,000 Multi-Unit Fee for the four (4) additional units (4 x $25,000 = $100,000) you agree to develop, a total sum of $140,000 for five units. You shall open the first unit within nine (9) months, from the execution of the Franchise Agreement, the second unit within twelve (12) months of the first location opening, the third unit within twelve (12) months from the opening of the second location, the fourth unit within twelve (12) months from the opening of the third locations, the fifth unit within twelve (12) months from the opening of the fourth location. The opening of all six (6) units cannot exceed fifty-nine (59) months.

All initial fees are payable in lump sum upon execution of the Franchise Agreement and Multi-Unit Agreement and are non-refundable under any circumstance. Unless otherwise noted all fees are uniformly imposed on all franchisee.

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ITEM 6. OTHER FEES

Type of Fee*	Amount	Due Date	Remarks
Royalty Fee[1]	5% of Gross Revenues[2]	Payable weekly on the Monday of each week.	Payable to and collected by Franchisor by electronic banking (ACH) for the Gross Revenues for the week period from Monday to Sunday for the prior week.
National Marketing Fund[3]	3% of Gross Revenues or $800 per month, whichever is greater.	Payable weekly on the Monday of each week.	Payable to and collected by Franchisor, electronic banking (ACH) for the Gross Revenues for the week period from Monday to Sunday for the prior week. All franchisees will contribute to the National Marketing Fee.
Local Advertising [4]	2% of Gross Revenues monthly but not less than $2,500 per month.	Payable to third party vendors.	You must spend on local advertising and promotions above and beyond National Marketing Fee, 2% of monthly Gross Revenues or a minimum of $2,500 per month. Franchisee must submit an Advertising and Promotional Expense report to Franchisor by the 15th of each month for the prior month.
Cooperative Advertising[5]	Any and all of the marketing fund contribution plus any or all required local advertising may be re-designated for cooperative advertising	As directed	As of this Disclosure, we have not yet established a cooperative advertising program within your regional marketing area. Payable as directed to us or an advertising cooperative.
Orientation Training Program[6]	The Orientation Training Program is available for you and two (2) individuals, a total of three (3) individuals, is included in the Initial Franchise Fee.	Included as part of the Initial Franchise Fee.	The Initial Franchise Fee includes training for you and two (2) individuals, a total of three (3) individuals. Additional people beyond the first three may attend the Orientation Training Program if you pay a $1,200 training fee for each additional person. You must also pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our Orientation Training Program.
Additional Training[7]	Reasonable training fee, currently $1,200 per person.	Before training begins	Payable to and collected by Franchisor.

Type of Fee*	Amount	Due Date	Remarks
			Any General Managers you hire later must also complete the Orientation Training Program at $1,200 per person. We have the right to charge for additional training provided, including: (i) initial training provide to persons repeating or replacing a person who did not pass initial training (ii) initial training for subsequent trainees; and (iii) periodic additional training we may provide, including our annual convention. You are responsible for the travel, lodging, and dining costs, wages, and other expenses incurred by your trainees.
Transfer Fee	50% of the then current franchise fee	Prior to the approval of transfer	Payable to and collected by Franchisor. This fee is payable if you sell your Franchise outright. This fee is exempt from the initial signing of the Franchise Agreement from an individual to Franchisee's newly formed business entity.
Audit Fee	Underpayment amount plus 1.5% interest per month	On Demand	Payable to and collected by Franchisor If an audit is required due to your failure to provide reports, or if an audit reveals an understatement of any amount of 2% or more, you must pay any understated amount to us plus interest and you must reimburse the cost of the audit.
Franchise Renewal Fee	25% of the then current franchise fee	Before consummating Renewal	Payable to and collected by Franchisor.
Late Fee	10% of amount due	Within 5 days of the date of our statement for amount due	You will pay us a late fee in the amount of 10% if you fail to pay the Royalty and National Marketing Fee within ten days of the due date. You also will be required to pay us a late fee on any other overdue amount beginning with the date payment is due until you pay the arrearage.
Proprietary Inventory/Supplies	Variable	At the time you purchase items from us or our Affiliate(s)	Items bearing our Marks, for instance, are only available through us or our Affiliates. We expect to realize profits from such sales.
Website Maintenance, Graphic and Promotion Fee	$45 to $85 per month (or current market rates)	As Invoiced	Payable to us or third parties.

Type of Fee*	Amount	Due Date	Remarks
Indemnification	All costs including attorney's fees	As Invoiced	You defend suits at your cost and hold us harmless against suits involving damages resulting from your operation of the Business.
Renovation Business	Will not exceed $25,000 every three (3) years	As Incurred	Payable to third parties. We may require you to renovate your Business once every three (3) years.
Point-of-Sale Software[8]	Approximately $100 to $140 per month	As Invoiced	Daily Sales, Accounts Payable, Payroll, Inventory Management, Order Management, Financial Reporting, Bank Reconciliation, Tax, and Restaurant Compliance, with POS integration Payable to Approve Vendor.
Online Ordering App Software[9]	Approximately $100 to $140 per month	1st of each month	Payable to Approved Vendor or Franchisor. If collected by Franchisor payment shall be made on the 1st of each month by ACH. We reserve the right to collect this fee and spend it on your behalf. You will be required to participate on all online promotions and pay for the expense.
Franchise Management Software[10]	$50.00 per month	1st of each month	Payable to and collected by Franchisor, electronic banking (ACH). We reserve the right to require, with 30 days prior written notice, this fee is paid by other means or on a different periodic basis.
Product and Vendor Assessment Fee	A minimum of $250 for any product or vendor you wish to offer or use in your Business that has not been previously approved by us.	On demand	Payable to Franchisor. Franchisor does not guarantee Product or Vendor approval.
Third party delivery aggregator	$120 per month to franchisor or 3rd party company	1st of each month	Payable to Franchisor or a third party.
Interest on late payments[11]	The lesser of 1 ½% per month or the maximum amount permitted by applicable law The maximum interest rate in California is 10% annually.	Within 5 days of our statement for amount due	You will pay us interest on any Royalty or National Marketing Fee or other fees due us, which will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. You also will be required to pay us interest on any other overdue amount beginning with the date payment is due until you pay the arrearages. The

Type of Fee*	Amount	Due Date	Remarks
			maximum interest rate in California is 10% annually.
Operations Manual	$500	As incurred	In the event an Operation Manual is lost, stolen, or otherwise unavailable to you, you must pay us $500 for a replacement copy.
Alternative dispute fee	To be determined by the American Arbitration Association	At commencement of dispute resolution	Fee for participating in any dispute-resolution process.
Relocation Fee	$5,000	On request to relocate our franchise	If you lose your lease or want to move your location. Approval of a relocation is at our discretion.
Mystery Shopper	$380 per month in conducting the Mystery Shopper program	Within 30 days of billing	Payable to approved third parties. We reserve the right to collect this fee and spend it on your behalf.
Sanitation and Food Safety Audits	Cost of inspection	On demand.	We may, in our sole discretion, contract with a third party to conduct sanitation and food safety audits during the term of your Franchise Agreement. Estimated costs ranges for such services when implemented may be up to $500 per quarter. Current charge will be contained within the operations manual once the program is established. You are responsible for all expenses incurred if you fail inspection or any follow-up inspection.

Notes

*Except as otherwise noted, all fees are uniformly imposed on all franchisees and collected by, and payable to, us (or our designated affiliate). Any fees paid to us are non-refundable unless otherwise noted. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. We will auto-debit your bank account (known as "ACH") for all fees you are required to pay us under the Franchise Agreement. We will ACH your bank account for the amounts due based on your gross monthly receipts from the previous month, as obtained by us from our approved computer system used by you to record receipts. Your ACH will remain in effect throughout the term of the Franchise Agreement. You must ensure that funds are available in your bank account to cover our withdrawals. Some banks charge fees for us to ACH your account, you must pay those fees. We may require you to pay any amounts due under the Franchise Agreement or otherwise by means other than ACH (e.g., by check or credit card) whenever we deem appropriate, and you must comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude you from participating in certain programs. In addition, your failure to comply with our payment instructions will be considered a default under the Franchise Agreement.

Note 1. **Royalty Fee.** You must pay us a Royalty Fee of Gross Revenue weekly on every Monday commencing with the first full calendar week for the week period from Monday to Sunday for the prior week's Gross Revenues after opening your Restaurant. The Royalty Fee is 5% of Gross Revenue. The Royalty obligation begins immediately once your Business is open for operation then continues for the term of your Franchise. Your Business is deemed open for operation when you have made your first sale at your soft opening. We reserve the right to require, within 30 days prior written notice, royalties paid by other means, or on a different periodic basis.

Note 2. **Gross Revenue.** Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration that you earn or receive from any source-related to, or in connection with, the operation of your franchised business or with this franchise, from all transactions including but not limited to sale of all products, services, delivery services such as, but not limited to Grubhub, Uber Eats and DoorDash and merchandise sold in your Restaurant, whether under any of the Marks or otherwise, including any catering or delivery services, cover charges or fee in your Restaurant or on its premises, and all revenue derived from any type of authorized vending machines.

Gross Revenue also includes fair market value for any service or product you receive in barter or exchange for your services or products and all insurance proceeds that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only discounts you allow, gratuities paid by customers to employees of the Business, sales tax receipts that you must by law collect or pay, and any client refunds of previous payment you actually make.

Note 3. **National Marketing Fee.** The National Marketing Fee of 3% or $800 per month whichever is greater of Gross Revenue, will be due and payable weekly, on Monday each week for the week period from Monday to Sunday for the prior week. We reserve the right to require, with 30 days prior written notice, this fee to be paid by other means or on a different periodic basis, as with Royalty Fees. The National Marketing Fee is in addition to local and regional marketing obligations, and to any assessments made by a local marketing cooperative.

Note 4. **Local Advertising.** You must spend on location advertising and promotions beyond the National Marketing Fee of 2% of monthly Gross Revenues or a minimum of $2,500 per month. You will also be required to submit to us an Advertising and Promotion expense report by the 15th of each month for the prior month expenses on local advertisements and promotions.

Note 5. **Cooperative Marketing.** As of the date of this Disclosure, a Cooperative Marketing has not yet been established. If established, we may designate a local advertising cooperative and require you to contribute to and participate in the cooperative. You will be required to direct your local advertising expenditure to the cooperative, which is separate from the Marketing Fund. Each Restaurant, including any company or affiliate-owned Restaurants (except Special Sites) will be a member of the cooperative. Each Restaurant will have one vote per Restaurant. If the majority of the Restaurants in a local marketing cooperative are company or affiliate-owned, we will have majority voting power.

Note 6. **Orientation Training Program.** The cost of our Orientation Training Program is offered for three persons is included in your Initial Franchise Fee. The Orientation Training Program consists of two phases. Phase 1 consists of 21 days at a designated corporate-owned Blue Burro™ location in California. We will not approve of you opening your location or provide you with the Certificate of Opening until you complete all Phase 1 training to the satisfaction of Franchisor. Phase 2 consists of five days on-site (40 hour maximum) at your Restaurant. You must initially have two full-time individuals available to run your Franchise, you being one of them. Additional people beyond the first three may attend the Orientation Training Program if you pay our then-current training charge for each additional person. The current fee is $1,200 per person for the Orientation Training Program at our corporate-owned Blue Burro™ Restaurant location in California. In all cases, you are responsible to pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our Orientation Training Program.

Note 7. **Additional Training.** We may charge you for training additional persons, training newly hired personnel, refresher training courses, advanced training courses and training materials that we provide over time. You must require any of your management team to successfully complete any training program which we designate as mandatory.

Note 8. **Point-of-Sale Software Fee.** The Point-of-Sale Software Fee includes Daily Sales, Accounts Payable, Payroll, Inventory Management, Order Management, Financial Reporting, Bank Reconciliation, Tax, and Restaurant Compliance, with POS integration. You will be required to directly pay our Approved Supplier their then-current monthly hardware and software subscription.

Note 9. **On-line Ordering Software Fee.** You will be required to use for your Franchise Business, a Blue Burro approved On-line Ordering App Software. You will be required to directly pay our Approved Vendor their then-currently monthly software subscription or Franchisor. If collected by Franchisor, payment shall be made on the 1st of each month by ACH. We reserved the right to required, with 30 days prior written notice, that this fee be paid by other means or on a different periodic basis. The software subscription is approximately $100 to $140 per month. You will also be required to participate in all online promotions and pay for the expense.

Note 10. **Franchise Management Software Fee.** You will be required to use for your Franchised Business, a Blue Burro approved Franchise Management Software. You will be given access to our Franchise Management Software portal which contains our Confidential Operations Manual and other forms of resources to guide you with your Franchise Business. We will collect a subscription fee of $50.00 per month, which will be due and payable to us on the 1st of each month by electronic bank (ACH). We reserve the right to require, with 30 days prior written notice, this fee be paid by other means or on a different periodic basis.

Note 11. **Late Fees.** Late fees begin within 5 days from the date payment was due, but not received, or date of underpayment.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee[1]	$40,000	$40,000	Upon execution of the franchise agreement	Lump Sum	Payable to Franchisor
Travel & Living Expenses While Attending Orientation Training Program[2]	$5,000	$10,000	As Incurred	Before, During & After Training	Vendors, Airlines, Hotels, Car Rentals
Rent & Security Deposit[3]	$5,000	$18,000	As Agreed with Landlord	As Arranged	Landlord
Leasehold Improvements[4]	$50,000	$260,000	As Incurred	As Arranged	Landlord, Lender, or Contractor(s) and Vendors
Equipment[5]	$60,000	$120,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Furniture, Office Equipment & Software[6]	$3,500	$5,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Signage[7]	$4,500	$18,000	As Incurred	As Arranged	Vendors, Leasing Companies or Lender
Business Licenses[8]	$200	$3,500	Lump Sum	Before Opening	State County, City
Lease Review[9]	$1,500	$1,500	Lump Sum	As Arranged	Payable to Third Party Vendor
Grand Opening[10]	$4,000	$6,000	As Incurred within first 30 days	As Incurred within first 30 days	Vendors
Point of Sale System[11]	$5,000	$5,000	As Incurred	As Incurred	Third Party Vendor

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Insurance[12]	$2,500	$3,500	As Arranged	Before beginning Operations	Insurance Companies
Legal Fees[13]	$1,000	$5,000	As Incurred	As Incurred	Lawyer
Opening Inventory of Supplies[14]	$4,500	$7,000	As Arranged	As Arranged	Vendors
Miscellaneous Opening Costs[15]	$1,000	$5,000	As Incurred	As Incurred	Vendors, Suppliers, Utilities, Tradesmen, Deposits etc.
Additional Funds[16]	$50,000	$75,000	As Incurred	As Incurred	Employees, Vendors, Utilities, Taxing Agencies, etc.
ESTIMATED TOTAL INITIAL INVESTMENT[17]	$237,700	$582,500			

Notes

* We do not offer direct financing to franchisees. Except where otherwise noted, all amounts that you pay to us are non-refundable. Third party suppliers will decide if payments to them are refundable.

Note 1. <u>Franchise Fee.</u> The Initial Franchise Fee is $40,000 for an individual franchise. If you sign a Multi-Unit Agreement, the Initial Franchise Fee will depend on the number of Restaurants you agree to open. If you agree to open additional Restaurants, your Franchise Fee will be $40,000 for the first Restaurant and $25,000 for each additional Restaurant. The Initial Franchise Fee and Multi-Unit Fee is due upon signing the Franchise Agreement and Multi-Unit Agreement. All fees are non-refundable under any circumstances. We do not offer direct or indirect financing of the Franchise Fee or any other startup costs. The availability and terms of possible financing from third party sources will depend on factors such as availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The numbers included in this estimate do not include any finance charge, interest or debt service obligations or your living expenses.

Note 2. <u>Training Expenses</u>. Before you open your Restaurant, you and your Operating Partner or your manager-level employee(s) up to three people, must complete our Orientation Training Program to operate a Blue Burro™ Restaurant. We do not charge for the initial Orientation Training Program for up to three persons (you and your Operating Partner or your manager-level employee(s)). The fee is included in your Initial Franchise Fee.

You must initially have two manager-level full-time employees available to run your Franchise, you being one of them. All manager-level employees must successfully complete our Orientation Training Program to our satisfaction, based on test results and our observations, and must have any necessary competency as determined by Franchisor.

In the event, you require additional managers to attend and complete the Orientation Training Program before the opening of your Restaurant; you will pay the sum of $1,200 per additional person.

In the event that we require you or one of your managers to attend additional training after the opening of your Restaurant, you must pay us the training fee of $1,200 per person prior to the scheduled training date. This also includes any replacement of your Assistant Restaurant Leader.

In all cases of our training program, you are responsible to pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our Orientation Training Program.

We will provide training materials and equipment during both required and other training sessions. Such materials are considered Trade Secrets. Any training program we designate mandatory becomes required for the appropriate employees of your Franchise.

The amount in the table represents the estimated costs and expenses you will incur for you and one additional person to attend our initial training program. These amounts are not refundable.

Note 3. Real Estate Rental/Security Deposit. You must lease or otherwise provide a suitable facility for the operation of the franchised restaurant. Typically, a Blue Burro™ restaurant will range in size from 1,500 to 2,500 square feet. It is difficult to estimate lease acquisition costs because of the wide variation between various locations. Lease costs will vary based upon square footage, cost per square foot, and required maintenance costs. The low estimate is based on the assumption that you will have to a pay security deposit equal to one month's rent and is based on leasing a facility of 1,500 square feet. The high estimate is based on an assumption that you will have to pay a security deposit equal to two month's rent to lease the facility and is based on leasing a facility of 2,500 square feet at a higher cost per square foot, which will also be equipped with a walk-in freezer. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility.

Note 4. Leasehold Improvements. If you or your Landlord request changes from our standard Franchise design and/or materials, your costs are likely to be higher. Consider this as you examine possible premises. Some landlords will finance improvements by amortizing them over the term of a lease, with a higher rental amount to cover costs. You should be aware of this and estimate your costs accordingly before you decide on a premise.

If you take over an existing Blue Burro™ restaurant, we may require you to renovate in compliance with our specifications at your cost. This includes but is not limited to furniture, fixtures, interior and exterior paid and landscaping. The lower number takes into account that the location has a functioning grease trap and hood already installed and in working condition.

Note 5. Equipment. These amounts include the equipment that you must purchase from our Approved Suppliers. This amount also includes the cost for ovens, deep fryers, refrigerators, freezers, and other equipment. These amounts are typically non-refundable.

Note 6. Furniture, Office Equipment & Software. These amounts include the fixtures, office furniture, office equipment and software. Various items must be purchased from our Approved Suppliers.

Note 7. Signage. The estimated figures include our required interior signs and one exterior sign which bear the Marks. The cost of the signs varies depending on the type, size, and location of the sign, and may also be affected by shipping costs, as well as local zoning and other ordinances and regulations and landlord restrictions. If you want additional exterior signs, your cost will be higher.

Note 8. Business Licenses. State and local government agencies typically charge fees for occupancy permits, an alcohol serving license, operating licenses and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

Note 9. Lease Review. You are required to retain our Approved Vendor when you have entered into a letter of intent (the "LOI") for your approved site and pay the sum of $1,500 for the review of your lease. The review is to protect Franchisor's rights under the lease. You are advised to seek legal representation to ensure your rights are protected.

Note 10. Grand Opening. You are required to hold a Grand Opening, designed for your community and competitive situation. The cost of a grand opening is difficult to estimate with accuracy because of local market factors, including the types of marketing media available, the cost of marketing space or time and the local competitive situation. In most areas, though, you can produce an adequate grand opening range between $4,000 and $6,000. You must spend at least $4,000 and up to $6,000 on a grand opening campaign within the 30 days of operations.

Note 11. Point-of-Sale System. You are required to purchase the TOAST Point-of-Sale System or any Point-of-Sale System we designated from time-to-time. The actual point of sale system requirements is set forth in Exhibit E.

Note 12. Insurance. We require you to procure and maintain, at your expense, throughout the term of your Franchise Agreement commercial general liability insurance, including bodily injury, property damage, personal injury, advertising injury, non-owned automobile, loss of business income, and broad form contractual coverage for liability assumed under this Agreement. Such insurance shall be on an occurrence basis and shall consist of combined single limit coverage of at least one million dollars per occurrence/two million dollars annual aggregate. You must purchase and maintain professional liability (errors and omissions) insurance and contractor's pollution liability insurance. You must purchase and maintain worker's compensation and employer's liability insurance with a reputable insurer acceptable to us or with a state agency. You must provide us with one or more certificates of insurance evidencing such coverages and naming us as an additional insured as to each applicable policy. Such certificate(s) of insurance shall provide that the coverages under the respective policy(ies) may not be modified (except to increase coverage) or canceled until at least thirty (30) days prior written notice of such cancellation or modification has been given to us. In addition, you must provide us with a true and complete copy of any insurance policy, including all endorsements. Every insurance policy must provide that coverage is primary/non-contributory. Every insurance policy must be with an insurance company that meets our criteria as set forth in the Manual. All insurance shall be written by companies having an A.M. Best rating of A or higher.

Keep in mind that the price of insurance has varied widely in recent years, you should obtain a price quotation from your insurance agent or broker and not rely solely upon our estimate in planning to purchase the Franchise. Workers Compensation and employers liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker.

Note 13. Legal. Because of the variability of attorney's fees, this is, at best, an estimate. You should check with your attorney or with several knowledgeable attorneys to determine the actual range of fees before signing the Franchise Agreement. You may need an attorney to assist and advise you in setting up your business organization and reviewing contract documents. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors. Depending upon your experience and staffing, you may also need accounting services, which might be extra. You should consult your accountant for an estimate of fees. This estimate does not include accounting or consulting services.

Note 14. Opening Inventory. This includes food and beverage products, paper products, cleaning supplies, printing, uniforms, promotional material, and other supplies. Monies spent on these items are not refundable, but the unused items may be sold. Franchisee must receive a Certificate of Approval from us before initial food order is placed with our Approved Vendor.

Note 15. Miscellaneous Cost. This estimate is for a reserve to cover incidental unexpected costs. You may want to reserve more.

Note 16. Additional Funds. This item estimates your expenses during the initial period (first three months) of operation of your Blue Burro™ Restaurant (other than the items identified separately in the table). This estimate includes payroll costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses when starting the business. Your costs will depend on factors such as how closely you follow our recommended methods and procedures, your management skill, experience, and business acumen, local economic conditions, the local market for your products and services, the prevailing wage rate, competition, and the sales level reached during the initial period of operation of your Restaurant. This amount does not end your initial investment obligation.

Note 17. Total. We relied on our affiliate's experience in establishing a Blue Burro™ Restaurant to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

Service by Affiliate and Others

We may provide certain services to you under the Franchise Agreement by sub-contracting with others, including our Affiliate, to provide them. These arrangements will not result in increased costs to you for the services.

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No Financing

See Item 10. We do not offer financing for any items. Should we establish relationships with sources of possible financing, we would make the information available to you. We are in the process of placing ourselves on the Frandata Registry and the US SBA Franchise Directory to allow you a more streamline review process when applying for an SBA loan. Financing availability and qualification requirements would probably change and vary widely. If we make financing available to you, we or our Affiliate(s) would expect to make a profit from it. We do not require you to obtain financing from us or our Affiliate(s).

No Refunds.

We will not refund any of the payments you make to us.

ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
(Multi-Unit Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is be Made
Estimated Initial Investment	$237,700-$582,500	As outlined in the table above	As outlined in the table above	As outlined in the table above
Multi-Unit Fee	$50,000-$100,000	Certified Funds	At time of signing of Multi-Unit Agreement	Us
Total	$287,700-$682,500			

Notes

Note 1. This amount reflects the total estimated initial investment needed to open your first Restaurant as outlined in Item 7 above, including the $40,000 Initial Franchise Fee. If you sign a Multi-Unit Agreement, you will pay us a Multi-Unit Fee as described below.

Note 2. The amount of the Multi-Unit Fee will depend on whether you agree to open three Restaurants or five Restaurants. The low estimate reflects full payment of Multi-Unit Fee for three Restaurants and the high estimate reflects payment of the entire Multi-Unit Fee for five Restaurants.

Note 3. You should be aware that your initial investment for your second and subsequent Restaurants likely will be higher than the above estimates for your first Restaurant due to inflation and other economic factors that may vary over time.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the Blue Burro™ System, you must maintain and comply with our quality and system standards. Although, you are not required to purchase or lease real estate from us, we will assist you in site selection and we must accept the location of your Restaurant. You must execute our standard form of Lease Addendum in connection with any lease for the location, a copy of which is attached to the Franchise Agreement as Schedule C. You must construct and equip your Restaurant in accordance with our then current approved design, specifications, and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state, and local laws. You also must use equipment (including hardware and software for your Computer System), signage, fixtures, furnishings, products, ingredients, supplies and advertising materials that meet our specifications and standards.

Designated Sources

You must purchase certain equipment, products, merchandise and supplies only from us or our required suppliers as noted in this Item 8. From time to time we, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products. For example, as of the date of this Disclosure Document, you must purchase all trademarked retail items, products, and supplies, including apparel and accessories, bags, and mugs, from us or our approved supplier. Additionally, you must purchase your uniforms, and certain merchandise, supplies, equipment, and other materials, from us or our approved supplier. You will pay the then-current price in effect for all purchases you make from us, our affiliate, or any third-party vendor we designate.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers, and distributors ("Approved Suppliers List") and approved inventory products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Restaurant ("Approved Supplies List"). The Approved Supplies List may specify a required manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a required source of supply for certain products and supplies, and we or an affiliate may be a required source.

We require you to pay all food supplier vendors by electronic banking (ACH) net 7 days from the delivery of food products.

We anticipate expanding the list of required sources for other products and services. You must purchase such products and services from required sources as designated by us from time to time.

The lists also may include other specific products without reference to a particular manufacturer or supplier, or they may set forth the specifications and/or standards for other approved products. For example, as noted below, you must obtain insurance that meets our standards and requirements. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers. We will set up your menu and provide contact information for your distributors and/or manufacturers of all products offered at the Restaurant.

Except where we identify a sole single source, if you propose to use in the operation of your Restaurant any product, supply, material, furnishing or equipment which has not yet been approved by us as conforming to our specifications and quality and system standards and/or from a supplier not yet approved in writing by us, you must first notify us in writing and must submit to us, upon request, sufficient information, specifications, and samples so that we can determine whether the item or service complies with System standards or the supplier meets our supplier criteria. We will provide you with written approval or disapproval within a reasonable time period (typically 30 days). You may not use any product, supply, material, furnishing or equipment that we have not approved. We charge at a minimum a fee of $250 or a reasonable fee to cover our costs in evaluating proposed vendors.

Supplier approval will depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us or our affiliates for the right to do business with our System. We may inspect or re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to continue to meet our criteria and specifications.

As a condition of approval, you and/or any supplier must reimburse us for all costs and expenses incurred by us associated with any testing, including travel and lodging expenses incurred where we deem it necessary to visit a supplier's facilities.

Nothing contained in this Disclosure Document or in the Franchise Agreement requires us to approve an inordinate number of suppliers of a given item or approve suppliers, which, in our reasonable judgment, would result in higher costs to our franchisees or prevent, in our sole judgment, our effective and economical supervision of suppliers.

Because we supply the trademarked merchandise to our franchisees, some of our officers own an interest in one of our suppliers (the Franchisor). No officer owns an interest in any other supplier.

Revenue Derived from Suppliers

We may derive income through markups of the prices charged to you for products, supplies, computers, software, signage, or services we supply. Franchisor's total revenue, based on the most recent audited financial statement derived revenues through required purchases, license fees, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers and vendors. We and our affiliates have collected rebates from Approved Suppliers. Franchisor has the right to retain 100% of all revenues received through license fees, promotional fees, advertising allowances, rebates or services paid by suppliers and to use them for whatever purposes it elects. During 2022, Franchisor received approximately $20,000.00 in payments from suppliers because of Restaurant purchases.

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of trademarked merchandise, goods, products, and services as described in this Item 8, as well as in connection with any future purchase of any goods, products, or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate at our sole discretion or as required by the vendor.

We may negotiate prices for numerous products for the benefit of the System but not on behalf of individual franchisees. Currently, there is no purchasing or distribution cooperative, but we reserve the right to create a cooperative and require you to participate. We may receive volume discounts for the System which we will pass through to our franchisees. Beyond these discounts, we do not provide material benefits to you because of your use of approved suppliers.

We may from time to time suggest prices to be charged by you that, in our judgment, would constitute good business practice. The integrity and goodwill developed in your business and the System may depend upon the sale of products and services at competitive prices and therefore, we may set prices for your products and services and you are required to comply with such directions from us concerning minimum and maximum pricing. You are free to sell or allow to be sold all products and services for a price which is less than the applicable retail prices suggested by us. The suggested retail price for products and services may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions.

You must sell the services and any products that are approved by us and which strictly conform to our specifications. All products and services approved by us must be offered for sale on a continuous basis at your location at the time and in the manner specified by us. No sale of any product or service except those products or services approved by us may be solicited, accepted, or made at or from your Franchise Business. If required by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a particular product or service must be discontinued, as this product or service is no longer an approved product or service.

Insurance

You must procure insurance policies protecting you, us, and our affiliates. The insurance policy or policies shall be written by companies having an A.M. Best rating of A or higher and in accordance with the standards and specifications (including minimum coverage amounts) outlined in writing by us from time to time, and, at a minimum, shall include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing):

Commercial General Liability:

$1,000,000 Each Occurrence ($2,000,000 General Aggregate)
$75,000 Each Occurrence for Damage to Rented Premises
$5,000 Each Person for Medical Expense
$1,000,000 Personal Injury and Advertising Injury
$2,000,000 Products and Completed Operations Aggregate

Automobile Liability

$1,000,000 Combined Single Limit Per Accident for Any Auto

Workers Compensation and Employers Liability

$1,000,000 Each Accident/$1,000,000 Each Employee for Injury by Disease/$1,000,000 Aggregate for Injury by Disease

Excess/Umbrella Liability

$5,000,000 Each Occurrence/$5,000,000 Products and Completed Operations Aggregate & General Aggregate

Blue Burro™ Franchise, LLC must be named as an additional insured on all liability policies required, including severability of interests or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy carried by Blue Burro™ Franchise, LLC, and in addition, any other such insurance coverages or amounts as required by law or other agreement related to the Restaurant. We may from time to time modify the required minimum limits (including an increase to the umbrella policy referenced above and require additional insurance coverages by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Blue Burro™ System, standards of liability and higher damage awards.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location.

You must deliver to us upon execution of the lease or purchase agreement for the Authorized Location, but before commencing construction of your Restaurant, and thereafter annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph along with complete copies of all insurance policies. The insurance certificate must show our status as an additional insured (as noted in (viii) above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. You are also required to provide us with a complete true copy of all insurance policies. If you do not procure and maintain the required insurance coverage (including any modifications referenced in the preceding sentence), we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

Although we require certain insurance coverage and have recommended other coverages, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should therefore consult with an insurance professional to determine what coverage, in addition to the minimum required coverage, may be needed for you and your Restaurant.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement*	Item in Disclosure Document
(a) Site selection and acquisition/lease	Sections 2A and 5A, Multi-Unit Agreement Section 4 and Appendix C	Item 7 and 11
(b) Pre-opening purchases/leases	Section 5A, 6A, 6E and 9B	Items 5, 6, 7, and 8
(c) Site development and other pre-opening requirements	Sections 5A and 5B, Multi-Unit Agreement Sections 2 and 4	Items 7, 8 and 11
(d) Initial and ongoing training	Sections 7B and 7C, Multi-Unit Agreement Section 6	Items 6 and 11
(e) Opening	Sections 2B and 5A, Multi-Unit Agreement Section 4 and Appendix C	Items 5 and 11
(f) Fees	Sections 2B and 5A, Multi-Unit Agreement Section 4 and Appendix C	Items 5, 6 and 7
(g) Compliance with standards and policies/operations manual	Section 6A and 6O, Multi-Unit Agreement Section 4 and 6A	Items 6, 7, 8, 11, 14 and 16
(h) Trademarks and proprietary	Sections 3A-3E and 6J, Multi-Unit Agreement Section 6B	Items 13 and 14
(i) Restrictions on products/services offered	Sections 2D-2E and 6A-6C	Items 6, 7, 8, 11 and 16
(j) Warranty and customer service requirements	Section 2E and 6K	Items 6 and 11
(k) Territorial development and sales quotas	Sections 2B and 2D; Multi-Unit Agreement Section 4 and Appendix B and C	Item 12
(l) Ongoing product/services, purchases	Section 6A-6C	Items 6, 7 and 8

(m) Maintenance appearance and remodeling requirements	Section 5B-5F	Items 8 and 11
(n) Insurance	Section 10C	Items 6, 7 and 8
(o) Advertising	Section 8A-8E and 9D	Items 6, 7 and 11
(p) Indemnification	Section 10B	Not Applicable
(q) Owner's participating/management/staffing	Sections 7A-7F	Items 11 and 15
(r) Records and reports	Sections 9G, 9J and 9K	Item 11
(s) Inspections/audits	Sections 5A-5C, 6G and 9I	Items 6 and 11
(t) Transfer	Section 11A-11G, Multi-Unit Agreement Section 9	Items 6 and 17
(u) Renewal	Section 4B	Items 6 and 17
(v) Post-termination obligations	Sections 14A-14C; Multi-Unit Agreement Section 8A-8F	Item 17
(w) Non-Competition covenants	Section 10D	Item 17
(x) Dispute resolution	Sections 12A-12B; Multi-Unit Agreement Sections 10H and 10N	Item 17
(y) Other	Not Applicable	Not Applicable
(z) Owners/Shareholders Guarantee		Item 15

*Unless otherwise noted, Section references are to the Franchise Agreement.

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligations. You must obtain necessary financing through third parties. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing for the establishment of your Franchised Business. We may assist franchisees in obtaining financing in the future.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Assistance

Before you open the Restaurant, we will:

1. Designate your Territory or Approve Site

If we have not already approved a site for the franchised restaurant before signing the Franchise Agreement, we will designate the area in which you must locate the franchised restaurant, provide you with our criteria for site selection, general building and design requirements and evaluate sites you propose for the location of the franchised restaurant. We do not generally own and/or lease restaurant premises to franchisees. You select the site for your franchise in your Territory. We approve or disapprove of your proposed site. We have 30 days from your written proposal to approve or disapprove any site you propose. We shall approve or disapprove sites in writing. Provide you with site selection assistance and support (Franchise Agreement Sections 5A and 5B.)

When you enter into a letter of intent ("LOI") for your approved site, you will be required to retain our Approved Vendor for a lease review. The Lease Review Fee is $1,500 and shall be paid to the Approved Vendor directly by their preferred payment method. Franchisee shall provide Franchisor a fully executed lease agreement with all exhibits or attachments within ten (10) days from Franchisee receiving the same from landlord.

When you are considering a site for your Blue Burro™ restaurant franchise we consider the following factors in approving site: the size of your Territory, the mark potential and estimated volume of your business, the general location, neighborhood, and nearness of customers, Center visibility, co-tenants, attractiveness, size of the space, age and condition of the shopping center, mall or building, the location and convenience of the entrances, the availability of parking, the availability of location and necessary zoning the location of competitors, expected overhead, lease terms, lease rate, and traffic patterns.

Neither we nor any of our employees have special expertise in selecting sites, we make no representation that your Business will be profitable or successful by being located at the approved site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based upon our general business experience.

We will advise you of any mandatory specifications, architectural and design plans, floor plans and layouts to you for your business at the accepted location. You will be required to conform your business to local zoning ordinances, regulations, fire, health and building codes. We may, if needed, review your architect's final plan. It is your responsibility to comply with all laws, ordinances, and regulations, zoning and building codes for your Business.

2. Provide you with written specifications for all computers, software, signage, furnishings, and fixtures for your Business. You are obligated to repair and maintain all computers and related software necessary for the operations of your Business. You will be responsible for these expenses as these expenses are necessary for operation of your Business. We will deliver written specifications for all of the above and you are responsible for installing these items. You are required to purchase the items above from us or our designated third-party vendor, our affiliates, or our approved vendors and/or suppliers and provide us with full and direct electronic access (at all times) to all of your computers.

3. Provide you with the Approved Supplies and Approved Suppliers Lists (Franchise Agreement Section 6C.)

4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit G. As of the date of this Disclosure Document, the Operations Manual contains 484 pages (Franchise Agreement—Section 6I).

5. Provide you initial training (the "Orientation Training Program") and opening assistance described below (Franchise Agreement Sections 7B and 7C.)

6. Inspect your Restaurant before opening and provide a Certificate of Opening. A Certificate of Opening may be obtained only after all local permits, certificates and codes have been met and a certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Restaurant. We estimate that this amount will not exceed $1,500.00 (Franchise Agreement Section 5A)

Post-Opening Assistance

During your operation of the Restaurant, we will:

1. Maintain and administer the Marketing Fund (Franchise Agreement-Section 8A.)

2. Provide updates to the Approved Supplies and Approved Suppliers Lists (Franchise Agreement Section 6C.)

3. Make periodic visits to your Restaurant as we reasonably determine necessary to provide consultation and guidance. We will advise you of any problems arising out of the operation of your Restaurant as disclosed by the report or by our evaluation (Franchise Agreement Section 6G.)

4. Periodically offer refresher training courses as we determine necessary and require you to attend (Franchise Agreement Section 7C.)

5. Franchisor will provide franchisee the minimum and maximum pricing for menu items based on location competition and overall demographics.

Our Obligations Under the Multi-Unit Agreement.

A developer signs the initial Franchise Agreement in the Development Schedule at the time the Multi-Unit Agreement is signed. Our obligations under the Franchise Agreement apply to a developer. Each time a developer signs another Franchise Agreement, our obligations are activated for the new Restaurant established. We do not have any separate obligations under the Multi-Unit Agreement.

Time of Opening

We estimate that it will take approximately six months after you sign a lease for your Restaurant before you open the Restaurant. You must open your Restaurant for business within 8 months from signing the lease agreement. If you fail to open the Restaurant within 8 months from signing the lease, we may at our option terminate the Agreement and your franchise fee will not be refundable. You must sign a lease for an acceptable site within 8 months after the Franchise Agreement's Effective Date and be open at the Authorized Location within 12 months. If you sign a Multi-Unit Agreement you will be required to pay the total Multi-Unit Fee at the time you sign the Multi-Unit Agreement, you will have three years to open three Restaurants or four years to open five Restaurants. The specific timetable for opening depends on the site's condition, the Restaurant's construction schedule, the extent to which you must upgrade or remodel an existing location, the delivery schedule for equipment and supplies, the completion of training, and your compliance with local laws and regulations. You may not open the Restaurant until (1) we inspect your Restaurant and provide you with a Certificate of Opening, (2) you complete our Orientation Training Program to our satisfaction, (3) you pay the initial Franchise Fee and other amounts then due to us, and (4) you give us certificates for all required insurance policies, complete copies of all insurance policies and present copies of required licenses.

Local Advertising

As of the date of this Disclosure Document, you must spend Local advertisement and Promotional Fee (the "Local Advertising Fee") of 2% or a minimum of $2,500 per month, of your monthly Gross Revenue for local advertising to promote your franchise in your local market. You may only use your own marketing material if we have approved it before its' used. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted, then the marketing material will be deemed unapproved.

You must submit an Advertising and Promotional Expense report to us by the 15th of each month for the prior month's advertising expenditures.

Marketing Fund

To assist in our regional and national advertising, we have developed a System-wide Marketing Fund, and you must contribute 3% of Gross Revenues or $800 per month whichever is greater to the Marketing Fund. Payable to and collected by Franchisor, electronic banking (ACH) for the week period from Monday to Sunday for the prior week. We will administer the Marketing Fund. The Marketing Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Marketing Fund. If all of the National Marketing Fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Marketing Fund for use in the following years. We may use the Marketing Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Marketing Fund, (2) broadcast or print advertising, (3) the creation, development and production of advertising and promotional materials (*ie,* print ads, radio, film and television commercials, videotapes, direct mail pieces, and other print advertising), (4) any marketing or related research and development, (5) advertising and marketing expenses, including product and food research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel, and (6) costs and expenses incurred by us relating to any franchise convention we hold or sponsor.

We determine the use of the monies in the 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. We oversee the advertising program and use the Marketing Fund to create marketing materials and conduct national, regional, or local advertising as we determine appropriate. We will not contribute to the Marketing Fund amounts equal to your required percentage for each similarly situated company owned and affiliate-owned Restaurants in the same local marketing area, except those Restaurants located at "Special Sites." From time to time we may contribute to the Marketing Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Marketing Fund and will make it available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for administrative costs and overhead incurred in administering the Marketing Fund.

As of the date of this Disclosure Document we have not collected or spent any marketing fees.

Grand Opening Marketing Campaign

You also must engage in certain grand opening marketing and promotion events and activities during the first 30 days after your Restaurant is open. Specifically, you must spend at least $4,000 and up to $6,000 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, and labor (the "Grand Opening Marketing Campaign"). Your grand opening marketing expenditures will count towards your first year's local advertising requirements.

You must obtain our written approval of all promotional and marketing materials prior to their use. You will also obtain our written approval for all grand opening expenditures.

Advertising Cooperative

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved, or merged in our sole determination. If established, you must direct your local advertising expenditures to the advertising cooperative which is separate from the payment of the Marketing Fund.

In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on System Advertising Fund usage and advertising policies. We retain all operational and decision-making authority concerning advertising and the Advisory Council will serve only in an advisory capacity. The membership of any Franchise Advisory Council will be national in scope. The Advisory Council will not be separately incorporated, and therefore, it will not have any written documents. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Advisory Council as described below.

Neither we nor any Franchisee Advisory Council undertake any obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by franchisees operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Marketing Fund. Neither the Marketing Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Marketing Fund, including without limitation, with respect to contributions, expenditures, investments, or borrowings, except for acts constituting willful misconduct.

We administer the Marketing Fund, which is not audited. If contributions paid into the Marketing Fund are not spent in the fiscal year in which they accrue, we can use the remaining amounts for the same purposes in future years. All interest earned on monies contributed to the Marketing Fund may be used to pay advertising and technology development costs before other assets of the Marketing Fund are expended. Marketing Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Marketing Fund and furnish it to you upon written request. All financial statements will be available 120 days after the end of our fiscal year. We reserve the right not to spend all of the funds in the System Advertising Fund in any one year, and such funds may be accrued into the next year.

We expect to receive advertising and promotional allowances and fees from third party vendors and advertisers who enter into cooperative advertising programs with franchisees and us. For example, suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors who pay the promotional allowances to you upon request. In addition, if we require you to buy items from a vendor who pays these allowances, we may place the funds in the System Advertising Fund or spend it on related promotions. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances from third parties actually paid into the System Advertising Fund.

We do not now, but may require you to join, participate in and pay into, one or more franchisee marketing councils for your region, determined by the penetration area of local advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area, or the membership of any franchisee marketing council will be determined. Because we have not formed any franchisee marketing councils, we have not determined whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create a franchisee marketing council, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company). If we do create any franchisee marketing councils, the franchisee marketing council will prepare annual unaudited financial statements that you can review. We will have the right to form, dissolve, and merge with any specific franchisee advisory council.

Computer System and Point-of-Sale

You must obtain and use in your Restaurant, a Blue Burro™ approved Point-Of-Sale cash register system from our designated supplier, TOAST POS System (the "POS System" or "TOAST"). You must record all sales on the POS System. The POS System will generate reports on the sales and expenses of the Restaurant, and it currently costs approximately $3,200 which includes two stations. You will also be responsible for paying the hardware and software subscription directly to TOAST. The monthly subscription range between $100 and $140. You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the POS System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the POS System. We currently do not require that you purchase a maintenance, repair, upgrade, or update a service contract for the POS System or your Computer System, but it is strongly suggested, and we reserve the right to do so in the future.

Our current Computer and POS System requirements are identified in Exhibit E. We reserve the right to change the POS System cash register and back-of-office computer at any time but will not require you to replace these items more than three times during the initial term of the Franchise Agreement. We reserve the right to change the software each calendar year. At such time as we designate the change or enhancement to the POS System you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced POS System. You must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed, or enhanced POS System all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

We or a third-party vendor approved by Franchisor may independently access the POS System and retrieve, analyze, download, and use all software, data and files from your Restaurant or used on the POS System. We may access the POS System through our intranet, in your Restaurant or from other locations. You must capture all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your POS System and you may need to purchase software designated by us for this to occur. You also must have your Restaurant connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

We may also require you to use a third-party delivery aggregator. We reserve the right to require, with 30 days prior written notice, and pay for this expense.

On-line Ordering Application Software

You will be required for your Restaurant, a Blue Burro approved On-line Ordering Application Software ("On-line Ordering App") from our designated Approved Vendor. You will be responsible for paying the software subscription directly to our designated Approved Vendor or Franchisor. If collected by Franchisor, payment shall be made on the 1st of each month by ACH. We reserved the right to required, with 30 days prior written notice, that this fee be paid by other means or on a different periodic basis. The software subscription is approximately $100 to $140 per month. You will also be required to participate in all online promotions and pay for the expense.

You will be solely responsible for the acquisition, operation, maintenance, and upgrading of the On-line Ordering App. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the On-line Ordering App. We currently do not require that you purchase a maintenance, repair, upgrade, or update a service contract for the On-line Ordering App, but it is strongly suggested, and we reserve the right to do so in the future.

Our current On-line Ordering App requirements are identified in Exhibit E. We reserve the right to change the On-line Ordering App at any time but will not require you to replace these items more than three times during the initial term of the Franchise Agreement. We reserve the right to change the software each calendar year. At such time as we designate the change or enhancement to the On-line Ordering App you may be required to make certain payments to us or our designated suppliers. You will have 30 days to install and commence using the changed or enhanced On-line Ordering App. You must acquire the right to use hardware, software, peripheral equipment, and accessories, and arrange for installation, maintenance, and support services of the initial, changed or enhanced On-line Ordering App all at your cost. There are no contractual limitations on the frequency and cost of this obligation.

We or a third-party vendor approved by Franchisor may independently access the On-line Ordering App and retrieve, analyze, download, and use all software, data and files from Restaurant or used on the On-line Ordering App. We may access the On-line Ordering App through our intranet, in your Restaurant or from other locations. You must capture all data and information that we designate and report data and information in the manner we specify, including through our intranet or other online communications. You also must maintain a phone line and a separate modem dedicated for the sole use of allowing our computer system to interface and communicate with your On-line Ordering App and you may need to purchase software designated by us for this to occur. You also must have your Restaurant connected to the Internet using a connection method we approve, currently DSL or Cable modem. You must have a permanent Internet email account.

You understand that the data storage, phone line, modem, communication software, Internet access, Internet email account and all additional hardware and software needed to implement and maintain these services is at your cost.

Franchise Management Software

You will be required to use for your Franchise Business, a Blue Burro approved Franchise Management Software from our Approved Supplier. You will be given access to the Franchise Management Software portal which contains our Confidential Operations Manual and other forms of resources to guide you with your Franchise Business. We will collect a subscription fee of $50.00 per month, which will be due and payable to us on the 1st of each month by electronic bank (ACH). We reserve the right to require, with 30 days prior written notice, this fee by paid by other means or on a different periodic basis.

Site Selection

You select the site for the Restaurant with site selection guidelines we provide. We will assist you in connection with selecting and securing a site for your Restaurant, but it is your responsibility to find a site for your Restaurant. We do not select your site. However, upon your submission of all required information, we will notify you whether or not we have any objections to the site you proposed. You may not proceed to develop a Restaurant on the site unless we have provided you with our acceptance of the site. Further, we must approve your plans and specifications for the Restaurant prior to the time you commence construction. Our identification or consent to a site does not constitute a guarantee, recommendation, or assurance as to the success of the site or your Restaurant. The site selection factors considered by us in deciding whether or not to object to the location may include the following: (a) demographics, (b) traffic patterns, (c) parking and visibility, (d) business mix and competition, (e) ability to reflect the image to be portrayed by Blue Burro™ Restaurants, and (f) size, appearance, and other physical characteristics of the site. We may reject a site proposed by you in which case you will continue to look at alternative sites.

You must locate and obtain our approval for the site of your Restaurant within three (3) months of executing the Franchise Agreement. If you have not done so, we will grant you an extension so long as we are satisfied that you are proceeding in good faith and with due diligence. If the site selection cannot be agreed upon within this timeframe, we reserve the right to terminate the Franchise Agreement.

Training/Education

Before you open your Restaurant, you and your Operating Partner or your manager-level employee(s) up to three people, must complete our Orientation Training Program to operate a Blue Burro™ Restaurant. We do not charge for the initial Orientation Training Program for up to three people (you and your Operating Partner or your manager-level employee(s)). The fee is included in your Initial Franchise Fee. The Orientation Training Program shall be attended by Franchisee forty-five (45) days from the anticipated opening date of the Restaurant.

Additional people beyond the first three may attend the Orientation Training Program, however, you will be responsible to pay our then-current training charge for each additional person. The current fee is $1,200 per person for the Orientation Training Program.

The Orientation Training Program consists of two phases: Phase 1 consists of 14 days at a designated corporate-owned Blue Burro™ location in California and Phase 2 consists of five days on-site (40 hour maximum) at your Restaurant. Training will occur after you sign the Franchise Agreement and while you are developing the Restaurant. You and your attendees must successfully complete the entire Orientation Training Program, based on test results and to our satisfaction before you may open your Restaurant. If you or your attendees do not successfully graduate from our Orientation Training Program, you will have to attend the entire program again at your cost before the opening of your Restaurant.

In all cases of our training program, you are responsible to pay for all travel and living expenses that you and your employees incur and for your employees' wages and workers' compensation insurance while they attend our Orientation Training Program. When your Restaurant is ready to open, you must obtain approval of the completion of your Restaurant. Fourteen (14) days after obtaining the approval to open your Restaurant we will, at our cost, send a representative to Your Restaurant location to conduct a final inspection and assist with your Restaurant opening. Successful completion of this training phase will enable you to open your Restaurant.

Subject	Hours of Training	Hours of On-The-Job Training	Location
Use of Equipment	2	N/A	Company-Owned Location
Kitchen Prep	10	N/A	Company-Owned Location
Cleaning Procedures Kitchen	5	N/A	Company-Owned Location
Cooking	15	N/A	Company-Owned Location
Policies & Procedures Kitchen	8	N/A	Company-Owned Location
Register & POS Training	10	N/A	Company-Owned Location
Policies & Procedures in the Dining Room	8	N/A	Company-Owned Location
Cleaning Procedures in the Dining Room	5	N/A	Company-Owned Location
Guest Service Training	10	N/A	Company-Owned Location
Learning Prep	7	N/A	Company-Owned Location
Inventory	10	N/A	Company-Owned Location
Law & Regulations	5	N/A	Company-Owned Location
Team Member Training	5	N/A	Company-Owned Location
Procedures, Reporting, Logs etc.	5	N/A	Company-Owned Location
TOTAL HOURS	**105**		

As of the date of this Disclosure Document, we provide the following training:

**The Orientation Training Program table estimates are approximate, and we may adjust them based upon the experience and rate of learning. Although the Instructor will coordinate and be responsible for training, we reserve the right to provide other appropriate persons to conduct potions of the training.

The Franchisor may from time to time authorize other staff members who are listed in Item 2 to oversee and assist with training along with any other trainers we may hire. Anyone providing training will have a minimum of one years' experience in the area in which they are providing training. The Operations Manual will be used as the principal instructional material.

Additional Training / Refresher

You (or your Operating Partner) and/or other previously trained and experienced employees must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. In addition to attending these courses, you must attend an annual meeting of all franchisees at a location we designate. We will not require attendance at the annual meeting for more than three days during any calendar year. You are responsible for all related travel and living expenses and wages. As of the date of this Disclosure Document, the location, duration, frequency, and content of any additional training program we may require is unknown. Generally, this additional training will be available on an "as needed" basis depending on new product and services introduction, and the availability of training locations.

We may require Restaurant managers to satisfactorily complete the ongoing training programs.

New General Manager

We require your new General Manager for your Restaurant successfully complete the Orientation Training Program. We will charge you a fee for the Orientation Training Program for new General Manager at $1,200 per person. You are responsible to pay for all travel and living expenses that your employee incurs including wages and worker' compensation insurance while they attend our Orientation Training Program.

Operations Manual

The Table of Contents of the Operations Manual, together with the number of pages in each Section and the total number of pages (484), is included in Exhibit F. You must treat the Operations Manual, and other written materials created for or approved for use in the operation of the Restaurant, and the information contained in them, as confidential. The Operations Manual will remain our sole property. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard.

ITEM 12. TERRITORY

You will operate the Restaurant at a specific location that we first must approve (the "Authorized Location"). Except for Special Sites, we will not during the term of your franchise operate or grant others the right to operate a Blue Burro™ Restaurant within a specified geographic area (As "Designated Territory"), except as generally described in this Item 12 and more fully stated in the Franchise Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We will not locate another Blue Burro Restaurant whether operated by another franchise, us or one of our affiliates, up to two miles from the main entrance your Restaurant. The boundaries of your Designated Territory consist of an area surrounding the location based on market area, including population density, drive times, physical boundaries, and similar factors all of which will be set forth on a map as defined on Schedule A Data Sheet of the Franchise Agreement.

During the term of your Franchise Agreement and provided you are in compliance with the terms and conditions of your Franchise Agreement, we will not (i) modify the Designated Territory, (ii) establish a company-owned or franchised Blue Burro™ Restaurant inside the Designated Territory, or (iii) establish a company-owned or franchised Restaurant inside the Designated Territory that offers the same products and services as your Blue Burro™ Restaurant, except for any Merger/Acquisition Activity (as described and defined below).

You may operate the Restaurant only at the Authorized Location and may not relocate the premises without our approval. If you lose possession of the original Restaurant's premises because the lease expired by its terms, or on account condemnation or eminent domain proceedings, or as the result of early termination under the Franchise Agreement, you must initiate the relocation procedure in time to complete the relocation lease, build-out and open the new Restaurant for business within 60 days after the original Restaurant closes. If your lease is terminated on account of a fire or other casualty, you must initiate the relocation procedure in time to lease, build-out and open the new Restaurant for business within 120 days after the lease for the original Restaurant terminates. We will allow relocation if circumstances dictate that it is in your and our best interests. Aside from the Franchise Fee, all costs associated with the relocation, buildout, and startup of the new location including inspections, licensing, and any needed training will be borne by you as if you were opening a new franchise location.

We retain all rights that are not expressly granted to you under the Franchise Agreement. The license granted to you under the Franchise Agreement does not provide you with any right to (i) sell products and Menu Items identified by the Marks at any location outside the Designated Territory, except for any catering or delivery services we permit within the Designated Territory, (ii) sell products or Menu Items through alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products and Menu Items identified by the Marks to any person or entity for resale or further distribution, except as we may designate in writing, or (iv) exclude, control or impose conditions on our development of future franchised, company or affiliate-owned Restaurants at any time or at any location regardless of the proximity to your Designated Territory.

Further, we may, among other things, on any terms and conditions we deem advisable, without paying compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned Restaurants at any location outside your Designated Territory regardless of the proximity of such Restaurants to your Designated Territory,

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or Restaurants of any kind under other systems and/or other marks, which businesses and Restaurants may convert to or operate under the Marks and may offer or sell menu items, products and services that are the same as or similar to the Menu Items offered at or from the Restaurant, and which Restaurants may be located anywhere inside or outside of your Designated Territory, and

(iii) offer, sell, and distribute for ourselves and/or license others to offer, sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Designated Territory, menu items the same as or different from the Menu Items offered under the System, and which are offered and distributed under the Marks or marks different than the Marks through any distribution channels or methods. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, business, or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, or the Internet (or any other existing or future form of electronic commerce).

Special Sites are also excluded from your Designated Territory and we have the right to develop or franchise the following Special Site locations (1) military bases, (2) public transportation facilities, (3) sports facilities, including racetracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, (6) malls and (7) special events (collectively "Special Sites").

You must not offer catering and delivery services unless we authorize in writing. If authorized the catering would be limited to the Designated Territory. Continuation of your franchise rights and Designated Territory do not depend on the achievement of a certain sales volume, market penetration or other contingency. You do not receive the right to acquire additional franchises unless you sign another franchise agreement with us.

You shall not solicit customers outside of your Designated Territory. You do not, however, have the right to use other channels of distribution to make sales.

Multi-Unit Agreement

The rights described above regarding what we and our affiliates can do for a single Restaurant are generally the same if you sign a Multi-Unit Agreement. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. In addition, we may terminate the Multi-Unit Agreement if you (i) fail to exercise options to enter into Franchise Agreements with us within any period on the Development Schedule, (ii) fail to comply with any other terms and conditions of the Multi-Unit Agreement, (iii) make or attempt to make a transfer or assignment in violation of the Multi-Unit Agreement, or (iv) fail to comply with the terms and conditions of any individual Franchise Agreement or of any other agreement to which you and we or our affiliates are parties.

ITEM 13. TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to use the registered Marks in connection with the operation of your Restaurant. The following Marks have been registered upon the principal registry of the United States Patent and Trademark Office ("USPTO") BLUE BURRO. TBS Holding Company, LLC filed and is the owner of the Marks listed on the table below, which are registered with the USPTO.

Mark	Registration Number	Registration Date
Blue Burro (Standard Character Mark)	6092597	June 30, 2020
BLUE BUR•RO™ BURRITOS • SHAKES • FRIES	6115022	July 28, 2020
B•B	6096448	July 7, 2020

We claim common law trademark rights for all of the Marks. We have filed all required affidavits and renewals for the Marks noted above.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name, with modifying words, terms, designs, or symbols (except for those we license to you), in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Web site.

The Marks are owned by our affiliate, TBS Holding Company, LLC, which, under a Trademark License Agreement, dated January 7, 2020 (the "License Agreement"), under which we have been licensed to use and sublicense the Blue Burro™ Marks. The term of this License Agreement is for 20 years and after that it is renewed for an additional 20-year period unless either party gives notice of termination before the end of such extension. The License Agreement can also be terminated for failure to maintain quality standards, breach of the License Agreement or bankruptcy. If the License Agreement is modified, you may have to make changes as to how the Marks are presented at the Restaurant. If the

License Agreement is cancelled, you will be required to use a new mark which we will require you to use. All costs associated with any modification or cancellation of the License Agreement shall be borne by you.

Schedule B to your Franchise Agreement identifies the Marks that you are licensed to use. We have the right to change Schedule B from time to time. Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new Menu Items, new products, new equipment, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. You must comply within a reasonable time, at your expense, if we notify you to discontinue or modify your use of any Mark. We will have no liability or obligation as to your modification or discontinuance of any Mark, except that we will reimburse you for your out-of-pocket expenses, including letterhead, in an amount not to exceed $250.

There are currently no material determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court, or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no material federal or state court litigation regarding our use or ownership rights in any trademark.

Except as described above in this Item 13, there are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We will protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks. We have the right to determine whether or not we will take affirmative action when notified of these uses or clause and the right to exclusively control any litigation or proceedings. You are required to assist us in the prosecution of such litigation or proceedings. We will reimburse you for all actual damages (other than loss of income) and out-of-pocket expenses incurred by you in connection with any claim by any third party for infringement or unfair competition arising out of your use of the Marks, however, our obligations to reimburse you will exist only if you have used the name or Mark that is the subject of the controversy in strict accordance with the provisions of this Agreement and our rules, regulations, procedures, requirements, and instructions, and have notified us of the challenge as stated above and have otherwise fully cooperated with us in the defense of any action.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), United States Patent & Trademark Office, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria, recipes, training and operations materials, methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Blue Burro™ Restaurants, marketing and advertising programs for Blue Burro™ Restaurants, any computer software or similar technology that is proprietary to us or the system, knowledge of specifications for and suppliers of Approved Suppliers and other products and supplies, knowledge of the operating results and financial performance of Blue Burro™ Restaurants other than your Restaurant, and graphic designs and related intellectual property.

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

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and noncompetition agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE OPERATION OF THE FRANCHISED BUSINESS

The day-to-day operations of your Blue Burro™ Restaurant must be managed at all times by you (or your Operating Partner as defined below) or an "Assistant Restaurant Leader" who has satisfactorily completed our Orientation Training Program and exhibits the skills necessary to uphold the standards as imposed by Franchisor. You or one of your Managers must devote a minimum of 40 hours per week to managing your Restaurant. Your Assistant Restaurant Leader need not have an equity interest in the business but must sign our confidentiality/non-competition agreement against us and to preserve confidential information to which they have access and not to compete with you, us, and other franchisees. The sample of the confidentiality/non-competition agreement is provided in the Operations Manual. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights. Certain other employees may also be required to enter into an agreement not to compete against Blue Burro™ restaurants in similar businesses or other systems while employed by you, and for 12 months after employment, and an agreement not to reveal confidential information obtained during the course of their employment with you.

You are required to inform us immediately of a change of the Operating Partner or General Manager of your business operation.

You must attend any annual meeting, convention or conference of franchisees and all meetings related to new products or product preparation procedures, new operational procedures or programs, training, management, sales or sales promotion or similar topics that we offer, at your own expense. We do not anticipate requiring franchisees to attend meetings for more than ten days during any calendar year. You are responsible for all related travel and living expenses associated with attending any additional meetings, conventions, or conferences. As of the date of this Disclosure Document, the location, duration, frequency and content of any additional meetings, conventions, or conferences we require you to attend is unknown and will depend on the frequency with which new products or services are introduced to the System.

If you are, or at any time during the term become, a business corporation, partnership, limited liability company, or other legal entity, you must designate an "Operating Partner." Your Operating Partner must be an individual who (a) owns and controls not less than 5% of the equity and voting rights, (b) has completed our initial training program, and (c) has the power and authority to bind you in all dealings with us. If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is included in your Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all Menu Items and perform all services that we require for Blue Burro™ Restaurants. You may not offer or sell any products or perform any services that we have not authorized. We have the unlimited right to change the required and/or authorized products and services you may offer. You may not offer for sale any Menu Items or other products through the Internet or other online programming or marketing. You are not otherwise limited to the customers to whom you may sell products or services.

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ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	Provision	**Section in Franchise Agreement**	**Summary**
a.	Length of the term of the franchise	Section 4A	Term is 10 years
		Section 2 and 4 and Appendix B to the Multi-Unit Agreement	Term depends on the number of Restaurants to be developed under the Multi-Unit Agreement as specifically set forth in Appendix B
b.	Renewal or extension of the term	Section 4B	Renewal for three additional term(s) of 5 years each. No renewal rights under the Multi-Unit Agreement
c.	Requirements for you to renew or extend	Section 4B	You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term, you sign our then current form of franchise agreement, you have complied with the modernization requirements for your Restaurant, you are not in default and have satisfied your obligations on a timely basis, if leasing, you have written proof of your ability to remain in possession of the Restaurant premises throughout the renewal term, you comply with our training requirements, you pay us a renewal fee, and you sign a release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
d.	Termination by you	Section 13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach.
e.	Termination by Franchisor without cause	Section 2A and 13B	If you fail to locate a site for your Restaurant within 12 months after signing the Franchise Agreement or you fail to complete our training program within 180 days after commencement, we may terminate the Franchise Agreement.
f.	Termination by Franchisor with cause	Section 13A and 13B Section 7B of the Multi-Unit Agreement	We can terminate the Franchise Agreement and Multi-Unit Agreement only if you default or fail to comply with your obligations.

	Provision	Section in Franchise Agreement	Summary
g.	"Cause" defined--defaults which can be cured	Section 13A and 13B Section 7B of the Multi-Unit Agreement	You have 10 days to cure the non-submission of reports and nonpayment of amounts due and owing, and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below. You have 30 days to cure defaults not listed in (h) below
h.	"Cause" defined--defaults which cannot be cured	Sections 2A, 5A, 5B, 5D, 9I,13A, 13B and 15P	Non-curable defaults include any material misrepresentation or omission in your application for a franchise, abandonment, loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate, closing of the Restaurant, the closing of the Restaurant by the authorities for health or public safety reasons, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally (or unintentionally in two or more occasions) understating or underreporting Gross Revenue or other fees, multiple defaults, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us, our affiliates, or by any franchisee in the system, or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law or regulation or any system standard as to food handling, cleanliness, health or sanitation

	Provision	Section in Franchise Agreement	Summary
		Section 4C, 7B and 10N of the Multi-Unit Agreement	Non-curable defaults include insolvency or general assignment for the benefit of creditors, appointment of a receiver of your property, a final judgment remains unsatisfied of record for 30 days or longer execution is levied against your business or property, suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and is not dismissed or in the process of being dismissed within 30 days, failure to meet the Development Schedule, you employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by us, our affiliates, or by any franchisee in the system, or notice of termination of a Franchise Agreement
i.	Your obligations on termination/nonrenewal	Section 14A-14C	Obligations include complete de-identification and payment of amounts due, assignment of lease and telephone numbers upon our demand, return of Operations Manual and confidential information, proprietary materials, and related writings, and right to purchase assets of the Restaurant (also see (o) and (r) below)
		Sections 8A-G of the Multi-Unit Agreement	You lose all remaining rights to develop Restaurants Other obligations include those obligations noted above if existing Franchise Agreements also are terminated. We also may have the right to purchase assets of the Restaurants (see (o) below)
j.	Assignment of contract by Franchisor	Section 11G Section 9A of the Multi-Unit Agreement	No restriction on our right to assign.
k.	"Transfer" by you--definition	Section 11A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement and Section 9B of the Multi-Unit Agreement
		Section 9B of the Multi -Unit Agreement	
l.	Franchisor's approval of transfer by Franchisee	Articles 11, 12, 13 & 14	Franchisor has the right to approve or disapprove all transfers.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for Franchisor's approval of transfer	Articles 11, 12, 13 & 14	You are current in all fees to us; you are not in material breach of the Agreement; you have paid all debts of your business; new Franchisee signs release of claims against us for representations you made; you sign a mutual termination and release of the Agreement; we receive transfer fee (50% of the then current franchise fee); new Franchisee signs the then-current form of Franchise Agreement ; new Franchisee qualifies; new Franchisee successfully completes initial training program; new Franchisee obtains rights to your premises lease, if applicable; and we receive 30 day right of first refusal.
n.	Franchisor's right of first refusal to acquire your business	Section 11F	We can match any offer for your Restaurants assets, and, in the case of a proposed stock sale, we can purchase your Restaurant assets at a price determined by an appraiser, unless you and we agree otherwise
o.	Franchisor's option to purchase your business	Article 17	On termination, we may purchase any part of your business at the fair market value of the tangible personal property purchased.
p.	Death or disability of franchise	Section 11E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	Section 10D	Except as we otherwise agree to in writing, no direct or indirect involvement in the operation of any Competing Business (defined in (r) below) other than the one authorized in the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	Section 10D	No direct or indirect involvement in a Competing Business for two years (i) at the premises of the former Restaurant (ii) within 25 miles of the former Restaurant or (iii) within 25 miles of any other business or Restaurant using the System. A Competing Business for purposes of the post-term non-compete includes any business where 10% or more of its sales includes the sale of Blue Burro™ Restaurant.
s.	Modification of the agreement	Section 15B	No modification unless agreed to in writing by both parties
t.	Integration/merger clause	Section 15B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be mediated or arbitrated in the city closest to where our headquarters are located (currently, Orange, California) (subject to state law)
v.	Choice of forum	Section 15I	Litigation must be in the applicable federal or state court where our headquarters are located (currently, Orange, California) (subject to state law)
w.	Choice of law	Section 15H	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the law of the state where the Franchisee's Restaurant is located will govern (subject to state law).

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our franchises at this time.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We compiled our information for the affiliate-owned Blue Burro Restaurant from the internal, unaudited financial statements for the last fiscal year, which includes calendar year 2020. None of the information was obtained from financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), but all the information is believed to be reliable. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

The amount of Gross Sales realized from any new franchised Blue Burro Restaurant will vary from Restaurant to Restaurant, as will your costs and expenses.

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

Gross Profit and Total Income for Our Affiliate-owned Blue Burro Restaurants For the Period from January 1, 2020 to December 31, 2022

Year	Location	Total Income	Gross Profit	Gross Profit[2] (if Franchisee)
2020	Long Beach, CA	$1,238,482.20	$54,284.95	(-$44,793.62)[2]
2021	Long Beach, CA	$2,108,114.49	$1,911,743.42	$1,743,094.27[2]
	Long Beach, CA (Bixby Knolls)[1]	$602,676.92	$546,506.35	$498,292.19[2]
2022	Long Beach, CA	$1,741,583.23	$1,697,208.65	$1,561,431.96[2]
2022	Long Beach, CA[3] (Bixby Knolls)	$129,595.65	$117,528.47	$108,126.19[2]

Notes:

Note 1. This affiliate location opened for business in August of 2021.

Note 2. These numbers represent the Gross Profit of the affiliate-owned locations if they incur the cost of payment of Royalty Fees (5% of Gross) and the National Marketing Fund (3% of Gross or $800 per month, whichever is greater).

Note 3. The Long Beach Bixby Knolls location was sold to a Franchisee on February 6, 2022. The income and profit reflected in the table above is only for the time period of January 1, 2022 to February 6, 2022.

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Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Total Income for Blue Burro Franchisees for the Period from January 1, 2021 to December 31, 2022

Year	Location	Total Income
2021	California[1] (The Buffalo Spot Co-Brand)	$1,324,492.55
2022	California[1] (The Buffalo Spot Co-Brand)	$1,280,772.20
2022	Long Beach, CA[2] (Bixby Knolls)	$1,064,767.20
2022	California[3]	$102,372.63

SEE FOOTNOTES BELOW

Notes:

Note 1. This California franchise location's income totals reflects revenue generated by both The Buffalo Spot and Blue Burro franchise as a Co-Branded location. The Buffalo Spot is an Affiliated Franchise Program.

Note 2. The Long Beach Bixby Knolls location was purchased from the Franchisor by a Franchisee on February 6, 2022. The income reflected in the table above is only for the time period of February 6, 2022 to December 31, 2022.

Note 3. This Franchise location opened on April 11, 2022. The income reflected in the table above is only for the time period of April 11, 2022 to December 31, 2022.

If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Ivan Flores: 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841, (714) 373-9001, the Federal Trade Commission, and appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Our fiscal year end is December 31 and the charts below disclose information about our franchisee and company-owned outlets for the past three years.

Table No. 1
System wide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	1	+1
	2022	1	3	+2
Company-Owned	2020	0	1	+1
	2021	1	2	+1
	2022	2	1	-1
Total Outlets	2020	0	1	+1
	2021	1	3	+2
	2022	3	4	+1

Table No. 2
Transfer of Outlets from Franchisees to New Owners (Other Than the Franchisor)
For years 2020 to 2022

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

Table No. 3
Status of Franchised Outlets
For years 2020 to 2022

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
California	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
Total	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3

*Refer to Exhibit I, List of Current Franchisees and Former Franchisees

Table No. 4
Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	1	1
Total	2020	1	0	0	0	0	1
	2021	1	1	0	0	0	2
	2022	2	0	0	0	1	1

Table No. 5
Projected Openings
As of December 31, 2022

State	Franchise Agreement Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	1	2	0
Totals	1	2	0

A list of our current franchisees is attached as Exhibit I to this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. We are not aware of any trademark specific franchise organizations associated with the franchise system, which are required to be disclosed in this Franchise Disclosure Document.

During the last 3 fiscal years, some of our franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak opening about their experience with the Blue Burro™ franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

ITEM 21. FINANCIAL STATEMENTS

The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for its last three fiscal years.

Attached as Exhibit B to this Disclosure Document is our audited financial statement from March 5, 2020 December 31, 2021, and December 31, 2022.

Our fiscal year ends on December 31.

ITEM 22. CONTRACTS

The following documents are attached as exhibits to this Disclosure Document:

Exhibit C Franchise Agreement with Schedules

Exhibit D Multi-Unit Agreement

Exhibit G State Addenda

Exhibit H General Release (Sample)

ITEM 23. RECEIPT

Two copies of a receipt of this disclosure document appear as the last two pages of this disclosure document. Please return one copy to us and retain the other for your records.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATION
AND
LIST OF AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677 (916) 445-7975
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street Mennen Williams Building, 1st Floor Lansing, Michigan 48913
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8000

NORTH DAKOTA	North Dakota Securities Department 600 East Blvd Ave., Fifth Floor Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 East Capitol Pierre, South Dakota 57501-3185
TEXAS	Statutory Document Section Secretary of State P.O. BOX 12887 Austin, Texas 78711
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9672
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4th Floor Madison, Wisconsin 53703 (608) 266-3364

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

STATE	AGENT
CALIFORNIA	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Secretary of State Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231

NORTH CAROLINA	CT Corporation System 150 Fayetteville Street, BOX 1011 Raleigh, North Carolina 27601-2957
VIRGINIA	Clerk of the State Corporation Commission 1300 East Main Street, 9th Floor Richmond, Virginia 23219
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Administrator, Division Securities Department of Financial Institutions 345 West Washington Street, 4th Floor Madison, Wisconsin 53703 (608) 266-3364

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

BLUE BURRO FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022

BLUE BURRO FRANCHISE, LLC

INDEPENDENT AUDITOR'S REPORT

To the member
Blue Burro Franchise, LLC

Opinion

We have audited the accompanying financial statements of Blue Burro Franchise, LLC (a California corporation) which comprise the balance sheet as of December 31, 2022, and the related statements of income, member's capital and cash flows for the year 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 Blue Burro Franchise, LLC as of December 31, 2021, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

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collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Burro Franchise, LLC'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 financial statements

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Blue Burro Franchise, LLC'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.

Considine + Considine

CONSIDINE & CONSIDINE
An accountancy corporation

March 17, 2023

BLUE BURRO FRANCHISE, LLC
BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2022

ASSETS		
CURRENT ASSETS		
Cash	$	62,753
Accounts receivable		4,268
TOTAL ASSETS		67,021
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable		1,828
MEMBER'S CAPITAL (note 3)		65,193
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	67,021

See accompanying notes to the financial statements

BLUE BURRO FRANCHISE, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUE		
Royalty fees	$	80,652
Initial franchise fee (note 5)		79,000
Marketing fund fees		41,239
Restaurant transfer fees		10,000
		210,891
OPERATING EXPENSES		
Legal and professional services		15,446
Management fees (note 4)		166,500
Marketing fund expense		26,959
Taxes and licenses		800
		209,705
NET INCOME	$	1,186

BLUE BURRO FRANCHISE, LLC
STATEMENT OF MEMBER'S CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

Balance at December 31, 2021	$	64,007
Net Income		1,186
Distributions		-
Balance at December 31, 2022	$	65,193

See accompanying notes to the financial statements

BLUE BURRO FRANCHISE, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 1,186
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	
Accounts receivable	75,732
Accounts payable	1,680
Deferred revenue	(80,000)
NET CASH USED BY OPERATING ACTIVITIES	(1,402)
NET DECREASE IN CASH	(1,402)
CASH, BEGINNING	64,155
CASH, ENDING	$ 62,753
SUPPLEMENTAL DISCLOSURES:	
Income taxes paid	$ 800

NOTE 1 THE COMPANY

Blue Burro Franchise, LLC (the "Company") was formed on January 7, 2020, in the State of California. The Company is located in San Diego and commenced operations in 2021. The Company is a franchisor of Blue Burro restaurants in California.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statement have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States of America.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Consolidation of variable interest entities - The Company follows the alternative accounting standard for private companies with respect to entities under common control. As such, entities under common control have not been evaluated under the guidance in the variable interest subsections of FASB ASC 810.

Cash - The Company considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Company restricts investments of cash to financial institutions of a high credit standing. At December 31, 2022, cash deposits are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution. At December 31, 2022, all of the Company’s cash was insured. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Accounts receivable – Accounts receivable consist mainly of initial franchise fees not yet received and monthly royalties and marketing fees dues according to the franchise agreements. Management assesses the collectability of accounts receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all accounts to be collectible at December 31, 2022.

Deferred revenue – Payments received prior to rendering of services are accounted for as deferred revenue.

Fair value measurements - The Company follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities. The fair value measurements have no material financial effects on the Company's financial statements.

Revenue recognition - The Company follows Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as FASB Accounting Standards Codification (“ASC”) Topic 606 (“ASC 606”) Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC’s core principle requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the company expects to be entitled in exchange for those goods or services.

Franchise fees – Initial franchise fee revenues are recognized when the Company satisfies performance obligation by providing services to the franchisee. These services include support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques and pre-opening assistance. All services are substantially provided at the time of the location opening (see note 6).

Royalty fee income - The Company is entitled to a percentage of sales generated by each franchise location (see note 6). Royalty fee revenues are recorded as revenues are earned by the franchise locations.

Marketing fund fees - The Company acts as an agent for franchisees in the management of certain marketing funds pursuant to its franchise agreements. The Company collects 2-3% of gross revenues from franchisees and in turn provides marketing services and conducts marketing services for all franchisees. The Company has discretion as to how the funds are spent, provided the funds are spent in accordance with the franchise agreements. The Company recognizes marketing fees contributions as revenue at time of billing.

Income Taxes - The Company operates as a limited liability company for state income tax purposes. Accordingly, taxable income or loss is passed through to the Company's member.

The Company follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on recognition and measurement of a tax position taken in a tax return. As of December 31, 2022, the Company has not accrued interest or penalties related to uncertain tax positions.

NOTE 3 MEMBER'S CAPITAL

Blue Burro Franchise, LLC is a single member limited liability company. The member's capital balance is shown on the statement of member's capital.

NOTE 4 RELATED PARTY TRANSACTIONS

With respect to entities under common control, the Company has elected to apply the alternative accounting and disclosures provided to private companies under GAAP related to entities under common control. Accordingly, the following entities have not been evaluated under the guidance in the variable interest subsections of FASB ASC 810.

The Company's member owns several companies which are considered under common control. One is a management company to which the Company pays management fees as described later in this note. The others are various companies which own individual restaurants and are not subject to the franchise agreements as described in note 6. The Company and the entities under common control are not parties to any arrangements in which they are liable for mutual financial support nor events that would cause the Company to report a loss beyond any amounts reported as receivables or liabilities on the balance sheet.

The Company pays management fees to a related party through common ownership for services provided on the Company's behalf. Management fees paid to the related party during the year ended December 31, 2022 were $166,500. At December 31, 2022 amounts due to the related party was $0.

NOTE 5 DEFERRED REVENUE

The Company received initial franchise fees related to the sale of franchises. The Company will recognize revenue upon completion of all contracted obligations as stated in the franchise agreements.

NOTE 6 FRANCHISING

The Company generates revenues from franchising through individual franchise agreements. In general, the Company's franchise agreements provide for the payment of an initial franchise fee for each executed franchise agreement. The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance. The current standard franchise agreement provides for payment to the Company of a nonrefundable initial franchise fee of $25,000 to $40,000 per restaurant. The franchise agreements require the franchisees to pay the Company a royalty fee of 5% of sales. The franchise agreements also set forth a fee of 2-3% of sales or $600 per month, whichever is greater, to be spent on advertising for all locations. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants.

ASC 606, is a comprehensive revenue recognition standard that provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods and services.

The Company determined revenue recognition under ASC 606 by: (1) identifying the contract with the customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, the Company satisfies the performance obligations by transferring the promised goods or services.

Initial franchise fee revenues are deferred until performance of franchisor obligations is complete (see note 5). Initial franchise fees in the statement of income totaled $79,000 for the year ended December 31, 2022.

The following is a summary of franchise locations as of December 31, 2022:

Franchise locations, beginning of the year	1
Terminated franchise locations	-
Opened franchise locations	2
Franchise locations, end of the year	3

Related parties through common ownership operate two restaurants in Southern California with the same name and concept as of December 31, 2022. These restaurants are not party to franchise agreements with the Company.

NOTE 6 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 17, 2023, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.

BLUE BURRO FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021

BLUE BURRO FRANCHISE, LLC

INDEPENDENT AUDITOR'S REPORT

To the member
Blue Burro Franchise, LLC

Opinion

We have audited the accompanying financial statements of Blue Burro Franchise, LLC (a California corporation) which comprise the balance sheet as of December 31, 2021, and the related statements of income, member's capital and cash flows for the year 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 Blue Burro Franchise, LLC as of December 31, 2021, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section or our report. We are required to be independent of Blue Burro Franchise, LLC 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 Blue Burro Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Blue Burro Franchise, LLC'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 financial statements

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Blue Burro Franchise, LLC'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.

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CONSIDINE & CONSIDINE
An accountancy corporation

March 4, 2022

BLUE BURRO FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	64,155
Accounts receivable		80,000
TOTAL ASSETS		144,155
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable		148
Deferred revenue (note 5)		80,000
TOTAL LIABILITIES		80,148
MEMBER'S CAPITAL (note 3)		64,007
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	144,155

BLUE BURRO FRANCHISE, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE		
Initial franchise fee (note 5)	$	40,000
Royalty fees		3,943
Marketing fund fees		1,319
		45,262
OPERATING EXPENSES		
Bank charges and fees		15
Legal and professional services		320
Taxes and licenses		920
		1,255
NET INCOME	$	44,007

BLUE BURRO FRANCHISE, LLC
STATEMENT OF MEMBER'S CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

Balance at December 31, 2020	$	20,000
Net Income		44,007
Distributions		-
Balance at December 31, 2021	$	64,007

BLUE BURRO FRANCHISE, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$	44,007
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Accounts receivable		(80,000)
Accounts payable		148
Deferred revenue		80,000
NET CASH PROVIDED BY OPERATING ACTIVITIES		44,155
NET INCREASE IN CASH		44,155
CASH, BEGINNING		20,000
CASH, ENDING	$	64,155
SUPPLEMENTAL DISCLOSURES:		
Income taxes paid	$	800

NOTE 1 THE COMPANY

Blue Burro Franchise, LLC (the "Company") was formed on January 7, 2020, in the State of California. The Company is located in San Diego and commenced operations in 2021. The Company is a franchisor of Blue Burro restaurants in California.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statement have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States of America.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Consolidation of variable interest entities - The Company follows the alternative accounting standard for private companies with respect to entities under common control. As such, entities under common control have not been evaluated under the guidance in the variable interest subsections of FASB ASC 810.

Cash - The Company considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Company restricts investments of cash to financial institutions of a high credit standing. At December 31, 2021, cash deposits are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution. At December 31, 2021, all of the Company's cash was insured. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Accounts receivable – Accounts receivable consist mainly of initial franchise fees not yet received and monthly royalties and marketing fees dues according to the franchise agreements. Management assesses the collectability of accounts receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all accounts to be collectible at December 31, 2021.

Deferred revenue – Payments received prior to rendering of services are accounted for as deferred revenue.

Fair value measurements - The Company follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities. The fair value measurements have no material financial effects on the Company's financial statements.

Revenue recognition - The Company follows Accounting Standards Update No. 2014-09, 2016-08, 2016-10, 2016-12 and 2016-20, collectively implemented as FASB Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") Revenue from Contracts with Customers, provides guidance for revenue recognition. This ASC's core principle requires a company to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the company expects to be entitled in exchange for those goods or services.

Franchise fees – Initial franchise fee revenues are recognized when the Company satisfies performance obligation by providing services to the franchisee. These services include support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques and pre-opening assistance. All services are substantially provided at the time of the location opening (see note 6).

Royalty fee income - The Company is entitled to a percentage of sales generated by each franchise location (see note 6). Royalty fee revenues are recorded as revenues are earned by the franchise locations.

Marketing fund fees - The Company acts as an agent for franchisees in the management of certain marketing funds pursuant to its franchise agreements. The Company collects 2% of gross revenues from franchisees and in turn provides marketing services and conducts marketing services for all franchisees. The Company has discretion as to how the funds are spent, provided the funds are spent in accordance with the franchise agreements. The Company recognizes marketing fees contributions as revenue at time of billing.

Income Taxes - The Company operates as a limited liability company for state income tax purposes. Accordingly, taxable income or loss is passed through to the Company's member.

The Company follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on recognition and measurement of a tax position taken in a tax return. As of December 31, 2021, the Company has not accrued interest or penalties related to uncertain tax positions.

Recent accounting pronouncements - As of January 1, 2021, the Company adopted ASU 2021-02 "Franchisors - Revenue from Contracts with Customers". The ASU provides a practical expedient to allow qualifying franchisors to account for certain pre-opening services as distinct from franchise license. The adoption of this standard had no material impact on the Company's financial statements and related disclosures.

NOTE 3 MEMBER'S CAPITAL

Blue Burro Franchise, LLC is a single member limited liability company. The member's capital balance is shown on the statement of member's capital.

NOTE 4 RELATED PARTY TRANSACTIONS

With respect to entities under common control, the Company has elected to apply the alternative accounting and disclosures provided to private companies under GAAP related to entities under common control. Accordingly, the following entities have not been evaluated under the guidance in the variable interest subsections of FASB ASC 810.

The Company's member owns several companies which are considered under common control. There are various companies which own individual restaurants and are not subject to the franchise agreements as described in note 6. The Company and the entities under common control are not parties to any arrangements in which they are liable for mutual financial support nor events that would cause the Company to report a loss beyond any amounts reported as receivables or liabilities on the balance sheet.

NOTE 5 DEFERRED REVENUE

The Company received initial franchise fees related to the sale of franchises. The Company will recognize revenue upon completion of all contracted obligations as stated in the franchise agreements.

NOTE 6 FRANCHISING

The Company generates revenues from franchising through individual franchise agreements. In general, the Company's franchise agreements provide for the payment of an initial franchise fee for each executed franchise agreement. The Company provides franchisees support for site selection, architectural plans, interior and exterior design and layout, training, marketing and sales techniques, and opening assistance. The current standard franchise agreement provides for payment to the Company of a nonrefundable initial franchise fee of $25,000 to $40,000 per restaurant. The franchise agreements require the franchisees to pay the Company a royalty fee of 5% of sales. The franchise agreements also set forth a fee of 2% of sales or $600 per month, whichever is greater, to be spent on advertising for all locations. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants.

ASC 606, is a comprehensive revenue recognition standard that provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods and services.

The Company determined revenue recognition under ASC 606 by: (1) identifying the contract with the customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to performance obligations in the contract; and (5) recognizing revenue when, or as, the Company satisfies the performance obligations by transferring the promised goods or services.

Initial franchise fee revenues are deferred until performance of franchisor obligations is complete (see note 5). Initial franchise fees in the statement of income totaled $40,000for the year ended December 31, 2021.

The following is a summary of franchise locations as at December 31, 2021:

Franchise locations, beginning of the year	-
Terminated franchise locations	-
Opened franchise locations	1
Franchise locations, end of the year	1

Related parties through common ownership operate two restaurants in the Southern California with the same name and concept as of December 31, 2021. These restaurants are not party to franchise agreements with the Company.

NOTE 6 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 4, 2022, the date which the financial statement was available to be issued. As a result of the COVID-19 Coronavirus and the resulting health orders issued by the State of California, the state in which the Company operates, the Company may be experiencing operational effects. The duration of the operational effects may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

BLUE BURRO FRANCHISE, LLC
FINANCIAL STATEMENT
DECEMBER 31, 2020

BLUE BURRO FRANCHISE, LLC

INDEPENDENT AUDITOR'S REPORT

To the member
Blue Burro Franchise, LLC

We have audited the accompanying balance sheet of Blue Burro Franchise, LLC (a California corporation) as of December 31, 2020 and the related notes.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of Blue Burro Franchise, LLC as of December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Considine & Considine

CONSIDINE & CONSIDINE
An accountancy corporation

March 9, 2021

BLUE BURRO FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2020

ASSETS	
CURRENT ASSETS	
Cash	$ 20,000
TOTAL ASSETS	20,000
LIABILITIES AND MEMBER'S CAPITAL	
TOTAL LIABILITIES	-
MEMBER'S CAPITAL (note 3)	20,000
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 20,000

See accompanying notes to the financial statements

NOTE 1 THE COMPANY

Blue Burro Franchise, LLC (the "Company") was formed on January 7, 2020, in the State of California. The Company is located in San Diego, California, and is a prospective franchisor of restaurants. The Company has not commenced operations as of December 31, 2020.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statement have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States of America.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - The Company considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Company restricts investments of cash to a financial institution of a high credit standing. At December 31, 2020, cash deposits are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution. At December 31, 2020, all of the Company's cash was insured. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Income Taxes - The Company operates as a limited liability company for state income tax purposes. Accordingly, taxable income or loss is passed through to the Company's member.

The Company follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on recognition and measurement of a tax position taken in a tax return. As of December 31, 2020, the Company has not accrued interest or penalties related to uncertain tax positions.

NOTE 3 MEMBER'S CAPITAL

Blue Burro Franchise, LLC is a single member limited liability company. The member's capital contributions total $20,000 as of December 31, 2020.

NOTE 4 FRANCHISING

At December 31, 2020, no franchises have been sold.

NOTE 5 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 9, 2021, the date which the financial statement was available to be issued. As a result of the spread of COVID-19 Coronavirus and the resulting orders issued by the State of California, the state in which the Company operates, the Company is experiencing a delay in commencing operations. The duration of the delay may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

BLUE BURRO FRANCHISE, LLC
FINANCIAL STATEMENT
MARCH 5, 2020

BLUE BURRO FRANCHISE, LLC

CONSIDINE & CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the member
Blue Burro Franchise, LLC

We have audited the accompanying balance sheet of Blue Burro Franchise, LLC (a California corporation) as of March 5, 2020 and the related notes.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of Blue Burro Franchise, LLC as of March 5, 2020, in accordance with accounting principles generally accepted in the United States of America.

Considine + Considine

CONSIDINE & CONSIDINE
An accountancy corporation

March 12, 2020

BLUE BURRO FRANCHISE, LLC
BALANCE SHEET
MARCH 5, 2020

ASSETS	
CURRENT ASSETS	
Cash	$ 20,000
TOTAL ASSETS	20,000
LIABILITIES AND MEMBER'S CAPITAL	
TOTAL LIABILITIES	-
MEMBER'S CAPITAL (note 3)	20,000
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 20,000

See accompanying notes to the financial statements

NOTE 1 THE COMPANY

Blue Burro Franchise, LLC (the "Company") was formed on January 7, 2020, in the State of California. The Company is located in San Diego, California, and is a prospective franchisor of restaurants. The Company has not commenced operations as of March 5, 2020.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statement have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States of America.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - The Company considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Company restricts investments of cash to a financial institution of a high credit standing. At March 5, 2020, cash deposits are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution. At March 5, 2020, all of the Company’s cash was insured. Management believes that the Company is not exposed to any significant credit risk with respect to its cash.

Income Taxes – The Company operates as a limited liability company for state income tax purposes. Accordingly, taxable income or loss is passed through to the Company’s member.

The Company follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on recognition and measurement of a tax position taken in a tax return. As of March 5, 2020, the Company has not accrued interest or penalties related to uncertain tax positions. The Company files income tax returns in the U.S. Federal jurisdiction and the state of California.

NOTE 3 MEMBER’S CAPITAL

Blue Burro Franchise, LLC is a single member limited liability company. The member’s capital contributions total $20,000 as of March 5, 2020.

NOTE 4 FRANCHISING

At March 5, 2020, no franchises have been sold.

NOTE 5 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 12, 2020, the date on which the financial statement was available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statement.

EXHIBIT C
TO THE FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

By and Between

BLUE BURRO FRANCHISE, LLC

and

____

(Franchisee)

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BLUE BURRO FRANCHISE, LLC

FRANCHISE AGREEMENT

This Franchise Agreement is made this _____ day of _______, 20___ between Blue Burro Franchise, LLC, a California limited liability company with its principal business located at 7245 Garden Grove, Blvd, Suite E, Garden Grove, California 92841 ("we" or "us"), and "Franchisee" or "you" as identified on the Data Sheet attached as Schedule A (the "Data Sheet"). If the franchisee is a corporation, partnership, limited liability company, or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

A. We have developed a unique system for the establishment and operation of a restaurant featuring Burritos, Shakes and Fries and other products and beverage items concept, served in a distinctive atmosphere for retail sale to the public.

B. TBS Holding Company, LLC owns the Blue Burro™ Trademarks and other trademarks used in connection with the operation of a Blue Burro™ Restaurant ("IP Holder"). IP Holder granted us the right to sublicense the Trademarks and the Blue Burro™ System.

C. You desire to develop and operate a Blue Burro™ Restaurant; and

D. We have agreed to grant you a franchise subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. <u>Definitions</u>

For purposes of this Agreement, the terms below have the following definitions:

A. <u>"Gross Revenues"</u> includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurant, whether under any of the Trademarks or otherwise, including any catering or delivery services such as, but not limited to Grubhub, Uber Eats and DoorDash,(which Franchisor may require) cover charges or fees, in your Restaurant or on its premises and all revenues derived from any type of authorized vending machines, the fair market value for any service or product you receive in barter or exchange for your services or products that you receive for the loss of the Business due to a casualty to or similar event at the Business. We exclude only discounts you allow, gratuities paid by customers to employees of the Business, sales tax receipts that you must by law collect or pay. Gross Sales excludes sales taxes.

B. <u>"Menu Items"</u> means Burritos, Shakes and Fries, and other products prepared according to our specified recipes and procedures, as we may modify and change from time to time.

C. <u>"Manual" or "Operations Manual"</u> means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures, and recommendations for your Blue Burro™ Restaurant, all of which we may change from time to time.

D. <u>"Operating Partner"</u> means the person designated by Franchisee (if Franchisee is a legal entity) who (i) owns at least a 5% ownership interest in Franchisee, (ii) has completed our initial training program and (iii) has the authority to bind Franchisee in all dealings with us. If the Franchisee is one or more individuals, each individual is an Operating Partner of the franchisee. Your Operating Partner(s) are identified on the Data Sheet. Every time there is a change in the persons who are your Operating Partners, you must, within 10 days of the date of each such change, update the Data Sheet. As used in this Agreement, any reference to Operating Partner includes all Operating Partners.

E. "Restaurant" means the Blue Burro™ Restaurant you develop and operate pursuant to this Agreement.

F. "System" means the Blue Burro™ System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business forms, training materials, manuals, sales techniques, methods and procedures, all of which we may modify and change from time to time.

G. "Trademarks" means the Blue Burro™ Trademarks that are pending registration with the United States Patent and Trademark Office ("USPTO") and elsewhere and the trademarks, service marks and trade names set forth on Schedule B, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurant. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurant from time to time.

GRANT OF LICENSE

2. Grant of License

The following provisions control with respect to the license granted hereunder:

A. Authorized Location. We grant to you the right and license to establish and operate a retail Restaurant identified by the Blue Burro™ Trademarks or such other marks as we may direct at the location identified on the Data Sheet, which location must be designated within one year from the date of this Agreement (the "Authorized Location"). When a location has been designated by you and you have received a non-objection (approval) notice from us, it will become part of this subparagraph 2.A as originally stated. If an Authorized Location is not designated by you and approved by us within one year from the date of this Agreement, we may terminate this Agreement. You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

B. Opening. You agree that the Restaurant will be open and operating in accordance with the requirements of subparagraph 5.A within eight months after you sign a lease for your Restaurant unless we authorize in writing an extension of time. Before you open your Restaurant for business, we will inspect your Restaurant and provide you with a Certificate of Opening.

C. Designated Territory. The license is limited to the right to develop and operate one Restaurant at the Authorized Location within the Designated Territory as defined on the Data Sheet (the "Designated Territory ").

During the term of this Agreement and provided you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Designated Territory, (ii) establish a company-owned or franchised Blue Burro™ Restaurant within the Designated Territory, or (iii) establish a company-owned or franchised Restaurant inside the Designated Territory that offers the same products and services as your Blue Burro™ Restaurant, except for any Merger/Acquisition Activity (as described and defined below).

D. Nonexclusivity, Our Reservation of Rights. The license is limited to the right to develop and operate one Restaurant at the Authorized Location.

The license granted to you does not provide you with any right to (i) sell products and Menu Items identified by the Trademarks at any location outside the Designated Territory, except for authorized catering or delivery services as noted in subparagraph 1.E, (ii) sell products or Menu Items through any alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, except as we may designate in writing, or (iv) exclude, control or impose conditions on our development of future franchised, company or affiliate-owned restaurants at any time or at any location regardless of the proximity to your Designated Territory. You acknowledge that the consumer trade area or service area of another Blue Burro™ Restaurant may overlap with your Designated Territory.

We retain all rights that are not expressly granted to you under this Agreement. Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned Restaurants at any location outside your Designated Territory regardless of the proximity of such Restaurants to your Designated Territory.

(ii) merge with, acquire or become associated with ("Merger/Acquisition Activity") any businesses or Restaurants of any kind under other systems and/or marks, which businesses and Restaurants may convert to or operate under the Trademarks and may offer or sell menu items, products and services that are the same as or similar to the Menu Items offered at or from the Restaurant, and which Restaurants may be located anywhere inside or outside of your Designated Territory; and

(iii) offer, sell, and distribute for ourselves and/or license others to offer, sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Designated Territory, menu items the same as or different from the Menu Items offered under the System and which are offered and distributed under the Trademarks or marks different from the Trademarks through any distribution channels or methods. The distribution channels or methods include, without limitation, grocery stores, club stores, convenience stores, wholesale, business, or industry locations (e.g. manufacturing site, office building), military installations, military commissaries, or the Internet (or any other existing or future form of electronic commerce).

You acknowledge and agree that certain locations are by their nature unique and separate in character from sites generally developed as Blue Burro™ Restaurants. As a result, you agree that we have the right to develop or franchise the following locations ("Special Sites") regardless of whether these locations are located inside your Designated Territory (1) military bases, (2) public transportation facilities, (3) sports facilities, including racetracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, (6) malls, and (7) special events.

(iv) We may derive income through markups of the prices charged to you for products, supplies, computers, software, signage, or services we supply. Franchisor's total revenue, based on the most recent audited financial statement derived revenues through required purchases, license fees, promotional fees, advertising allowances, rebates or other monies paid by approved suppliers and vendors. We are a new franchisor; we and our affiliates have not collected rebates from Approved Suppliers. All revenues received through license fees, promotional fees, advertising allowances, rebates or services will be used at our discretion.

E. Catering and Delivery. You may not engage in catering and delivery services unless we authorize you in writing, as further described in subparagraph 6.K.

TRADEMARK STANDARDS AND REQUIREMENTS

3. Trademarks Standards and Requirements

You acknowledge and agree that the Trademarks are the property of the IP Holder and we have the right to license the use of the Trademarks to you and others. You further acknowledge that your right to use the Trademarks is specifically conditioned upon the following:

A. Trademark Ownership. The Trademarks are the valuable property of TBS Holding Company, LLC, and has all right, title and interest in and to the Trademarks and all past, present, or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Your use of the Trademarks will inure to the benefit of the IP Holder and us. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm, or contest our rights in any of the Trademarks or the goodwill associated with the Trademarks, including any use of the Trademarks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Trademark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in Schedule B or except as we otherwise direct in writing. You may use the Trademarks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Trademarks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, mode and condition of storage, production, preparation and sale, and portion and packaging.

C. Restaurant Identification. You must use the name Blue Burro™ as the trade name of the Restaurant and you may not use any other mark or words to identify the Restaurant without our prior written consent. You may not, however, use the word "BLUE BURRO™" or any of the other Trademarks as part of the legal name of your corporation, partnership, limited liability company, or other similar entity. You may use the Trademarks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Trademarks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Trademarks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Trademarks. You must post a prominent sign in the Restaurant identifying you as a Blue Burro™ franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Restaurant and that the Blue Burro™ Trademark is owned by us and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our guidelines, requirements, and practices, as they are modified from time to time.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks or challenges your use or our use or ownership of the Trademarks, our affiliate and we will control all litigation and our affiliate and we have the right to determine whether suit will be instituted, prosecuted, or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Trademark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We and our affiliate will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Trademarks in violation of this Agreement, in which case you must reimburse us and our affiliate for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Trademarks unless we direct in writing. We reserve the right to change the Trademarks at any time. Upon receipt of our notice to change the Trademarks, you must cease using the former Trademarks and commence using the changed Trademarks. We will reimburse you for any out-of-pocket expenses you incur in connection with any change to the Trademarks on your letterhead, provided, however, that our reimbursement obligation during the Term of this Agreement will not exceed $250.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the Blue Burro™ Restaurant, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that Item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

TERM AND RENEWAL

4. Terms and Renewal

The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is ten years unless this Agreement is sooner terminated in accordance with Paragraph 13. The initial term commences upon the Effective Date (as defined in subparagraph 15.Q) of this Agreement. We may extend this initial term in writing for a limited period of time not to exceed six months to take into account the term of any applicable lease for the Authorized Location.

B. Renewal Term and Conditions of Renewal. You may renew your license for three renewal terms of five years each, provided that with respect to each renewal (i) you have given us written notice of your decision to renew at least six months but not more than 12 months prior to the end of the expiring term, (ii) you sign our then-current form of franchise agreement (modified to reflect any additional renewal term(s) upon expiration and other modifications to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees, (iii) you have complied with the provisions of subparagraph 5E regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards then applicable to new Blue Burro™ Restaurants, regardless of the cost of such modernizations and/or replacements, (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing, (v) if leasing the Restaurant premises, you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period, (vi) you comply with our then-current training requirements, (vii) you will be obligated to pay a renewal fee, and (viii) you and your Operating Partner (s) and guarantors execute a general release of claims in a form we prescribe.

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

FACILITY STANDARDS AND MAINTENANCE

5. Facility Standards and Maintenance

You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of Blue Burro™ Restaurants to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Restaurant Facility Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection guidelines. You must use our designated vendor in connection with selecting and securing a site for your Restaurant. We must consent to the site in writing. You may not use the Restaurant premises or Authorized Location for any purpose other than the operation of a Blue Burro™ Restaurant during the term of this Agreement or any Interim Period. We make no guarantees concerning the success of the Restaurant located on any site to which we consent.

You may not open your Restaurant for business or order any food until we inspect your Restaurant and provide you with a Certificate of Opening and we have consented to your opening date. A Certificate of Opening may be obtained only after all local permits, certificates and codes have been met and a certificate of occupancy has been granted. If you do not pass your initial inspection, you will be charged for all costs and expenses incurred by us in sending an inspector to re-inspect your Restaurant. Once Franchisor has consented to your opening date you will be allowed to order your first food order two days before your opening date. We are not responsible or liable for any of your pre-opening obligations, losses, or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subparagraph 12.C for your failure to comply with your obligations.

In the event that you plan to enter into any type of lease for the Restaurant premises, you and your landlord must sign the Lease Addendum attached as Schedule C. We recommend you submit the Lease Addendum to the landlord at the beginning of your lease review and negotiation, although the terms of the Lease Addendum may not be negotiated without our prior approval. If the landlord requires us to negotiate the Lease Addendum, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us with a copy of the executed lease and Lease Addendum within five days of its execution. We have no responsibility for the lease, it is your sole responsibility to evaluate, negotiate and enter into the lease for the Restaurant premises.

You must execute and provide us an executed copy of your lease (including an executed copy of the Lease Addendum) or the purchase agreement for the selected and approved site for your Restaurant within 12 months from the date of execution of this Agreement. If you fail to have your "site under control" (execute the lease or the purchase agreement within the timeframe set forth in this subparagraph), we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 13.B.2.

B. Construction Future Alteration. You must construct and equip the Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, and design and layout of the building. You may not commence construction of the Restaurant until you have received our written consent to your building plans. Without limiting the generality of the prior paragraph, you must promptly and in no event more than 60 days after obtaining possession of the site for the Restaurant (i) have prepared and submitted for our approval a site survey and basic architectural plans and specifications consistent with our general atmosphere, image, color scheme and decor requirements as set forth from time to time in the manuals for a Blue Burro™ Restaurant (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating), (ii) purchase or lease and then, in the construction of the Restaurant, use only the approved building materials, equipment, fixtures, furniture and signs, (iii) complete the construction and/or remodeling, equipment, fixtures, furniture and sign installation and decorating of the Restaurant in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations, (iv) obtain all customary contractors' sworn statements and partial and final waivers, obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act, and (v) obtain and maintain all required zoning changes, building, utility, health, sanitation, and sign permits and licenses and any other required permits and licenses. It is your responsibility to comply with the foregoing conditions.

Any change to the building plans or any replacement, reconstruction, addition, or modification in the building, interior or exterior decor or image, equipment, or signage of the Restaurant to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications that have received our prior written consent. You may not commence such replacement, reconstruction, addition, or modification until you have received our written consent to your revised plans.

C. Maintenance. The building, equipment, fixtures, furnishing, signage, and trade dress (including the interior and exterior appearance) employed in the operation of your Restaurant must be maintained and refreshed in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. Within a period of 30-60 days (as we determine depending on the work needed) after the receipt of any particular report prepared following such an evaluation, you must effect the Items of maintenance we designate, including the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and interior signage. If, however, any condition presents a threat to customers or public health or safety, you must affect the items of maintenance immediately, as further described in subparagraph 6. G.

D. Site Approval. You must locate and obtain our approval for the site of your Restaurant within three (3) months of executing this Agreement. If you have not done so, we will grant you an extension so long as we are satisfied that you are proceeding in good faith and with due diligence.

E. Relocation. If you need to relocate because of condemnation, destruction, or expiration or cancellation of your lease for reasons other than your breach, we will grant you authority to do so at a site acceptable to us, provided that the new Restaurant is open and operating within 180 days after construction commences, all in accordance with our then-current standards. If you voluntarily decide to relocate the Restaurant, your right to relocate the Restaurant will be void and your interest in this Agreement will be voluntarily abandoned, unless you have given us notice of your intent to relocate not less than 60 days prior to closing the Restaurant, have procured a site that we accept within 60 days after closing the prior Restaurant, have opened the new Restaurant for business within 180 days of such closure and complied with any other conditions that we reasonably require. You must pay us a $5,000 relocation fee to cover our costs associated with the relocation.

In the event your Restaurant is destroyed or damaged and you repair the Restaurant at the Authorized Location (rather than relocate the Restaurant), you must repair and reopen the Restaurant at the Authorized Location in accordance with our then-current standards for the destroyed or damaged area within 180 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate in the event you lose the right to occupy the Restaurant premises because of the cancellation of your lease due to your breach. The termination of your lease due to your breach is grounds for immediate termination under subparagraph 13.B.2.

F. Modernization or Replacement. From time to time as we require, you must affect items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Restaurant to conform to the standards for similarly situated new Blue Burro™ Restaurants. Furthermore, in addition to performing general continued maintenance and refreshing of the Restaurant premises whenever necessary as set forth in subparagraph 5.C, you must affect any required expenditures for equipment or leasehold improvements necessary to prepare new menu items or products. We will not require you to spend more than $25,000 every three years on Restaurant modernization and replacement during the initial term of this Agreement. You will have six months from receipt of our notice to make the modernization or replacement improvements.

Each and every transfer of any interest in this Agreement or your business governed by Paragraph 11 or any renewal covered by Paragraph 4 is expressly conditioned upon your compliance with these modernization or replacement requirements at the time of transfer or renewal.

You acknowledge and agree that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of Blue Burro™ Restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant. If you fail to make any improvement as required by this subparagraph or perform the maintenance described in subparagraph 5. C, we may, in addition to our other rights in this Agreement, effect such improvement or maintenance and you must reimburse us for the costs we incur.

G. Signage. The outdoor signage at your Restaurant must comply with our then current specifications, which we may modify and change from time to time due to modifications to the System, including changes to the Trademarks. You must make such changes to the outdoor signage as we require.

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. Products and Operations Standards and Requirements

You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Authorized Menu. Your business must be confined to the preparation and sale of only such Menu Items and other food and beverage products as we designate and approve in writing from time to time for sale of your Restaurant. You must offer for sale from the Restaurant all items and only those items listed as Menu Items and other approved food and beverage products. We have the right to make modifications to these items from time to time, and you agree to comply with any modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent.

B. Authorized Products and Ingredients. You must use in the operation of the Restaurant and in the preparation of Menu Items and other food and beverage products only the proprietary and non-proprietary ingredients, recipes, formulas, techniques, processes and supplies we designate, and prepare and serve the Menu Items and products in such portions, sizes, appearance, taste, and packaging, all as we specify in our Operations Manual or otherwise in writing. Your first food order shall be placed two days before your opening date. You acknowledge and agree that we may change these periodically and that you are obligated to conform to the requirements. All supplies, including containers, cups, plates, wrappings, eating utensils, napkins, and all other customer service materials of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the

Restaurant must at all-time maintain an inventory of ingredients, food and beverage products and other products, merchandise, materials, and supplies that will permit operation of the Restaurant at maximum capacity.

C. Approved Supplies and Suppliers. We will furnish you from time to time lists of approved supplies or approved suppliers. The suppliers we require you to use may provide us with a rebate. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction and operation of the Restaurant as set forth in the Approved Supplies lists, as we may amend from time to time. Although we do not do so for every item, we have the right to approve the manufacturer, distributor and/or supplier of Approved Supplies (an "Approved Supplier"). You acknowledge and agree that a certain Approved Supplier may only be available from one required Approved Supplier source, and we may be that source. For example, you must purchase all trademarked retail items, and certain products, supplies, equipment and materials from us or our designated supplier. You will pay the then-current price in effect for Approved Supplies purchased from us, or affiliates or any third party we designate. All inventory, products, materials and other items and supplies used in the operation of the Restaurant that are not included in the Approved Supplies or Approved Suppliers lists must conform to the specifications and standards we establish from time to time. ALTHOUGH APPROVED OR DESIGNATED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

Any and all food suppliers vendors must be paid by electronic banking (ACH) net 7 days.

D. POS System. You must purchase a POS system from our required supplier, including all future updates, supplements, and modifications (the "POS System"). The POS System includes all hardware and software used in the operation of the Restaurant, including electronic point-of-sale cash registers and any software we may designate to record and analyze sales, labor, inventory, product usage, employee information and tax information. The POS System also will include any credit card processing system we designate. You agree that in connection with any credit, debit and/or charge card payments you receive, you will adhere to, and cause any service provider or third party-provided payment applications to adhere to cardholder data security standards according to the then-current PCI (Payment Card Industry) Data Security Standards. You will be responsible for any costs and expenses related to compliance with such standards and/or related audits. You must provide us with evidence of such compliance at our request. You also must provide notice to us of any potential or actual data security breach relating to cardholder data.

The computer software package developed for use in the Restaurant may include proprietary software. You may be required to license the proprietary software from us, or a third party and you also may be required to pay a software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the POS System. You must, at all times, have at the Authorized

Location Internet access with a form of high-speed connection as we require, and you must maintain an email account for the Restaurant.

E. On-line Ordering Software Application. You must purchase an On-line Ordering Software Application from our required supplier, including all future updates, supplements, and modifications (the "On-Line Ordering App"). The On-line Ordering App includes software used in the operation of on-line ordering system for your Restaurant.

You will be required to directly pay our Approved Vendor their then-currently monthly software subscription or Franchisor. If collected by Franchisor, payment shall be made on the 1st of each month by ACH. We reserved the right to required, with 30 days prior written notice, that this fee be paid by other means or on a different periodic basis. You will also be required to participate in all on-line ordering promotions and pay for the expense.

F. Franchise Management Software. You will be required to use our approved Franchise Management Software. You will be given access to our Franchise Management Software portal which contains our Confidential Operations Manual and other forms of resources to guide you with your Franchise Business. We will collect a subscription fee of $50.00 per month, which will be due and payable to us on the 1st of each month by electronic bank (ACH). We reserve the right to require, with 30 days prior written notice, this fee be paid by other means or on a different periodic basis.

G. Serving and Promotional Items. All sales promotion material, customer goodwill items, cartons, containers, wrappers, and paper goods, eating and serving utensils and other items, and customer convenience items used in the sales promotion, sale and distribution of products covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Trademarks. You must purchase these items from our Approved Suppliers.

H. Health and Sanitation. Your Restaurant must be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. You also must comply with any standards that we prescribe. In addition to complying with such standards, if the Restaurant is subject to any sanitary or health inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you must immediately notify us of such failure or noncompliance. In addition, Franchisor may, in its sole discretion, contract with a third party to conduct sanitation and food safety audits of your Restaurant periodically throughout the Term of this Agreement.

I. Evaluations. We or our authorized representative have the right to enter your Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, ingredients and products, as well as the storage, preparation and formulation and the conditions of sanitation and cleanliness in the storage, production, handling and serving. Any failure of an inspection is a default under Section 13.A of this Agreement. Further, if we determine that any condition in the Restaurant presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the Restaurant until the situation is remedied to our satisfaction. Our inspections and evaluations may include a "mystery shopper" program from time to time throughout the term of this Agreement. If you fail an evaluation by us or by a mystery shopper or if we receive a specific customer complaint, you must pay the costs and expenses of subsequent "mystery shopper" visits.

J. Period of Operation. Subject to any contrary requirements of local law, your Restaurant must be opened to the public and operated during the days and times set forth in the Operations Manual. You acknowledge and agree that if your Restaurant is closed for a period of two consecutive days or five or more days in any 12-month period without our prior written consent, such closure constitutes your voluntary abandonment of the franchise and business, and we have the right, in addition to other remedies provided for herein, to terminate this Agreement. Acts of force majeure, as defined in subparagraph 16.M, that prevent you from complying with the foregoing will not constitute an abandonment of the franchise business as noted in this Section 6.H.

K. Operating Procedures. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques, and management systems described in our Operations Manual or other written materials relating to product preparation, menu, storage, uniforms, financial management, equipment, facility, and sanitation. We may also require you to use third party delivery services such as Grubhub, Uber Eats and DoorDash. We will revise the Operations Manual and these standards, procedures, techniques, and management systems periodically to meet changing conditions of retail operation in the best interest of Restaurants operating under the Trademarks. Any required standards exist to protect our interests in the System and the Trademarks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. You must use your best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all time treat the Operations Manual, and the information it contains, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. You acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

The replacement cost for an Operations Manual is $500. We reserve the right to change the replacement cost at any time with 30 days written notice.

L. Confidential Information. You, the Operating Partners, and your manager may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell, or use for the benefit of any other person or entity Confidential Information, except to such employees that must have access to it to operate the Restaurant. For purposes of this Agreement, "Confidential Information" means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the Operations Manual or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurant, as well as the content of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, proprietary ingredients, secret formulas and recipes, customer lists, methods, procedures, suggested pricing, specifications, processes, materials, techniques, and other data, may not be used for any purpose other than operating the Restaurant. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a majority interest in the franchise, the Operating Partners, your manager, and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Restaurant as well as to your landlord.

M. Catering and Delivery Services. If you want to offer catering or delivery service to customers, you must obtain our prior written approval. Any catering or delivery services must meet our written standards. You also must charge the same price for products offered by the Restaurant whether delivered or catered by or sold in the Restaurant. Any income from catering or delivery services must be included in Gross Sales for purposes of your Royalty Fee and National Marketing Fee. If you are approved for catering it shall be conducted in your Designated Territory.

N. Compliance with Law. Licenses and Permits. You must at all times maintain your premises and conduct your Restaurant operations in compliance with all applicable laws, regulations, codes, and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your Restaurant.

You must stock and maintain all related supplies in compliance with the Manual and must at all times comply with (a) all federal, state, city, local and municipal licensing, insurance and other laws, regulations, and requirements applicable to the Restaurant.

You acknowledge that you are an independent business and responsible for control and management of your Restaurant, including, but not limited to, the hiring and discharging of your employees, setting work schedules, maintaining all employment records, and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility, or liability in respect to the hiring, discharging employees, setting work schedules, maintaining all employment records, and setting and paying of wages or related matters.

You must immediately notify us in writing of any claim; litigation or proceeding that arises from or affects the operation or financial condition of your Blue Burro™ business or Restaurant, including any notices of health code violations.

O. Participation in Internet Websites or Other Online Communications. We may require you, at your expense, to participate in our Blue Burro™ website on the Internet, our intranet system or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Trademarks, participate in any website or social media platform that markets goods and services similar to a Blue Burro™ Restaurant, or operate a website for your Restaurant that does not link to our website. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system, or intranet system. Your general conduct on our website and intranet and extranet systems or other online communications (including social media) and specifically your use of the Trademarks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation on our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Trademarks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates.

P. Vending and Gaming Machines, Tickets. You may not, except with our prior written permission, permit any jukeboxes, electronic games, vending machines, ATMs, newspaper racks, entertainment devices, coin- or token-operated machines, or gambling devices or kiosks to be used on the Restaurant premises and may not sell or allow employees to sell any tickets, subscriptions, chances, raffles, lottery tickets or pull tabs.

Q. System Modifications. You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions, or rescissions at your expense, subject to any express limitations set forth in this Agreement.

R. Suggested Pricing Policies. You generally have the right to establish prices for the Menu Items and other products and services you sell. We may, from time to time, suggest prices for the Menu Items and other products and services you sell. We do, however, have the right to modify the Menu Items or System to give us the right to establish prices, both minimum and maximum. Any such modification will be in writing. Unless we modify the Menu Items or our System, any list or schedule of prices we furnish to you is a recommendation only and any decision you make to accept or reject the suggestion will not in any way affect the relationship between you and us.

PERSONNEL AND SUPERVISION STANDARDS

7. Personnel and Supervision Standards

The following provisions and conditions control with respect to personnel, training, and supervision:

A. Supervision. You (if Franchisee is an individual) or one of your owners (if Franchisee is a legal agent) must devote adequate time and best efforts to the management and operation of your Restaurant. You or one of your Managers must devote a minimum of 40 hours per week to managing your Restaurant. You may hire an Assistant Restaurant Leader to assist you in managing the day-to-day operations of the Restaurant. Any Assistant Restaurant Leader or replacement Assistant Restaurant Leader(s) you hire must complete our training as described in subparagraphs 7.B – 7.E. Any Assistant Restaurant Leader(s) or replacement Assistant Restaurant Leader(s) you hire must be trained by us. Any Assistant Restaurant Leader you may hire need not have any interest in Franchisee. The use of an Assistant Restaurant Leader in no way relieves you of your obligations to comply with this Agreement and to ensure that the Restaurant is properly operated.

B. Training. You must comply with all of the training requirements we prescribe for the Restaurant to be developed under this Agreement. You (or if Franchisee is a legal entity your Operating Partner) must complete our Orientation Training Program to our satisfaction.

We will provide our Orientation Training Program to you and your Operating Partner or two additional manager-level employee(s) up to three people, without charging you a fee. The Orientation Training Program fee is included in your Initial Franchise Fee. If you would like us to train more than the three people noted above, or if it becomes necessary to retrain a certain individual, we will charge you our then-current training fee of $1,200 per person. In all instances, you are responsible for paying all costs daily living expenses, including hotel and transportation costs, wages, and worker' compensation insurance for these individuals to attend our Orientation Training Program.

The Orientation Training Program consists of two phases: Phase 1 consists of 21 days at a designated corporate-owned Blue Burro™ location in California and Phase 2 consists of five days on-site assistance (40 hour maximum) at your Restaurant. Specifically, when your Restaurant is ready to open, we will, at our cost, send one of our representatives to your Restaurant to provide opening assistance and support.

The training requirements may vary depending on your experience and the experience of any manager you hire or other factors specific to the Restaurant. In the event you are given notice of default as set forth in subparagraphs 13.A and 13.B, and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. The training of new managers generally occurs at our corporate Restaurant, but we may schedule your training at another site. Under no circumstances may you permit the management of the Restaurant's operation on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

If you request additional training or if we determine that it is necessary to provide you with more training, we may require you to pay us for each additional training day at our then-current daily training fee.

C. Ongoing Training. We may require you, your manager, and other key employees of the Restaurant to attend, at your expense, ongoing training at our training facility, the Authorized Location or other location we designate. If you request training in addition to the initial training program identified above, you must pay to us our then-current daily training fee plus expenses.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever.

E. Attendance at Meetings. You must attend, at your expense, any annual franchise conventions we may hold or sponsor and all meetings relating to new products or product preparation procedures, new operational procedures or programs, training. Restaurant management, sales or sales promotion, or similar topics. If you are not able to attend a meeting or convention, you must notify us prior to the meeting and must have a substitute person acceptable to us attend the meeting.

ADVERTISING

8. Advertising

A. Marketing Fund. You agree to actively promote your Restaurant, to abide by all of our advertising requirements and to comply with the following provisions: Marketing Fund. We have established and administer a System-wide marketing, advertising, and promotion fund to assist in Franchisor's regional and national advertising ("Marketing Fund"). Franchisee shall be required to contribute three percent (3%) or $800 per month whichever is greater of Gross Revenue to the Marketing Fund and which Franchisor may adjust from time to time ("National Marketing Fee"). Payable to and collected by Franchisor, electronic banking (ACH) for the week period from Monday to Sunday for the prior week. National Marketing Fees shall be made as set forth in subparagraph 9.F. All National Marketing Fees will be placed in a Marketing Fund that we own and manage. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund, provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each Restaurant or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost of formulating, developing, and implementing marketing, advertising, and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you with an annual unaudited statement of the financial condition of the Marketing Fund.

B. Required Local Expenditures. You must spend 2% of monthly Gross Revenue or a minimum of $2,500 per month, on local advertisement and promotions above and beyond National

Marketing Fee, to promote and advertise the Restaurant. You will also be required to participate in any local marketing and promotional programs we establish from time to time. Upon our request, you must provide us with itemization and proof of marketing and an accounting of the monies that you have spent for approved local marketing on the 15th of each month for the prior month's expenditure. If you fail to make the required expenditure, we have the right to collect and contribute the deficiency to the Marketing Fund.

C. Grand Opening Marketing. You must spend at least $4,000 and as much as $6,000 on a grand opening campaign which will include promotional elements, merchandise/giveaways, entertainment, decorations, and labor (the "Grand Opening Marketing Campaign") within the first 30 days of the opening date of your Restaurant. All grand opening marketing and promotion must be approved by us. Your Grand Opening Marketing Campaign expenditures will count towards your first-year local advertising requirements.

D. Approved Materials. You must use only such marketing materials (including any print, radio, television, electronic, social media, or other media forms that may become available in the future) as we furnish, approve, or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Restaurant or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities, provided that they are current, in good condition, in good taste and accurately depict the Trademarks.

E. Advertising Cooperatives. We currently have not established a local advertising cooperative. We have the right to designate local advertising markets and if designated, you must participate in and contribute to the cooperative advertising and marketing programs in your designated local advertising market. If established, you must direct your local advertising expenditure to the advertising cooperative, which is separate from the payment of the National Marketing Fee. Each Blue Burro™ Restaurant, within a designated local advertising area is a member of the local advertising cooperative and each Restaurant has one vote on all matters requiring a vote. Each advertising cooperative will be required to adopt governing bylaws that meet our approval. You must obtain our written approval of all promotional and advertising materials, creative execution, and media schedules prior to their implementation. Each advertising cooperative will be required to prepare annual financial statements, which must be made available to all members of the cooperative and to us upon request. Also, each advertising cooperative must submit to us its meeting minutes upon our request. We have the right to require advertising cooperatives to be formed, changed, dissolved, or merged in our sole determination.

F. Gift Cards, Certificates and Checks. You must use and honor only system-wide gift cards, certificates and checks that we designate, and you must obtain all certificates, cards or checks from an Approved Supplier.

FEES, REPORTING AND AUDIT RIGHTS

9. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay us an Initial Franchise Fee of $40,000. If you are signing this Agreement in connection with your rights and obligations under a Multi-Unit Agreement, the Initial Franchise Fee you will pay under this Agreement will be set forth in the Multi-Unit Agreement. The Initial Franchise Fee must be paid at the time you sign this Agreement, is fully earned upon receipt, and except as noted below, is nonrefundable.

Within 30 days of the Effective Date of this Agreement, you may choose to open additional Restaurants (a total of three Restaurants or five Restaurants, including the Restaurant operated under this Agreement) and receive the benefit of a reduced, per Restaurant, Initial Franchise Fee. If you choose to exercise this option, you will be required to pay us the difference between the Initial Franchisee Fee(s) you already paid and the balance owed for the additional Restaurants you agree to open, which will be calculated and paid in accordance with the terms of our then-current form of Multi-Unit Agreement. You also will be required to sign a Multi-Unit Agreement, or if you are already a party to a Multi-Unit Agreement, an addendum to the Multi-Unit Agreement identifying the additional Restaurants you have agreed to open.

B. Uniforms. Prior to the opening of your Restaurant, you must pay us $1,000 for uniforms, merchandise, and restaurant supplies.

C. Royalty Fee. In addition to the Initial Franchise Fee, during the full term of this Agreement, or any Interim Period, and in consideration of the rights granted to you, you must pay us Royalty Fees weekly on Monday of each week for the week period from Monday to Sunday for the prior week, the Royalty Fees of 5% of Gross Revenue.

D. Advertising and Promotional Fee. You must spend on Advertising and Promotional Fee in an amount equal to 2% of Gross Revenue or a minimum of $2,500 per month. You will be required to provide us with proof of your expenditures that you pay to third party vendors on the 15th of each month for the prior month's expenditures.

E. Marketing Fund. You must pay us a weekly National Marketing Fee in an amount equal to 3% or $800 per month whichever is greater of Gross Revenue. Payable to and collected by Franchisor, electronic banking (ACH) for the week period from Monday to Sunday for the prior week These fees are not held by us in trust and become our property to be spent in accordance with Paragraph 8 A of this Agreement.

F. Blue Burro Online Ordering App. Franchisee shall pay the approximate sum of $150 per month paid to a third party vendor or the Franchisor for the use of the online ordering app.

G. Computations and Remittances. Except for the Initial Franchise Fee, you must compute all amounts due and owing at the end of each weekly period from Monday to Sunday and remittance for the amounts must be made to us upon receipt of the invoice statement on Monday, accompanied by the reports required by subparagraph 9.J of this Agreement. We reserve the right to change the reporting day of the week for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require you to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us any amounts that we may hold from time to time on your behalf or that we owe to you.

H. Electronic Transfer of Funds. You must sign an electronic transfer of funds authorization, attached as Schedule D, to authorize and direct your bank or financial institution to transfer electronically, on a weekly basis, the Royalty Fee, and National Marketing Fee directly to our account and to charge to your account all amounts due to us. You must maintain a balance in your account sufficient to allow us to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph.

I. Interest Charges: Late Fees. Any and all amounts that you owe to us will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In addition to interest charges on late Royalty Fee and National Marketing Fee payments, you must pay to us a service charge of 10% of the delinquent amount for each delinquent report or payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons (i) we do not receive the payment on or before the date due, or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

J. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your Restaurant operations. You must compile, keep, and submit to us the books, records and reports on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Restaurant must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we approve. You must provide this information to us according to reporting formats, methodologies, and time schedules that we establish from time to time. You also must preserve and retain the books, records, and reports for not less than five years. You must allow us electronic and manual access to any and all records relating to your Restaurant.

K. Reports and Audit. Within ten days after the end of each month, you must submit to us a report on your Gross Sales with respect to the preceding month in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month (i) amount of Gross Sales and gross receipts of the Restaurant, amount of sales tax and the computation of the Royalty Fee and the National Marketing Fee, (ii) quantities of products purchased and the sources from which each were obtained, (iii) copies of your most recent sales tax return, sales summary and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items (iv) if requested by us to verify your Gross Revenue, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. In the event that any such evaluation or audit reveals any understatement of 2% or more of your Gross Revenue, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to three years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Revenue at any time, or if a subsequent audit or evaluation conducted within the three-year period reveals any understatement of your Gross Revenue of 2% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us from your lack of cooperation shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subparagraph 11.D.8 or where your information is grouped with similar information from other Restaurants to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

YOUR OTHER OBLIGATIONS; NON-COMPETE COVENANTS

10. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due (i) all payments, obligations, assessments and taxes due and payable to us and our vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business, (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Restaurant or business, and (iii) all accounts and other indebtedness of every kind incurred by you in operating the Restaurant or business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

B. Indemnification. You waive all claims against us for damages to property or injuries to persons arising out of the operation of your Restaurant. You must fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your Restaurant (regardless of cause or any concurrent or contributing fault or negligence of us) or any breach by you or your failure to comply with the terms and conditions of this Agreement. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred.

We waive all claims against you for damages to property or injuries to persons arising out of the operation of our company-owned restaurants. We must fully protect, indemnify and defend you and your affiliates and hold you and them harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of our company-owned Restaurants (regardless of cause or any concurrent or contributing fault or negligence of you) or any breach by us or our failure to comply with the terms and conditions of this Agreement.

C. Insurance. You must purchase and maintain in full force and effect, at your expense insurance that insures both you and us, and any other persons we designate by name. You must obtain your insurance from the source we designate. The insurance policy or policies must be written in accordance with the standards and specifications (including minimum coverage amounts) set forth in writing by us from time to time, and, at a minimum, must include the following (except as different coverages and policy limits may be specified for all franchisees from time to time in writing):

(i) comprehensive general liability insurance including product liability insurance and contractual liability insurance coverage of $1,000,000 per occurrence and $2,000,000 in the aggregate or higher if your state law requires, $5,000 each person for medical expense, and $1,000,000 Personal Injury and Advertising Injury.

(ii) "special" causes of loss coverage forms (sometimes called "All Risk Coverage" or "All Peril Coverage") on the Restaurant, Restaurant improvements and all furniture, fixtures, equipment, supplies, and other property used in the operation of the Restaurant, for **full repay and replacement value**, except that an appropriate deductible clause is permitted, coverage at a minimum of $75,000 each occurrence for Damage to Rented Premises;

(iii) Products and Completed Operations - business interruption insurance covering a minimum of 12 months loss of income, including coverage for our Royalty Fees and advertising fund payments (for example, in the event of a fire or destruction of the premises, the insurance must cover our average royalty payments (based on the previous 12-month timeframe, or if a shorter timeframe, the total operating timeframe for the Restaurant) during the rebuilding process), coverage at a minimum of $2,000,000 Aggregate;

(iv) workers' compensation insurance covering that complies with the statutory requirements of the state in which the Restaurant is located and employer liability coverage with a minimum limit $1,000,000 each Accident/$1,000,00 each Employee for Injury by Disease/$1,000,000 Aggregate for Injury by Disease or higher if your state law requires.

(v) Motor Vehicle Insurance of least $1,000,000 Combined Single Limit Per Accident for Any Auto or higher if your state law requires.

(vi) umbrella liability insurance which also includes employers liability, "Per Location" aggregate limits when multiple Restaurant locations are insured under one comprehensive general liability and umbrella liability policy(cies) coverage with a minimum limit of $5,000,000 each Occurrence / $5,000,000 Products and Completed Operations Aggregate & General Aggregate or higher if your state law requires.

(vii) **Blue Burro Franchise, LLC** named as an additional insured on all liability policies required by this subparagraph,

(viii) severability of interests and/or separation of insureds provisions must be included in the liability policies and all policies must be primary and non-contributing with any insurance policy earned by Blue Burro Franchise, LLC, and

(ix) any other such insurance coverages or amounts as required by law or other agreement related to the Restaurant.

The insurance coverages referenced above must commence as of the date you sign a lease or purchase agreement for the Authorized Location. You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this subparagraph. The Certificate of Insurance must show our status as an additional insured and provide that we will be given 30 days' prior written notice of a material change in or termination or cancellation of the policy. We require you to provide full and complete copies of all insurance policies. We may from time to time modify the required minimum limits and require additional insurance coverages, by providing written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the Blue Burro™ system, standards of liability and higher damage awards. If you do not procure and maintain the required insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the costs to you, together with a reasonable fee for the expenses we incur in doing so. You must pay these amounts to us immediately upon written notice.

D. Noncompete Covenants. You agree that you will receive valuable training. Confidential Information and goodwill that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term "you" as used in this subparagraph 10.D includes, collectively and individually, all Operating Partners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph 10 D.

2. You covenant that during the term of this Agreement or during any Interim Period you will not, except as we otherwise agree to in writing, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with, or have any interest in any Competing Business (as defined below).

3. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the Restaurant or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with, or have any interest in a Competing Business:

a. At the premises of the former Restaurant,

b. Within 25 miles of the former Restaurant, or

c. Within 25 miles of any other business or restaurant using the Blue Burro™ System, whether franchised or owned by us.

For purposes of this Section 10.D, a Competing Business includes any business where 10% or more of its sales include the sale of burritos, shakes and fries.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

TRANSFER OF FRANCHISE

11. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, Restaurant. Consequently, neither your interest in this Agreement nor in the Restaurant may be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Paragraph 11.

1. Any change, pledge, or seizure of any ownership interest in you that affects the ownership of 25% or more of you, or

2. Any change in the general partner of a franchisee that is a general, limited, or other partnership entity, or

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subparagraph 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Restaurant, or in any communication media or any form of advertising, any information relating to the sale of the Restaurant or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Paragraph 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F must be made by submission of our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) and other required information. The application must indicate whether you or an Operating Partner proposes to retain a security interest in the property to be transferred. No security interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer will be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. You must pay us a transfer fee in the amount of 50% of the then current franchise fee . The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership, or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our Blue Burro™ franchise program we are offering at the time of the proposed transfer and sign our then-current form of franchise agreement which may have different terms and conditions.

2. Payment of Amounts Owed. All amounts owed by you to us or your suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which we have any contingent liability must be paid in full.

3. Reports. You must have provided all required reports to us in accordance with subparagraphs 9.J and K.

4. Modernization. You must have complied with the provisions of subparagraph 5.E.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Operating Partner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, you or such Operating Partner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Operating Partner, and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your Restaurant or the parties' business relationship, in the form we designate, releasing us.

7. Training. The assignee must, at your or assignee's expense, comply with the training requirements of subparagraph 7.B.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Restaurant and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Restaurant and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and must not be construed in any manner or form whatsoever as a financial performance representation or claims of success or failure.

9. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

E. Death, Disability, or Incapacity. If any individual who is an Operating Partner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as an Operating Partner, such person or entity must apply for our consent under subparagraph 11.B, pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer, all within 180 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the Restaurant still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subparagraph 11.F.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. In the event the proposed transfer results from a transfer under subparagraphs 11. A 1 through 11. A 3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building equipment, furniture and fixtures, and any leasehold interest used in the operation of your Restaurant. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subparagraphs 11.A 1 through 11.A 2 or insolvency or bankruptcy filing will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subparagraph 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party.

You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested. We then have 30 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us, provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 30-day period, you will be free for 90 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Paragraph 11. You may effect no other sale or assignment of you, this Agreement, or the business without first offering the same to us in accordance with this subparagraph 11.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement. In addition, we may assign certain of our obligations or duties under this Agreement to a sub-franchisor or area developer. For example, a sub-franchisor or area developer may assist us with or provide training or ongoing supervision to our franchisees.

DISPUTE RESOLUTION

12. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted in Section 12 C below), the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.

B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your Restaurant or Authorized Location must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute.

The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your Restaurant is located. The decision of the arbitrator will be final and binding on all parties to the dispute, however, the arbitrator may not under any circumstances (1) stay the effectiveness of any pending termination of this Agreement, (2) assess punitive or exemplary damages, or (3) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

C. Exceptions to Arbitration. Notwithstanding Section 12 B, the parties agree that the following claims will not be subject to arbitration:

1. any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder, and

2. any action in ejectment or for possession of any interest in real or personal property.

D. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the business will be entitled to recover its reasonable attorneys' fees and costs.

DEFAULT AND TERMINATION

13. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Operating Partner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us, conviction of you, an Operating Partner, or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Trademarks or the Restaurant, any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any Operating Partner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions

1. Termination After Opportunity to Cure. Except as otherwise provided in this subparagraph 13 B or elsewhere in the Agreement (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have ten days to cure those defaults, (ii) your failure to cure a default within the 30-day or ten-day period will provide us with good cause to terminate this Agreement, (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination, and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination any material misrepresentation or omission in your franchise application, your voluntary abandonment of this Agreement or the Authorized Location, the loss of your lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to reopen or relocate under subparagraph 5.D, the closing of the Restaurant by any state or local authorities for health or public safety reasons, failure to locate a site for your Restaurant within 8 months after signing this Agreement, failure to complete our initial training program, any unauthorized use of the Confidential Information, insolvency of you, an Operating Partner, or guarantor, you, an Operating Partner, or guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, any default under this Agreement that materially impairs the goodwill associated with any of the Trademarks, conviction of you, any Operating Partners, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges, or any misdemeanor that brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the Restaurant, intentionally understating

or underreporting Gross Sales, Royalty Fees or National Marketing Fees or any understatement or 2% variance on a subsequent audit within a 3 year period under subparagraph 9.J, violation by you of the provisions of subparagraph 15.P, any unauthorized transfer or assignment in violation of Paragraph 11 or any default by you that is the third same or similar default within any 12-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that violates any health safety or sanitation law or regulation, violates any system standard as to food handling, cleanliness, health and sanitation, or if the operation of the Restaurant presents a health or safety hazard to your customers or to the public (i) you will have no more than 24 hours after we provide written notice of the default to cure the default, and (ii) if you fail to cure the default within the 24 hour period, this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a provision of this Agreement provided that (i) you provide us with written notice of the breach that identifies the grounds for the breach, and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 30 days after our receipt of your written notice of breach. Your termination of this Agreement under this Paragraph will not release or modify your Post-Term obligations under Paragraph 14 of this Agreement.

POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement, or the expiration of any Interim Period:

A. Reversion of Rights Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct-business under the Trademarks at the Authorized Location will revert to us without further act or deed of any party. All of your right, title, and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Restaurant (although we will not assume any past due obligations). You must immediately comply with the post-term non-compete obligations under subparagraph 10.D, cease all use and display of the Trademarks and of any proprietary material (including the Operations Manual) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Restaurant and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us or our designees and all sums you owe to third parties that have been guaranteed by us. You must immediately return to us, at your expense, all copies of the Operations Manual, Confidential Information, and customer lists then in your possession or control or previously disseminated to your employees and continue to comply with confidentiality provisions of subparagraph 6.J. You must promptly at your expense and subject to subparagraph 14.B, remove or obliterate all Restaurant signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant as to differentiate the Restaurant unmistakably from duly licensed restaurants identified by the Trademarks. If, however, you refuse to comply with the provisions of the preceding sentence within 30 days, we have the right to enter the Authorized Location and remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim

Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Restaurant that are owned by you or any of your affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, and inventory of the Restaurant at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Restaurant's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement, or the expiration of any Interim Period. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

The price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a Blue Burro™ Restaurant and the appraiser will designate a price for each category of asset (e g, land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Trademarks and the System.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. We and you will each pay one-half of the appraiser's fees and expenses. Our interest in the assets of the Restaurant that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefore and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

C. Option to Purchase. If we do not exercise our option to purchase under this subparagraph, you may sell or lease the Restaurant premises to a third party purchaser, provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of two years after the expiration or termination of this Agreement, or the expiration of any Interim Period, not to use the premises for the operation of a Restaurant business that has a menu or method of operation similar to that employed by our company-owned or franchised Restaurants. You must remove all Restaurant signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and you must reimburse us for our costs we incur in ensuring you are in compliance with this requirement.

D. Claims. You and your Operating Partners and guarantors may not assert any claim or cause of action against us relating to this Agreement or the Blue Burro™ business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement, provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintain unless commenced within the applicable statute of limitations.

GENERAL PROVISIONS

15. The parties agree to the following provisions:

A. Severability. In the event one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, earned out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Schedules and/or standards and as otherwise provided herein, this Agreement may not be waived, altered, or rescinded, in whole or in part, except by a writing signed by you and us.

This Agreement together with all schedules, addenda and appendices to this Agreement constitutes the entire agreement between the parties and supersedes any and all prior negotiations, understandings, representations, and agreements. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or many disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand, or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service, or postage prepaid, and if such notice is a notice of default or termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to Blue Burro Franchise, LLC, 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841.

2. If intended for you, addressed to you at the address set forth on the Data Sheet or at the Authorized Location, or, in either case, to such other address as may have been designated by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization, or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized officers.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. Your spouse and all persons owning any interest in Franchisee, if Franchisee is a corporation, limited liability company, partnership, or other legal entity, must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner pursuant to the provisions of Paragraph 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state where your Restaurant is located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subparagraph 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit, or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Paragraph 12, must be brought in the state or federal district court located in the county or distinct encompassing our headquarters. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and we agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer, or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved, or consented to the product or service or designated or approved the supplier.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the Menu Items and other standards, specifications, and requirements for any franchised restaurant or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such restaurant, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We may from time to time make available to you or require you to purchase goods, products and/or services for use in your Restaurant on the sale of which we may make a profit. Further, we may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products, or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we are entitled to said profits and/or consideration.

P. Interference with Employment Relations. During the term of this Agreement, or during any Interim Period, neither we nor you may employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior 6 months employed in any type of managerial position by the other party or any of its affiliates, or by any franchisee in the system, unless the violating party compensates the former employer for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000, plus attorneys' fees and expenses. This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant to us. The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent they may seek compensation from you.

Q. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, as described in subparagraph 5.A, you do not have the right to, and may not, open and commence operation of a Restaurant at the Authorized Location until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

R. Anti-Terrorism Provision. You and each Operating Partner represent and warrant to us that (a) neither you nor any Operating Partner is named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U S Treasury Department's Office of Foreign Assets Control currently located at www.treas gov/offices/enforcement/ofac/; (b) you and each Operating Partner will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the US Patriot Act (currently located at www.epic.org/pnvacv/terrorism/hr3162.htmll.) US Executive Order 13244 (currently located at www.treas gov/offices/enforcement/ofac/sanctions/terrorism.html) or any similar laws, and (c) you and each Operating Partner shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

S. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

Franchisor: Blue Burro Franchise, LLC

By: ______________________________

Ivan Flores, Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

SCHEDULE A TO THE FRANCHISE AGREEMENT
Data Sheet

1. **Franchise:** ______________________________

   ____

   ____

   Tel: ______________________________
   Email: ______________________________

2. **Operating Partner.** You represent and warrant to us that the following person or entity, and only the following person or entity, will be your Operating Partner:

Name	Home Address	Percentage of Ownership

3. **Authorized Location.** As stated in subparagraph 2.A of the Franchise Agreement, the Authorized

   Location is: ____

   ____

4. **Designated Territory.** As stated in subparagraph 2.C of the Franchise Agreement, the Authorized Territory under this Agreement shall mean:

   ____

   ____

   ____

Effective Date: ____________________

[Signatures on following page]

By signing below, you acknowledge that the Authorized Location noted above was chosen and approved by you.

Franchisor: Blue Burro Franchise, LLC

By: ________________________________
Ivan Flores, Chief Executive Officer

____

Franchisee:

By: ________________________________

Printed Name: ________________________________

Its: ________________________________

DATA SHEET

DESIGNATED TERRITORY MAP

SCHEDULE B TO THE FRANCHISE AGREEMENT
Trademarks

You have the right to use the following Trademarks in accordance with the terms of the Franchise Agreement:

Mark	Registration Number	Registration Date
Blue Burro (Word Mark)	6092597	June 30, 2020
BLUE BUR•RO™ BURRITOS • SHAKES • FRIES	6115022	July 28, 2020
B•B	6096448	July 7, 2020

We may amend these Schedules from time to time in order to make available additional Trademarks or to delete those Trademarks that become unavailable. You agree to use only those Trademarks that are then currently authorized.

The Trademarks must be used only in the manner that we specify. No deviations will be permitted.

SCHEDULE C TO THE FRANCHISE AGREEMENT
Addendum to Lease

The Addendum to Lease ("Addendum"), dated ____________, 20___, is entered into between _______________________ ("Landlord") and ________________________("Tenant").

RECITALS

The parties have entered into a Lease Agreement, dated _________, 20___ (the "Lease"), pertaining to the premises located at ____ (the "Premises").

The Landlord acknowledges that Tenant intends to operate a Blue Burro™ Restaurant ("Restaurant") from the Premises pursuant to Tenant's Franchise Agreement with Blue Burro Franchise, LLC ("Franchisor") dated _______________________ (the "Franchise Agreement"), whereby Tenant will utilize the Blue Burro™ Restaurant name and the Blue Burro™ Marks as Franchisor may designate in the operation of the Restaurant at the Premises.

Landlord further acknowledges that Franchisor has approved Tenant's request to locate its Restaurant on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Addendum are made a part of the Lease.

AGREEMENTS

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Remodeling and Décor

Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Marks and signs on the interior and exterior of the Premises as Tenant is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Restaurant on the Premises. Any remodel of the building and/or its signs shall be subject to Landlord's prior and reasonable approval.

2. Assignment By Tenant.

(a) Tenant does not have the right to sublease or assign the Lease to any third party without Landlord's and Franchisor's written approval.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title, and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptable of the assignment. Franchisor will be responsible for the Lease obligations incurred after the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

3. Default and Notices to Franchisor

(a) Landlord shall send Franchisor copies of all notices of default under the Lease at the same time it provides Tenant with such notice. If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure. Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure Franchisor shall have 15 days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right for Franchisor or its affiliate designee ("Franchise Entity"), to assume the Lease. Franchisor shall have an additional 30 days from the expiration of Tenant's cure period in which to cure the default or violation.

(b) If Franchisor elects to assume the Lease, the Franchisor Entity shall not be required to cure defaults and/or to begin paying rent until Landlord delivers possession of the Premises to the Franchisor Entity. At any time until Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to Landlord.

4. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease

(a) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof, and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within 30 days after receipt of such notice, Landlord shall give Franchisor written notice specifying any defaults of Tenant under the Lease. If Franchisor elects to assume the Lease, Franchisor must cure said defaults consistent with paragraph 3 above.

(b) If the Lease contains term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord shall give Franchisor written notice thereof, and a Franchisor Entity shall have the option, for 30 days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If a Franchisor Entity elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor Entity shall promptly execute and deliver an agreement whereby the Franchisor Entity assumes the Lease, effective at the commencement of the extension or renewal term.

5. Access to Premises Following Expiration or Termination of Lease

Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining possession of the Premises and, if the Franchisor Entity does not elect to assume the Lease for the Premises consistent with subparagraph 3(a) or 4(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the Premises as a Blue Burro™ Restaurant and to make such other modifications (such as repainting) as are reasonably necessary to protect the Blue Burro™ marks and system, and to distinguish the Premises from Blue Burro™ Restaurants. In the event Franchisor exercises its option to purchase assets of Tenant, Landlord must permit Franchisor to remove all such assets being purchased by Franchisor.

6. Assumption and Subsequent Assignment By Franchisor

If Franchisor elects the Lease under paragraph 2, or unilaterally assumes the Lease as provided for in paragraphs 3 or 4, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor, upon taking possession of the Premises, shall cure any default specified by Landlord within the timeframes noted herein and shall execute and deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor assumes Tenant's interests under the Lease, the Franchisor may, at any time, assign such interests or sublet the Premises to a Blue Burro™ franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy franchisee who otherwise meets Franchisor's then-current standards and requirements for franchisees and agrees to operate the Restaurant as a Blue Burro™ Restaurant pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, the Franchisor shall thereupon be released from all liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

7. Access to Premises During Lease

As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement.

8. Additional Provisions

(a) Landlord hereby acknowledges that the provisions of this Addendum to Lease are required pursuant to the Franchise Agreement under which Tenant plans to operate its business and the Tenant would not lease the Premises without this Addendum.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and the Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Landlord has entered into this Addendum to Lease with full understanding that it creates no duties, obligations or liability of or against Franchisor or any affiliate of Franchisor, unless and until the Lease is assigned to, and accepted in writing by. Franchisor.

(c) All notices to Franchisor required by this Addendum must be in writing and sent by registered or certified mail, postage prepaid, to the following address:

Blue Burro Franchise, LLC
7245 Garden Grove Blvd, Suite E
Garden Grove, California 92841
Attn: Ivan Flores

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

9. Sales Reports

If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Restaurant.

10. Conflicts.

In the event of a conflict between the terms of the Lease and the terms set in this Addendum, the terms set forth herein shall govern. In the event of a conflict between notices provided to landlord by Tenant and Franchisor, the notices of Franchisor shall prevail.

11. Miscellaneous

Any waiver excusing or reducing any obligation imposed by this Addendum shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Addendum shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Addendum is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Addendum shall be binding upon and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Addendum sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Addendum. This Addendum may only be amended by written agreement duly executed by each party.

[Signatures on following page]

IN WITNESS WHEREOF, this Addendum is made and entered into by the undersigned parties as of ______________________________, 20_____.

LANDLORD: ____

By: ____________________________________

Printed Name: ____________________________

Its: ____________________________________

FRANCHISEE: ____

By: ____________________________________

Printed Name: ____________________________

Its: ____________________________________

SCHEDULE D TO THE FRANCHISE AGREEMENT
Electronic Transfer of Funds Authorization

Attention: Bookkeeping Department

The undersigned hereby authorizes Blue Burro Franchise, LLC, or any affiliated entity (collectively, “Franchisor”) to initiate weekly ACH debt entries against the account of the undersigned with you in payment of amounts for Royalty Fees, National Marketing Fees, or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit entries.

We also need a VOIDED CHECK

Account Name

____
Bank Name

____
Branch

____
Street Address

____
City State Zip Code

____
Bank Telephone Number

____
Bank Routing Number

____
Customer’s Account Number

Sincerely yours,

____

____
Street Address

____
City State Zip Code

____
Telephone

By: ______________________________

Its: ______________________________

Date: ______________________________

SCHEDULE E TO THE FRANCHISE AGREEMENT
Telephone Assignment Agreement

This Assignment Agreement (the "Assignment") is made, and entered into, between Blue Burro Franchise, LLC., a California limited liability company (the "Company") and the undersigned ___________, (the "Franchisee").

RECITALS

A. The Company has developed a unique system for the establishment and operations of a restaurant featuring Burritos, Shakes and Fries and other products and beverage items concept, served in a distinctive atmosphere for retail sale to the public (the "System"),

B. The Company and Franchisee have entered into a Franchise Agreement dated _______________(the "Franchise Agreement"), pursuant to which Franchisee was granted the right to operate a Blue Burro™ Restaurant under the System, and

C. It is the desire of and in the best interests of Company and the System that in the event the Franchise Agreement terminates or expires, the telephone numbers, telephone directory listings and internet addresses used by Franchisee in connection with the operation of its Blue Burro™ Restaurant are assigned to Company.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing and Company agreeing to enter into the Franchise Agreement, Company and Franchisee agree as follows:

1. Franchisee hereby agrees to assign to Company (i) those certain telephone numbers and regular, classified, or other telephone directory listings used by Franchisee in connection with operating the Blue Burro™ Restaurant (collectively, the "Numbers and Listings") and (ii) those certain Internet Web Site addresses ("URLs") associated with the Blue Burro™ trademarks and service marks and used from time to time by Franchisee in connection with the operation of its Blue Burro™ Restaurant.

2. This Assignment is for collateral purposes only and, except as specified herein, Company will have no liability or obligation of any kind whatsoever arising from or in connection with Franchisee's use of the Numbers and Listings and the URLs, unless and until Company notifies the telephone company and the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company") and Franchisee's Internet service provider ("ISP") to effectuate the assignment pursuant to the terms hereof.

3. Upon termination or expiration of the Franchise Agreement (without renewal or extension), Company will have the right and is hereby empowered to effectuate the assignment of the Numbers and Listings and the URLs to itself or to any third party it designates. In the event Company exercises its assignment rights Franchisee will have no further right, title or interest in the Numbers and Listings or the URLs, provided, however, Franchisee will remain liable to the Telephone Company and the ISP for any and all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment.

4. Franchisee acknowledges and agrees that as between Company and Franchisee, upon termination or expiration of the Franchisee Agreement, Company will have the sole right to and interest in the Numbers and Listings and the URLs, and Franchisee appoints Company as Franchisee's true and lawful attorney-in-fact to direct the Telephone Company and the ISP to assign the same to Company and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company and the ISP to assign the

Numbers and Listings and the URLs to Company. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Numbers and Listings and the URLs to Company, Company will direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Company.

5. The parties agree that the Telephone Company and the ISP may accept Company's written direction, the Franchise Agreement, or this Assignment as conclusive proof of Company's exclusive rights in and to the Numbers and Listings and the URLs upon such termination or expiration of the Franchise Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP's receipt of such notice from Company 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, Company'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.

Agreed to this ______________ day of _____________, 20____

Franchisor: Blue Burro Franchise, LLC

By: ______________________________________
Ivan Flores

Its ______________________________________
Chief Executive Officer

Franchisee:

By: ______________________________________

Printed Name: ________________________________

Its: ______________________________________

SCHEDULE F TO THE FRANCHISE AGREEMENT
Personal Guarantee and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement

In consideration of the execution of the Franchise Agreement by between Blue Burro Franchise, LLC ("we" or "us") and ______________________ dated____________________________, for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in subparagraph 10.D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person, and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE:

PERSONAL GUARANTORS:

______________________________	______________________________
Individually	Individually
______________________________	______________________________
Print Name	Print Name
______________________________	______________________________
Address	Address
______________________________	______________________________
City State Zip Code	City State Zip Code
______________________________	______________________________
Telephone	Telephone

SCHEDULE G TO THE FRANCHISE AGREEMENT
Addendum to Blue Burro™ Franchise Agreement

This Addendum to the Franchise Agreement ("Addendum"), dated __________________, 20____, is entered into between ________________________ ("Franchisee"), and Blue Burro Franchise, LLC ("Franchisor").

RECITALS

A. The parties have entered into ______ separate Franchise Agreements, all dated, ________________, 20______ , relating to the development and operation of Blue Burro™ Restaurant around the following locations:(1) ____________________ (the "Agreement"), (2) ____________________ (the " Agreement"), (3) ____________________ (the " Agreement"), (4) _________________________(the " Agreement"), and (5)_________________________ (the " Agreement").

B. The parties desire to amend Sections 2.A and 2.B of the Agreement in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Franchisor and Franchisee agree that the Agreement is hereby modified as follows:

1. Paragraph 2.A is deleted in its entirety and replaced with the following:

   A. Authorized Location. We grant to you the right and license to establish and operate a Restaurant identified by the Blue Burro™ Trademarks or such other marks as we may direct at the location identified on the Data Sheet, which location must be designated within ________ days from the date of this Agreement (the "Authorized Location"). When a location has been designated by you and you have received a non-objection (approval) notice from us, it will become part of this subparagraph 2.A as originally stated. If an Authorized Location is not designated by you and approved by us within ___ days from the date of this Agreement, we may terminate this Agreement. You accept the license and undertake the obligation to operate the Restaurant at the Authorized Location using the Trademarks and the System in compliance with the terms and conditions of this Agreement.

2. Paragraph 2.B is deleted in its entirety and replaced with the following:

   B. Opening. You agree that the Restaurant will be open and operating in accordance with the requirements of subparagraph 5.A within ___ to ___ days from the date of this Agreement unless we authorize in writing an extension of time. Before you open your Restaurant for business, we will inspect your Restaurant and provide you with a Certificate of Opening.

[Signature on following page]

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

Franchisor: Blue Burro Franchise, LLC

By: ______________________________
Ivan Flores

Its ______________________________
Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

SCHEDULE H TO THE FRANCHISE AGREEMENT
Acknowledgment Addendum to Blue Burro™ Franchise Agreement

Note to California Franchisees: California franchisees should not complete the Questionnaire and if any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and franchisor will destroy, disregard, and will not rely on such Questionnaire.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

As you know, you and we are entering into a Franchise Agreement for the operation of a Blue Burro™ franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

4. Was any oral, written, or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document"?
Check one (__) Yes (__) No. If yes, please in detail the oral, written, or visual claim or representation:
____
____

5. Do you understand that the site selection process will take many months and, in some instances, more than one year? Do you understand that the Initial Franchise Fee is not refundable in the event you are unable to locate a site that meets our site selection criteria?
Check one (__) Yes (__) No. If no, please comment:

____

____

6. Did any employee or other person speaking on behalf of Blue Burro Franchise, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document"?
Check one (__) Yes (__) No. If yes, please comment:

____

____

7. Except as stated in Item 19, did any employee or other person speaking on behalf of Blue Burro Franchise, LLC make any oral, written, or visual claims, statement, promise or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income, or profit levels at any Blue Burro™, location or business, or the likelihood of success at your franchised business?
Check one (__) Yes (__) No. If yes, please in detail the oral, written, or visual claim or representation:

____

____

8. Do you understand that that the franchise granted is for the right to operate a Restaurant at the Authorized Location within the Designated Territory only and that we have the right to issue franchises or operate competing businesses for or at locations outside your Designated Territory and through alternate channels of Distribution?
Check one (__) Yes (__) No. If yes, please comment:

____

____

9. Do you understand that the Franchise Agreement and Disclosure Document contain the entire agreement between you and us concerning the franchise for the Restaurant, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding?
Check one (__) Yes (__) No. If yes, please comment:

____

____

10. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subparagraph 10.D and that an injunction is an appropriate remedy to protect the interest of the Blue Burro™ system if you violate the covenant(s))? Further, do you understand that the term "you" for purposes of the non-compete covenants is defined broadly in subparagraph 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default, and termination of the Franchise Agreement?
Check one (__) Yes (__) No. If no, please comment:

____

____

11. On the receipt pages of your Disclosure Document you identified ________________________ as the franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction?
Check one (__) Yes (__) No. If no, please identify any additional franchise sellers involved with this transaction:
____
____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OPERATING PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT

Signed:	______________________	Signed:	______________________
Print Name:	______________________	Print Name	______________________
Date:	______________________	Date:	______________________
Signed:	______________________	Signed:	______________________
Print Name:	______________________	Print Name	______________________
Date:	______________________	Date:	______________________

Franchisor: Blue Burro Franchise, LLC

By: ______________________________
Ivan Flores, Chief Executive Officer

*All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT D
TO THE FRANCHISE DISCLOSURE DOCUMENT

MULTI UNIT AGREEMENT

MULTI-UNIT AGREEMENT

By and Between

BLUE BURRO FRANCHISE, LLC

and

____

(Franchisee)

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APPENDICES

BLUE BURRO FRANCHISE, LLC

MULTI UNIT AGREEMENT

This Multi-Unit Agreement is made this day _____of _______________ , 20___ , between Blue Burro Franchise, LLC, a California limited liability company (the “Company”) with its principal business located at 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841 ("we" or "us"), and "Developer" or "you" as identified on the Data Sheet attached as Appendix A (the "Data Sheet"). If the developer is a corporation, partnership or limited liability company, certain provisions of the Agreement also apply to your owners and will be noted.

RECITALS

A. The Company has developed a unique system for the establishment and operation of a restaurant featuring Burritos, Shakes and Fries and other products and beverage items concept, served in a distinctive atmosphere for retail sale to the public.

B. TBS Holding Company, LLC is the owner of the Trademarks and licenses the Trademarks to Blue Burro Franchise, LLC and other trademarks used in connection with the operation of a Blue Burro™ Restaurant.

C. You desire to develop and operate several Blue Burro™ Restaurant; and

D. We have agreed to grant you the right to develop several Blue Burro™ Restaurants subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. "Gross Revenue" includes the total revenues and receipts from the sale of all products, services and merchandise sold in your Restaurants, whether under any of the Trademarks or otherwise, including any catering or delivery services, cover charges or fees, in your Restaurants or on the premises and all revenues derived from any type of authorized vending machines Gross Sales excludes sales tax.

B. "Menu Items" means Burritos, Shakes and Fries, and other products prepared according to our specified recipes and procedures, as we may modify and change from time to time.

C. "Manual" or "Operations Manual" means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures, and recommendations for your Blue Burro™ Restaurant, all of which we may change from time to time.

D. "Restaurants" means the Blue Burro™ Restaurants you develop and operate pursuant to this Agreement.

E. "System" means the Blue Burro™ System, which consists of distinctive food and beverage products prepared according to special and confidential recipes and formulas with unique storage, preparation, service and delivery procedures and techniques, offered in a setting of distinctive exterior and interior layout, design and color scheme, signage, furnishings and materials and using certain distinctive types of facilities, equipment, supplies, ingredients, business forms, training materials, manuals, sales techniques, methods and procedures, all of which we may modify and change from time to time.

F. "Trademarks" means the Blue Burro™ Trademarks that have been filed with the United States Patent and Trademark Office ("USPTO") and the trademarks, service marks and trade names set forth in each Franchise Agreement, as we may modify and change from time to time, and the trade dress and other commercial symbols used in the Restaurants. Trade dress includes the designs, color schemes and image we authorize you to use in the operation of the Restaurants from time to time.

GRANT OF DEVELOPMENT RIGHTS

2. The following provisions control with respect to the rights granted hereunder:

A. We grant to you, under the terms and conditions of this Agreement, the right to develop and operate (_______) Blue Burro™ Restaurants (the "Restaurants").

B. You are bound by the development schedule ("Development Schedule") set forth in Appendix B. Time is of the essence for the development of each Restaurant in accordance with the Development Schedule. Each Restaurant must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.

C. The rights granted under this Agreement are limited to the right to develop and operate Restaurants and do not include any right to (i) sell products and Menu Items identified by the Trademarks at any location other than the Restaurants, (ii) sell products or Menu Items through alternative channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (iii) sell products and Menu Items identified by the Trademarks to any person or entity for resale or further distribution, or (iv) exclude, control or impose conditions on our development or operation of franchised, company or affiliate owned Restaurants at any time or at any location. You may not use the word Blue Burro™ or any of the other Trademarks as part of the name of your corporation, partnership, limited liability company or other similar entity.

You acknowledge and agree that we have the right to operate and franchise others the right to operate restaurants or any other business under the Trademarks or any trademarks other than the Blue Burro™ Trademarks without paying you any compensation. We also have the right to offer, sell or distribute any products or services associated with the System (now or in the future) under the Trademarks or any other trademarks, service marks or trade names or through any distribution channel or method, all without paying you any compensation. The distribution channels or methods include, without limitation, grocery stores, club Restaurants, wholesale, business, or industry locations (eg manufacturing site, office building), military installations, military commissaries, or the Internet (or any other existing or future form of electronic commerce).

You acknowledge and agree that we have the sole and exclusive right to develop or franchise Blue Burro™ Restaurants at the following locations (1) military bases, (2) public transportation facilities, (3) sports facilities, including racetracks, (4) student unions or other similar buildings on college or university campuses, (5) amusement and theme parks, and (6) community and special events ("Special Sites").

D. This Agreement is not a Franchise Agreement and you have no right to use in any manner the Trademarks by virtue of this Agreement. You have no right under this Agreement to sublicense or sub-franchise others to operate a business or Restaurant or use the System or the Trademarks.

MULTI UNIT FEE

3. You must pay a Multi-Unit Fee as described below:

A. As a Developer, you will pay an Initial Franchise Fee for each Restaurant you agree to develop under the terms of this Agreement. Specifically, if you agree to develop three Restaurants, your Initial Franchise Fee for the first Restaurant will be $40,000 and $50,000 for the second and third Restaurant. If you agree to develop five Restaurants, your Initial Franchise Fee for each Restaurant will be $40,000 for the first Restaurant and $100,000 for Restaurants two, three, four and five.

As consideration for the rights granted in this Agreement, you must pay us a "Multi-Unit Fee" based upon the number of Restaurants you agree to develop and operate. If you agree to open three Restaurants, your Multi-Unit Fee will be $90,000 ($40,000 x 1 and $25,000 x 2). If you agree to open five Restaurants, your Multi-Unit Fee will be $140,000 ($40,000 x 1 and $25,000 x 4).

You will pay the total Multi-Unit Fee upon the signing this Agreement. The Multi-Unit Fee is consideration for this Agreement and not consideration for any Franchise Agreement, if fully earned by us upon receipt and is non-refundable.

You shall pay the total Multi-Unit Fee upon signing this Agreement, (and, thereby the entire Initial Franchise Fee for each Restaurant you agree to open), you also will be required to sign a Franchise Agreement for each Restaurant you agree to open. Under this option, if you agree to open three Restaurants, you will have three years to open all three Restaurants. If you agree to open five Restaurants, you will have four years to open all five Restaurants.

B. You must submit a separate application for each Restaurant to be established by you as further described in Section 4. Upon our receipt and review of the application, a separate Franchise Agreement must be executed for each such Restaurant. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Restaurant.

DEVELOPMENT SCHEDULE

4. The following provisions control with respect to your development rights and obligations:

A. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Restaurants described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the opening date for each Restaurant and (ii) the cumulative number of Restaurants to be open and continuously operating for business. If you fail to either execute a Franchise Agreement or to open a Restaurant according to the dates set forth in the Franchise Agreement, we have the right to immediately terminate this Agreement pursuant to Section 7.B.

B. You may not develop a Restaurant unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requesting that we send you our then current disclosure documents, (b) confirming your intention to develop your next Restaurant and (c) sending us all information necessary to complete the Franchise Agreement for the particular Restaurant, and (ii) all of the following conditions have been met (these conditions apply to each Restaurant to be developed under the terms of this Agreement):

1. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Restaurant, financial statements and other information regarding you, the operation of any of your other Restaurants and the development and operation of the proposed Restaurant (including, without limitation, investment and financing plans for the proposed Restaurant) as we may reasonably require.

2. Your Compliance with Our Then-Current Standards for Franchisees. You must receive written confirmation from us that you meet our then-current standards for franchisees, including financial capability criteria for the development of a new Restaurant. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Restaurants and preserve and enhance the reputation and goodwill of all Blue Burro™ Restaurants and the goodwill of the Trademarks. Our confirmation that you meet our then-current standards for the development of a new Restaurant, however, does not in any way constitute a guaranty by us as to your success.

3. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Restaurants.

4. Execution of Franchise Agreement. You and we must enter into our then-current form of Franchise Agreement for the proposed Restaurant. You understand that we may modify the then-current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Restaurant must be in accordance with the terms of the applicable Franchise Agreement.

C. Upon the execution of the Franchise Agreement for the proposed Restaurant, the terms, and conditions of the Franchise Agreement regarding site selection and construction will control.

D. You must construct and equip each Restaurant in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, design, and layout of the building. You may not commence construction on any Restaurant until you have received our written consent to your building plans.

E. You acknowledge that you have conducted an independent investigation of the prospects for the establishment of the Restaurants and recognize that the business venture contemplated by this Agreement involves business and economic risks and that your financial and business success will be primarily dependent upon the personal efforts of you and your management and employees. We expressly disclaim the making of, and you acknowledge that you have not received, any estimates, projections, warranties, or guaranties, express or implied, regarding potential gross sales, profits, earnings, or the financial success of the Restaurants you develop.

F. You recognize and acknowledge that this Agreement requires you to open Restaurants in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all the Restaurants on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Restaurants, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Restaurants.

<u>TERM</u>

5. Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last Blue Burro™ Restaurant is scheduled to be opened under the Development Schedule.

<u>YOUR DUTIES</u>

6. You must perform the following obligations:

A. You must comply with all of the terms and conditions of each Franchise Agreement, including the operating requirements specified in each Franchise Agreement.

B. You and your owners, officers, directors, shareholders, partners, members, and managers (if any) acknowledge that your entire knowledge of the operation of a Blue Burro™ Restaurant and the System, including the knowledge or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information we disclose to you and that certain information is proprietary, confidential and constitutes our trade secrets. The term "trade secrets" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the Internet or other online or computer communications, and any other knowledge or know-how concerning the methods of operation of the Restaurants. You and your owners, officers, directors, shareholders, partners, members, and managers (if any), jointly and severally, agree that at all times during and after the term of this Agreement, you will maintain the absolute confidentiality of all such proprietary information and will not disclose, copy, reproduce, sell, or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us. We may require that you obtain non-disclosure and confidentiality agreements in a form satisfactory to us from the individuals identified in the first sentence of this paragraph and other key employees.

C. You must comply with all requirements of federal, state, and local laws, rules, and regulations.

DEFAULT AND TERMINATION

7. The following provisions apply with respect to default and termination:

A. The rights granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.

B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency, (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority, (iii) you make a general assignment or other similar arrangement for the benefit of your creditors, (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed), (v) execution is levied against your business or property, (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed, (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix B, (viii) you violate the provisions of Section 10.O (ix) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you, or (x) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.

RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:

A. All remaining rights granted to you to develop Restaurants under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any business for which a Franchise Agreement has not been executed by us.

B. You must immediately cease to operate your business under this Agreement and must not thereafter, directly, or indirectly, represent to the public or hold yourself out as a present or former developer of ours.

C. You must take such action as may be necessary to cancel or assign to us or our designee, at our option, any assumed name or equivalent registration that contains the name Blue Burro™ or any other Trademark of ours, and you must furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after termination or expiration of this Agreement.

D. You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified, or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.

E. You must within 30 days of the termination or expiration pay all sums owing to us. If at the time of termination you have not signed a Franchise Agreement for a Restaurant(s) that you agreed to develop under this Agreement, we will not refund any portion of the Multi-Unit Fee you paid to us nor will we charge you any additional fees for these undeveloped Restaurants. All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs, and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

F. All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

TRANSFER

9. The following provisions govern any transfer:

A. We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity

B. This Agreement is entered into by us with specific reliance upon your personal experience, skills, and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer all of your rights and interests under all Franchise Agreements for Restaurants opened pursuant to this Agreement. Accordingly, the assignment terms and conditions of the Franchise Agreements will apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary, or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.

MISCELLANEOUS

10. The parties agree to the following provisions:

A. You agree to indemnify, defend, and hold us and our officers, directors, shareholders, and employees harmless from and against any and all claims, losses, damages, and liabilities, however caused, arising directly or indirectly from, as a result of, or in connection with, the development, use and operation of your Restaurants, as well as the costs, including attorneys' fees, of defending against them ("Franchise Claims"). Franchise Claims include, but are not limited to, those arising from any death, personal injury, or property damage (whether caused wholly or in part through our active or passive negligence), latent or other defects in any Restaurant or your employment practices. In the event a Franchise Claim is made against us, we reserve the right in our sole judgment to select our own legal counsel to represent our interests, at your cost.

B. If one or more clauses of this Agreement are held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses.

C. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach This

Agreement may not be waived, altered, or rescinded, in whole or in part, except by a writing signed by you and us.

D. This Agreement together with all schedules, addenda and appendices to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document we furnished to you.

You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our franchised business and not as a result of representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

E. Except as otherwise provided in this Agreement, any notice, demand, or communication provided for must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service, or postage prepaid and addressed as follows:

1. If intended for us, addressed to Blue Burro Franchise, LLC, 7245 Garden Grove Blvd, Suite E, Garden Grove, California 92841,

2. If intended for you, addressed to you at the address set forth on the Data Sheet, or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.

F. Any modification, consent, approval, authorization, or waiver granted in this Agreement required to be effective by signature will be valid only if in writing executed by Developer (or an owner of Developer if Developer is a legal entity) or, if on behalf of us, in writing executed by our President or one of our authorized officers.

G. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Section 10.N of this Agreement, the parties' rights under this Agreement, and the relationship between the parties, is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state where you are located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our

obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization and improving the competitive position of the System.

H. Any cause of action, claim, suit, or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 10.N must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding, agree to be bound in the manner set forth.

I. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action imitated for the recovery of damages for breach of this Agreement.

J. You and your affiliates and we agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

K. If you are a corporation, partnership, limited liability company or partnership or other legal entity, all of your owners must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.

L. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer, or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. In the event of any failure of performance of this Agreement according to its terms by any party, the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots, and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Except as qualified below, any dispute between you and us or any of your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or the business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis, and the parties and arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of clause is unenforceable, then this entire commitment to arbitrate will become null and void and the parties must submit all claims to the jurisdiction of the courts. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters. The decision of the arbitrator will be final and binding on all parties to the dispute, however, the arbitrator may not under any circumstances (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive or exemplary damages, or (iii) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set.

Before any party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted below), the parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes.

Nothing in this Agreement bars either party's right to obtain injunctive relief against threatened conduct that will cause loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Furthermore, we have the right to commence a civil action against you or take other appropriate action for the following reasons to collect sums of money due to us, to compel your compliance with trademark standards and requirements to protect the goodwill of the Trademarks, to compel you to compile and submit required reports to us, or to permit evaluations or audits authorized by tins Agreement.

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

O. During the term of this Agreement, neither we nor you may employ or seek to employ, directly or indirectly, any person who is at the time or was at any time during the prior six months employed in any type of managerial position by the other party or any of its affiliates, or by any franchisee in the System. In the event that you violate this provision, we will have the right to terminate this Agreement without opportunity to cure pursuant to subparagraph 7.B. In addition, any party who violates this provision agrees to compensate the former employer for all costs and expenses incurred in losing and replacing the employee up to a maximum of $25,000, plus attorneys' fees and expenses. This subparagraph will not be violated if (i) at the time we or you employ or seek to employ the person, the former employer has given its written consent or (ii) we employ or seek to employ the person in connection with the transfer of the Restaurant(s) to us. The parties acknowledge and agree that any franchisee from whom an employee was hired by you in violation of this subparagraph shall be a third-party beneficiary of this provision, but only to the extent that they may seek compensation from you.

P. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement.

Q. You represent and warrant to us that (a) you are not named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the US Treasury Department's Office of Foreign Assets Control currently located at www.treas.gov/offices/enforcement/ofac/; (b) you will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering and against facilitating or supporting persons or entities who conspire to commit acts of terror against any person or entity, including as prohibited by the US Patriot Act (currently located at www. epic.org/privacy/terrorism/hr3162.htmll.) U S Executive Order 13244 (currently located at www treas.gov/offices/enforcement/ofac/sanctions/terrorism.html or any similar laws, and (c) you shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

IN WITNESS WHEREOF, the parties have executed the foregoing Agreement as of the dates written below.

Franchisor: Blue Burro Franchise, LLC

By: ______________________________________
Ivan Flores, Chief Executive Officer

Franchisee:
By: ______________________________________
Printed Name: ________________________________

Its: ______________________________________
By: ______________________________________
Printed Name: ________________________________

Its: ______________________________________

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE MULTI UNIT AGREEMENT

In consideration of the execution of the Multi-Unit Agreement (the "Agreement") between Blue Burro Franchise, LLC ("we" or "us") and ____________________________________(the "Developer"), dated____________________________, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Developer, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed, (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed, (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability, and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees that (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person, (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned, and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

DEVELOPER: _________________________________

PERSONAL GUARANTORS:

Individually	Individually
Print Name	Print Name
Address	Address
City State Zip Code	City State Zip Code
Telephone	Telephone

APPENDIX A
DATA SHEET

1. **Developer:** ______________________________

____

____

2. Effective Date: ______________________________

Franchisor: Blue Burro Franchise, LLC

By: ______________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

APPENDIX B
DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Multi-Unit Agreement is that the following number of Blue Burro™ Restaurants must be opened and continuously operating in accordance with the following Development Schedule:

Restaurant Number	Date by Which Franchise Agreement Must be Signed	Date by Which the Restaurant Must be Opened and Continuously Operating for Business	Cumulative number of Restaurants Required to be Open and Continuously Operating for Business as of the Date in Preceding Column
1	Date of this Agreement		1
2			2
3			

For purposes of determining compliance with the above Development Schedule, only the Restaurants actually open and continuously operating for business as of a given date will be counted toward the number of Restaurants required to be open and continuously operating for business.

Franchisor: Blue Burro Franchise, LLC

By: ______________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

ACKNOWLEDGMENT ADDENDUM TO
BLUE BURRO FRANCHISE, LLC MULTI UNIT AGREEMENT

Note to California Franchisees: California franchisees should not complete the Questionnaire and if any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and franchisor will destroy, disregard, and will not rely on such Questionnaire.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

As you know, you and we are entering into a Multi-Unit Agreement for the development and operation of Blue Burro™ Restaurants. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen (14) calendar days prior to signing the Multi-Unit Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

2. Have you studied and reviewed carefully our Disclosure Document and Multi-Unit Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

3. Did you understand all the information contained in both the Disclosure Document and Multi-Unit Agreement"?
Check one (__) Yes (__) No. If no, please comment:
____
____

4. Was any oral, written, or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document"?
Check one (__) Yes (__) No. If yes, please in detail the oral, written, or visual claim or representation:
____
____

5. Except as stated in Item 19, did any employee or other person speaking on behalf of Blue Burro Franchise, LLC make any oral, written, or visual claims, statement, promise or representation to

you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income, or profit levels at any Blue Burro™, location or business, or the likelihood of success at your franchised business?
Check one (__) Yes (__) No. If yes, please in detail the oral, written, or visual claim or representation:

____

____

6. Did any employee or other person speaking on behalf of Blue Burro Franchise, LLC make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document"?
Check one (__) Yes (__) No. If yes, please comment:

____

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OPERATING PARTNERS MUST EXECUTE THIS ACKNOWLEDGMENT

Signed:	______________________	Signed:	______________________
Print Name:	______________________	Print Name	______________________
Date:	______________________	Date:	______________________
Signed:	______________________	Signed:	______________________
Print Name:	______________________	Print Name	______________________
Date:	______________________	Date:	______________________

Franchisor: Blue Burro Franchise, LLC

By: ______________________________
Ivan Flores, Chief Executive Officer

<u>EXHIBIT E</u>

<u>TO FRANCHISE DISCLOSURE DOCUMENT</u>

COMPUTER & SOFTWARE REQUIREMENTS

BLUE BURRO FRANCHISE, LLC

COMPUTER & SOFTWARE REQUIREMENTS

A. POINT-OF-SALE PLATFORM

1. Blue Burro™ locations must use the Blue Burro™ approved POS platform
2. Approved POS platform must report daily to the Blue Burro™ Reporting portal

B. BACK OFFICE IT ENVIRONMENT

1. Back office Windows PC required for all non-POS related tasks including but not limited to, reporting, accounting, electronic communications, and web-based activities.
2. Color Printer

C. RESTAURANT IT ENVIRONMENT

1. Restaurant required to maintain PCI-DSS compliance
2. DVR security cameras require a PCI complaint configuration
3. If site provides wireless access a separate Internet connection and local area network is required
4. POS network minimum internet bandwidth – 3Mbps download / 2Mbps upload

D. FRANCHISE MANAGEMENT SOFTWARE

1. Franchisee is required to use our approved franchise management software.

E. ON-LINE ORDERING SOFTWARE

1. Restaurant required to maintain approved on-line ordering software application.

EXHIBIT F

TO FRANCHISE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

BLUE BURRO FRANCHISE
OPERATIONS MANUAL

TABLE OF CONTENTS

EXHIBIT G

TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA ADDENDUM

California Addendum

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

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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

A. The franchisor, any person or franchise broker in Item 2 of the franchise disclosure document is not subject to any current effective order of any national securities association or national securities exchange, as define in the Securities Exchange Act of 1934, 15 U S C A 78a et seq, suspending or expelling such person from membership in such association or exchange.

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

C. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

D. The franchise agreement may contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

E. The franchise agreement requires binding arbitration. The arbitration will occur in the city where our headquarters are then located (currently, San Diego County, California) with the costs being borne by the non-prevailing party.

   Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as the Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

   Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.

   You must sign a general release of claims if you renew or transfer your franchise California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516) Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043.

F. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act

G. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

H. The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

HAWAII ADDENDUM

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

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

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

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM TO THE FRANCHISE AGREEMENT

REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________________between Blue Burro Franchise, LLC ("Franchisor") and ______________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

2. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Illinois, (b) Franchisee is a resident of the State of Illinois, and/or (c) the Franchised Business will be located or operated in the State of Illinois.

3. The following sentence is added to the end of Section 15 I:

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

   Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. The last sentence of Section 15 H(I) is deleted and replaced by the following:

   Notwithstanding the foregoing, Illinois law shall govern the Franchise Agreement

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro Franchise, LLC

By: ______________________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ______________________________________
Printed Name: ______________________________

Its: ______________________________________
By: ______________________________________

MARYLAND ADDENDUM

Item 1. Additional Disclosures: The following statements are added to Item 1

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

Item 17. Additional Disclosures: The following statements are added to Item 17

The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The "Summary" column of Item 17(H) of the Disclosure Document, pertaining to "Cause defined - defaults that cannot be cured" is supplemented to state that any provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law.

Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland

Section 14-227(e) of the Maryland Franchise Registration and Disclosure Law requires that any claims arising under that Law be brought within 3 years after the grant of the franchise

Item 22. Additional Disclosures: The following statements are added to Item 22

Item 22 of the Disclosure Document is supplemented to state that the form of general release referred to in Items 17 c and 17 which is attached to this Disclosure Document pursuant to Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO THE FRANCHISE AGREEMENT

REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to Franchise Agreement ("Franchise Agreement") dated _________________between Blue Burro™ Franchise, LLC ("Franchisor") and ________________________________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Maryland, (b) Franchisee is a resident of the State of Maryland, and/or (c) the Franchised Business will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Section 1

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

3. The following sentence is added to the end of Sections 4 B and 11 D:

   The general release required as a condition of renewal or transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law

4. The following sentence is added to the end of Section 15.I:

   Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that the Franchise Agreement may provide for arbitration in a forum outside of Maryland.

5. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

6. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ________________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ________________________________
Printed Name: ________________________________

Its: ________________________________

MINNESOTA ADDENDUM

Item 13. Additional Disclosure: The following statement is added to Item 13

We will protect your right to use the Marks or indemnify you from any loss, costs or expenses arising out of any claim, suit, or demand regarding the use of the name to the extent required by Minn Stat Sec 80C 12, Subd 1(g)

Notice of Termination: The following statement is added to Item 17

With respect to franchises governed by Minnesota law. Franchisor will comply with Minnesota Statute § 80C 14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement

Governing Law. Jurisdiction and Venue and Choice of Forum: The following statement is added to the cover page and Item 17

Minnesota Statutes, Section 80C21 and Minnesota Rule 2860 4400J prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

General Release The following statement is added to Item 17

Minnesota Rule 2860 4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C01-80C 22

ADDENDUM TO THE FRANCHISE AGREEMENT

REQUIRED FOR MINNESOTA FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _________ between Blue Burro™ Franchise, LLC ("Franchisor") and ______________________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota, (b) Franchisee is a resident of the State of Minnesota, and/or (c) the Franchised Business will be located or operated in the State of Minnesota

2. The following sentence is added to the end of Section 13 B

   With respect to franchises governed by Minnesota law. Franchisor will comply with Minnesota Statute § 80C 14, subdivision 3, 4, and 5 which requires, except in certain cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

3. The following sentence is added to the end of Sections 4 B and 11 D

   Notwithstanding the foregoing. Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 - 80C 22.

4. Section 12 C IS deleted and replaced with the following:

   Franchisor shall be entitled to the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to (1) Franchisee's use of the Trademarks, (2) the construction and equipping of the Franchised Business, (3) the obligations of Franchisee upon termination or expiration of this Agreement, (4) a Transfer of this Agreement, any ownership interest therein or in the lease for the Franchised Business, and (5) as necessary to prohibit any act or omission by Franchisee or its employees that would constitute a violation of any applicable law, ordinance, or regulation, or which is dishonest or misleading to Franchisor and/or Franchisor's other licensees

5. The following sentences are added to the end of Sections 12 B and 15 I:

   Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota In addition, nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce any of Licensee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

7. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[SIGNATURE ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ______________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ______________________________
Printed Name: ______________________________

Its: ______________________________
By: ______________________________
Printed Name: ______________________________

Its: ______________________________

NEW YORK ADDENDUM

Cover Page. Additional Disclosures: The following language is added to the State Cover Page as additional Risk Factors

1. FRANCHISOR WILL NOT BE GRANTING AN EXCLUSIVE TERRITORY TO THE FRANCHISEE.

2. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT TERMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3. Additional Disclosure: The following is added at the end of Item 3:

Except as provided above, with regard to the Franchisor, its predecessor, a person identified in Item 2 above, or an affiliate offering franchises under Franchisor's principal trademark:

A. Has any administrative, criminal, or civil action pending against that person alleging a felony, a violation of a franchise law, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations or pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging a violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion, or misappropriation of property, or unfair or deceptive practices, or comparable allegation.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to franchises, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent,

Item 4. Additional Disclosure: Item 4 is deleted and replaced with the following

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5. Additional Disclosure. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such at our discretion.

Item 17. Additional Disclosures:

The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer":**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of the General Business Law Sections 687.4 and 687.5 be satisfied.

The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

Franchisee or Multi-Unit Developer may terminate the Agreement on any grounds available by law.

The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement or Multi-Unit Agreement.

The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of forum"**, and Item 17(w) **"Choice of law":**

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee or upon the Multi-Unit Developer by Article 33 of the General Business Law of the State of New York.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

ADDENDUM TO THE FRANCHISE AGREEMENT

REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _______between Blue Burro™ Franchise, LLC ("Franchisor") and ______________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of New York, (b) Franchisee is a resident of the State of New York, and/or (c) the Franchised Business will be located or operated in the State of New York.

2. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

3. The following sentence is added to the end of Sections 4 B and 11 D:

   Any provision in the Franchise Agreement requiring Franchisee to sign a general release of claims against Franchisor does not release any claim Franchisee may have under New York General Business Law Article 33, Sections 680-695

4. The following sentence is added at the end of Section 11 G:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith and judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement

5. The following sentence is added to the end of Section 15 H(l):

   Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law

6. Franchisee or Multi-Unit Developer may terminate the Agreement on any grounds available by law.

7. The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee or upon the Multi-Unit Developer by Article 33 of the General Business Law of the State of New York.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[SIGNATURE ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ____________________________________
Ivan Flores, Chief Executive Officer

Franchisee:

By: ____________________________________
Printed Name: ______________________________

Its: ____________________________________
By: ____________________________________
Printed Name: ______________________________

Its: ____________________________________

NORTH DAKOTA ADDENDUM

Item 17. Additional Disclosures: The following statements are added to Item 17

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota is void Any mediation or arbitration will be held at a site agreeable to all parties The laws of the State of North Dakota will govern any dispute.

Any general release the franchisee is required to assent to is not intended to nor shall it act as a release, estoppel, or waiver of any liability Blue Burro™ Franchise, LLC may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete upon termination or expiration of the franchise agreement are generally not enforceable in the State of North Dakota, except in certain instances as provided by law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Blue Burro™ Franchise, LLC in enforcing the agreement For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement. The Franchise Disclosure Document, Franchise Agreement and Area Development Agreement state that franchisee must consent to the jurisdiction of courts in the state of California. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document, Franchise Agreement and Area Development Agreement.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Disclosure Document and Franchise Agreement.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead the statute of limitations under North Dakota law will apply.

ADDENDUM TO THE FRANCHISE AGREEMENT

<u>REQUIRED FOR NORTH DAKOTA FRANCHISEES</u>

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _______between Blue Burro™ Franchise, LLC ("Franchisor") and ______________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of North Dakota, (b) Franchisee is a resident of the State of North Dakota, and/or (c) the Franchised Business will be located or operated in the State of North Dakota.

2. Any release executed in connection herewith shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

3. Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.

5. The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

6. The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law. This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

7. The requirement that mediation or arbitration be held in California may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

8. The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust, and inequitable within the intent of the North Dakota Franchise Investment Law This requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

9. The Franchise Agreement states that franchisee must consent to the jurisdiction of courts in the state of California. That requirement will not apply to North Dakota franchisees and is deemed deleted in each place it appears in the Franchise Agreement.

10. The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. That requirement will not apply to North Dakota franchisees and, instead, the statute of limitations under North Dakota law will apply.

11. The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Blue Burro™ Franchise, LLC in enforcing the agreement For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ______________________________

Ivan Flores

Its Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT

REQUIRED FOR NORTH DAKOTA DEVELOPERS

Notwithstanding anything to the contrary in the Multi-Unit Agreement to which this Addendum is attached, the following terms and conditions shall control

1. The Multi-Unit Agreement states that Developer must consent to the jurisdiction of courts in the state where the Franchisor's headquarters are located. That requirement will not apply to North Dakota Developers and is deemed deleted in each place it appears in the Multi-Unit Agreement.

2. The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern any dispute.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ______________________________

Ivan Flores

Its Chief Executive Officer

Franchisee:

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

By: ______________________________

Printed Name: ______________________________

Its: ______________________________

RHODE ISLAND ADDENDUM

Item 17. Additional Disclosure: The following statement is added to Item 17

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

ADDENDUM TO THE FRANCHISE AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated ________between Blue Burro™ Franchise, LLC ("Franchisor") and _______________("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of and are incorporated into the Franchise Agreement. This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Rhode Island, (b) Franchisee is a resident of the State of Rhode Island, and/or (c) the Franchised Business will be located or operated in the State of Rhode Island.

2. The following sentence is added to the end of Sections 15 I:

   Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ___________________________________
Ivan Flores
Its Chief Executive Officer

Franchisee:

By: ___________________________________
Printed Name: ______________________________

Its: ___________________________________
By: ___________________________________
Printed Name: ______________________________

Its: ___________________________________

ADDITIONAL DISCLOSURE DOCUMENT DISCLOSURES REQUIRED BY THE STATE OF VIRGINIA

Item 17. Additional Disclosure: In recognition of the restrictions contained in Section 13 1- 564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Franchisor for use in the Commonwealth of Virginia shall be amended as follows:

> "Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable"

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

WASHINGTON ADDENDUM

General

- The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 (“Act”), which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise. There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

Item 17

- In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

- In the event of a conflict of laws, the provisions of the Act shall prevail.

- A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights, or remedies under the Act such as a right to a jury trial, may not be enforceable.

- Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

ADDENDUM TO THE FRANCHISE AGREEMENT

REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Franchise Agreement ("Franchise Agreement") dated _______________between Blue Burro™ Franchise, LLC ("Franchisor") and ___________________ ("Franchisee") is entered into simultaneously with the execution of the Franchise Agreement:

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement This Addendum is being executed because (a) the offer or sale of the franchise to Franchisee was made in the State of Washington, (b) Franchisee is a resident of the State of Washington, and/or (c) the Franchised Business will be located or operated in the State of Washington.

2. The State of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19 100 180 ("Act"), which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor including the areas of termination and renewal of your franchise There also may be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration involving a franchise purchased in the State of Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

4. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 shall prevail.

5. A release or waiver of rights executed by Franchisee shall not include rights under the Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limits the statute of limitations period for claims under the act, rights, or remedies under the Act such as a right to a jury trial may not be enforceable.

6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

8. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

9. The undersigned does hereby acknowledge receipt of this Addendum.

[Signature on Following Page]

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement on the dates written below.

Franchisor: Blue Burro™ Franchise, LLC

By: ______________________________
Ivan Flores
Its Chief Executive Officer

Franchisee:

By: ______________________________
Printed Name: ______________________________

Its: ______________________________
By: ______________________________
Printed Name: ______________________________

Its: ______________________________

EXHIBIT H

TO FRANCHISE DISCLOSURE DOCUMENT

SAMPLE RELEASE

Mutual Termination of Franchise Agreement and Release
(SAMPLE RELEASE)

This Mutual Termination of the Blue Burro Franchise Agreement and Release is entered into by and between __________ (the “Franchisee”) and Blue Burro™ Franchise, LLC (the “Franchisor”) on this ____ day of ____, 20___.

WHEREAS Franchisee is a franchisee of Franchisor pursuant to a franchise agreement dated _____ (the “Agreement”), governing a Licensed Business located at _____________.

WHEREAS Franchisee and Franchisor desire to mutually terminate the Agreement and wind up and resolve all matters between them relating to or arising out of the Agreement and their relationship as Franchisor and Franchisee; and

WHEREAS Franchisee and Franchisor each desire to be bound by the terms of this Mutual Termination of the Blue Burro Franchise Agreement and Release,

NOW THEREFORE, the parties hereby agree as follows, acknowledging that each has received adequate consideration for this agreement.

1. Franchisee and Franchisor each acknowledge and agree that, by entering into this Agreement, all of their respective rights under the Agreement are terminated except only as specifically reserved herein.

2. Except for any remaining financial obligations of Franchisee to Franchisor for franchise fees or for goods purchased and except for any post-termination requirements of the Agreement involving competition and trade secrets, all claims, demands, rights, duties, obligations, debts, dues, sums of money, accounts, covenants, contracts, controversies, agreements, promises, torts, judgments, executions, liabilities, damages, injunctions, assignments, suits or causes of action of every kind and nature, however or wherever arising, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, which have arisen or which might or could arise under Federal, state or local law from any relationship under the Agreement (including any supplier-purchaser relationship) or under any agreement in connection therewith, or from the execution, operation under or termination of the Agreement and any services to Franchisee thereunder or under any prior agreement relating to the Licensed Business, existing or arising at any time prior to or at the item of the execution hereof or the Effective Date (whichever is later) are hereby mutually satisfied, acquitted, discharged and released by Franchisee and Franchisor, it being the express intention of each party that this Release is as broad as permitted by law.

3. Franchisee intends this Release to acquit and forever fully discharge Franchisor and any parent or direct or indirect subsidiary thereof, any division, affiliate or supplier who provided merchandise for Franchisee’s operation of the Licensed Business, and its and their respective officers, directors, agents, employees, representatives, successors and assigns, and all other persons, firms or corporations who have acted in agreement or in concert with any of them or with Franchisee.

4. This Mutual Termination of the Blue Burro Franchise Agreement and Release shall be binding upon Franchisee and the heirs, legal representatives, successor and assigns of Franchisee and upon Franchisor and its successors and assigns.

5. Franchisee has either been advised by independent counsel before signing this or, acknowledging the need for independent counsel, knowingly waives any such review and advice.

6. In the event of litigation or arbitration to enforce this Agreement, the substantially prevailing party shall be entitled to its reasonable attorney's fees in addition to all other sums owed pursuant to this Agreement or otherwise.

7. The Effective Date of this document shall be: ___________________________

Franchisee(s)	**Blue Burro™ Franchise, LLC**
______________________________ Franchisee	By: ______________________________ Ivan Flores, President
______________________________ Franchisee	

<u>EXHIBIT I</u>

<u>TO FRANCHISE DISCLOSURE DOCUMENT</u>

LIST OF CURRENT FRANCHISEES

AND

LIST OF FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES
Franchised Outlets[1] Open
As of December 31, 2022

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE
CA	Juan Andres Alonso	1713 Hampton Court Bonita, CA 91902	1	(619) 823-5817
CA	Omnar Picado	15128 La Sabana Drive La Mirada, CA 90638	1	(562) 307-2120
CA	Emmanuel Garduno	24505 Avalon Blvd Wilmington, CA 90744	1	(424) 206-3050

Franchisees with Signed Franchise Agreement
But Outlet[1] not Open as of December 31, 2022

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE
CA	Emmanuel Garduno	24505 Avalon Blvd Wilmington, CA 90744	1	(424) 206-3050

Note 1. The term “Outlets” as used in the above franchisee lists is consistent with the term “Outlets” used in the Item 20 charts and is the equivalent of the term “APR” or Area of Primary Responsibility as defined in the franchise agreement.

LIST OF FORMER FRANCHISEES
As of December 31, 2022

STATE	FRANCHISEE	ADDRESS	NO. OF OUTLETS	TELEPHONE
CA	Adam Leon, William Cruz Leon, Karla Cruz Leon	361 I Street Chula Vista, CA 91910	1	(619) 361-0824

EXHIBIT J

TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as the Effective Date stated below:

STATES	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Blue Burro™ Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant, Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant.

If Blue Burro™ Franchise, 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A. Our registered agents authorized to receive service of process are set forth on Exhibit A.

The franchise seller for this offering is:

Name	**Principal Business Address**	**Telephone Number**
Ivan Flores	7245 Garden Grove Blvd, Suite E, Garden Grove, CA 92841	(714) 373-9001

Issuance Date: March 18, 2023

I acknowledge receiving this Franchise Disclosure Document dated ________, 20___ including the following Exhibits:

Exhibit A – List of State Administrators and List of Agents for Service of Process
Exhibit B – Financial Statement
Exhibit C – Franchise Agreement
Exhibit D – Multi Unit Agreement
Exhibit E – Computer & Software Requirements
Exhibit F – Operations Manual – Table of Contents
Exhibit G – State Addenda
Exhibit H – Sample Release
Exhibit I – List of Current Franchisees and List of Former Franchisees
Exhibit J – Receipt

Dated: ______________________________

____
Printed Name

____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Dated: ______________________________

____
Printed Name

____
Signed individually and as an officer of
_____ (a Corporation)
_____ (a Partnership)
_____ (a Limited Liability Company)

Please return this completed form to Blue Burro™ Franchise, LLC by Email: franchise@eatblueburro.com **or Regular Mail: 7245 Garden Grove Blvd, Suite E, Garden Grove, CA 92841**

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 Blue Burro™ Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed franchise sale or grant.

New York and Rhode Island require that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant, Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale or grant.

If Blue Burro™ Franchise, 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 or state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit A. Our registered agents authorized to receive service of process are set forth on Exhibit A.

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Ivan Flores	7245 Garden Grove Blvd, Suite E, Garden Grove, CA 92841	(714) 373-9001

Issuance Date: March 18, 2023

I acknowledge receiving this Franchise Disclosure Document dated _________, 20___, including the following Exhibits:

Exhibit A – List of State Administrators and List of Agents for Service of Process
Exhibit B – Financial Statement
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Exhibit E – Computer & Software Requirements
Exhibit F – Operations Manual – Table of Contents
Exhibit G – State Addenda
Exhibit H – Sample Release
Exhibit I – List of Current Franchisees and List of Former Franchisees
Exhibit J – Receipt

Dated: ______________________________	Dated: ______________________________
______________________________________ Printed Name	______________________________________ Printed Name
______________________________________ Signed individually and as an officer of ______ (a Corporation) ______ (a Partnership) ______ (a Limited Liability Company)	______________________________________ Signed individually and as an officer of ______ (a Corporation) ______ (a Partnership) ______ (a Limited Liability Company)

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS