FRANCHISE DISCLOSURE DOCUMENT

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	BluTaco Franchising, LLC A Delaware Limited Liability Company 170 Commerce Drive Holts Summit, Missouri 65043 (573) 896-2500 sjb@pfsbrands.com www.blutaco.com

The franchisee will operate a BluTaco restaurant within an existing business the franchisee operates, like a grocery store or convenience store. The restaurant will offer a variety of tacos, burritos, breakfast items, other menu items, beverages, merchandise, and miscellaneous items we designate. (the "BluTaco Products and Services").

The total investment necessary to begin operation of a BluTaco franchise within an existing business is $9,000 to $349,000. This includes $4,500 to $130,000 that must be paid to the franchisor or its affiliate(s).

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or its parent 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 Shawn Burcham at 170 Commerce Drive, Holts Summit, Missouri 65043 and (573) 896-2500.

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

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

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

Issuance Date: February 25, 2020

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 F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BluTaco Restaurant in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a BluTaco Franchisee?	Item 20 or Exhibit F lists 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 D.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State-Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only Missouri. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigation with the franchisor in Missouri that in your own state.

2. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.

4.THE PRIMARY TRADEMARK THAT YOU WILL USE IN YOUR BUSINESS IS NOT FEDERALLY REGISTERED. IF THE FRANCHISOR'S RIGHT TO USE THIS TRADEMARK IN YOUR AREA IS CHALLENGED, YOU MAY HAVE TO IDENTIFY YOUR BUSINESS AND ITS PRODUCTS OR SERVICES WITH A NAME THAT DIFFERS FROM THAT USED BY OTHER FRANCHISEES OR THE FRANCHISOR. THIS CHANGE CAN BE EXPENSIVE AND MAY REDUCE BRAND RECOGNITION OF THE PRODUCTS OR SERVICES YOU OFFER.

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

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ITEM 1.

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

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

Our principal business address is 170 Commerce Drive, Holts Summit, Missouri 65043. We are a Delaware limited liability company, organized on October 26, 2017. We do business under our corporate name and under the trade name and trade mark, "BluTaco".

We began offering franchises in February 2018.

We grant franchises (the "Franchises") for the establishment and operation of BluTaco Restaurants featuring a wide variety of tacos, burritos, breakfast items, and other menu items (the "Restaurants" or the "BluTaco Restaurants").

We do not own or operate BluTaco Restaurants, although we reserve the right to do so.

We do not operate, franchise, or have plans to operate or franchise, a business under a different trademark, that is similar to the type of business to be operated by you.

We have not offered franchises in any other line of business.

Our agents for service of process in the states that require franchise registration are listed in Exhibit D to this disclosure document.

Parent and Affiliates

Our parent is Pro Food Systems, Inc., a Missouri corporation, was formed on July 13, 1998, and its principal business address is 170 Commerce Drive, Holts Summit, Missouri 65043. We refer to Pro Food Systems, Inc. as "Pro Food Systems" or "Parent" and Franchisor is a wholly-owned subsidiary of Parent.

From 1999 to 2013, Pro Food Systems offered licenses for the establishment and operation of restaurants within an existing business using the "Champs Chicken" trademark, offering and selling products and services that are food related, but different than the BluTaco products and services you will offer at your Restaurant.

In January 2015, Pro Food Systems began offering licenses for the establishment and operation of restaurants within an existing business using the "Cooper's Express®" trademark, offering and selling products and services that are food related, but different than the BluTaco Products and Services you will offer at your Restaurant. Pro Food Systems expects to expand the Cooper's Express program. Pro Food Systems currently has 27 licensees who use the Cooper's Express® trademark.

In June 2015, our affiliate, Champs Chicken Franchising, LLC, began offering franchises for the establishment and operation of restaurants within an existing business using the "Champs Chicken®" trademark, offering and selling products and services that are food related, but different than the BluTaco

Products and Services you will offer at your Restaurant.

Except as described above, our parent and our affiliate do not operate, franchise, or have plans to operate or franchise, a business under a different trademark that is similar to the type of business to be operated by you.

Our Predecessor

We do not have a predecessor.

Our Business and the Franchises Offered

BluTaco Restaurants offer the BluTaco Products and Services we designate. We refer to the combination of the BluTaco concept, the BluTaco Marks, the BluTaco Products and Services, and our methods of operating a Restaurant, as the "System."

There are two types of BluTaco Restaurants:

1. Business within a Business: Restaurants located within an existing business the franchisee operates, like a grocery store or convenience store ("Business-Within-a-Business Locations" or "BWB Locations"). BWB Locations offer carry-out services, although customers may also dine-in if the Restaurant offers seating areas.

2. Freestanding: Restaurants that are freestanding or are developed in a strip mall, shopping center food court, airport, or similar facility. We refer to these locations as "Independent Locations." Independent Locations offer dine-in or carry-out services.

This disclosure document and the Franchise Agreement are for Business-Within-a-Business Locations.

Laws and Regulations

In addition to laws governing businesses generally such as the Americans with Disabilities Act, Federal Wage and Hours Laws, and the Occupation, Health and Safety Act, you should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration at the U.S. Department of Agriculture, as well as state and local departments of health and other agencies have laws and regulations concerning the preparation of food and sanitary conditions and restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation. State and local laws, regulations and ordinances vary significantly. You will need to understand and comply with these laws in operating the Restaurant. There may be other laws applicable to your business. We urge you to make further inquiries about these laws.

Competition

The restaurant industry is highly competitive. You will compete with other businesses and restaurants that offer the same type of products and services you offer; as well as other businesses and restaurants that offer food, beverages, products, and services different from those you will offer. These businesses may be connected with national or regional chains, or they may be local businesses.

ITEM 2.

BUSINESS EXPERIENCE

President and Chief Executive Officer: Shawn Burcham

Mr. Burcham has served as our President and CEO since we were organized on October 26, 2017. From July 1998 to the present, he has also served as President and CEO of Pro Food Systems.

Company Secretary: Julie Ann Burcham

Ms. Burcham has served as Corporate Secretary of Pro Food Systems since July 1998. As part of our affiliate relationship with Pro Food Systems, she has also served as our Corporate Secretary since October 26, 2017.

Senior Vice President - Business Development & Field Operations: David Yarbrough

Mr. Yarbrough has served as Senior Vice President - Business Development & Field Operations of Pro Food Systems since October 1, 2018. As part of our affiliate relationship with Pro Food Systems, he has also served as our Senior Vice President - Business Development & Field Operations since October 1, 2018. He served as Vice President of Field Operations of Pro Food Systems from January 2009 to September 30, 2018.

Vice President of Human Resources: Carla Dowden

Ms. Dowden has served as Vice President of Human Resources of Pro Food Systems since November 2010. As part of our affiliate relationship with Pro Food Systems, she has also served as our Vice President of Human Resource since October 26, 2017.

Senior Vice President of Operations: Brock Blaise

Mr. Blaise has served as Senior Vice President of Operations of Pro Food Systems since April 1, 2018. As part of our affiliate relationship with Pro Food Systems, he has also served as our Senior Vice President of Operations since April 1, 2018. From January 2015 to March 31, 2018, he served as Vice President of Operations of Pro Food Systems. From July 1995 to December 2014 he served as Operations Manager of Unilever, in Jefferson City, Missouri.

Chief Financial Officer: Trevor D. Monnig

Mr. Monnig has served as Chief Financial Officer of Pro Food Systems since September 2014. As part of our affiliate relationship with Pro Food Systems, he has also served as our CFO since October 26, 2017.

Director of Technology: John Bleidistel

Mr. Bleidistel has served as Director of Technology of Pro Food Systems since February 2009. As part of our affiliate relationship with Pro Food Systems, he has also served as our Director of Technology since October 26, 2017.

Key Account Manager: Brian Harding

Mr. Harding has served as Key Account Manager of Pro Food Systems since October 2008. As part of our affiliate relationship with Pro Food Systems, he has also served as our Key Account Manager since October 26, 2017.

National Business Developer: Lori Humphrey

Ms. Humphrey has served as National Business Developer of Pro Food Systems since August 2005. As part of our affiliate relationship with Pro Food Systems, she has also served as our National Business Developer since October 26, 2017.

Senior Regional Manager - Field Operations: Bryan Davis

Mr. Davis has served as Senior Regional Manager - Field Operations of Pro Food Systems since November 1, 2018. As part of our affiliate relationship with Pro Food Systems, he has also served as our Senior Regional Manager - Field Operations since November 1, 2018. From September 2008 through October 31, 2018, Mr. Davis served as Regional Manager – Central Region, of Pro Food Systems.

Regional Manager: Craig Mulcahy

Mr. Mulcahy has served as Regional Manager of Pro Food Systems since January 1, 2016. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Manager since October 26, 2017. From March 19, 2014 to December 2015, he was a Territory Manager with Pro Food Systems.

Regional Manager: Tim Sullivan

Mr. Sullivan has served as Regional Manager of Pro Food Systems since February 2012. As part of our affiliate relationship with Pro Food Systems he has also served as our Regional Manager since October 26, 2017.

Regional Manager - Business Development: Ken Elders

Mr. Elders has served as Regional Manager - Business Development of Pro Food Systems since January 16, 2019. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Manager - Business Development since January 16, 2019. From May 10, 2010 to January 15, 2019, he was Regional Business Developer of Pro Food Systems.

Regional Manager - Business Development: Craig Walth

Mr. Walth has served as Regional Manager – Business Development of Pro Food Systems since January 1, 2017. As part of our affiliate relationship with Pro Food Systems, he has also has served as our Regional Manager – Business Development since October 26, 2017. From June 2, 2014 to December 31, 2016, he served as Regional Business Developer of Pro Food Systems.

Senior Regional Business Developer: Brian Lee Fuller

Mr. Fuller has served as Senior Regional Business Developer of Pro Food Systems since March 2014. As part of our affiliate relationship with Pro Food Systems, he has also served as our Senior Regional Business Developer since October 26, 2017.

Regional Business Developer: Jeff Mozingo

Mr. Mozingo has served as Regional Developer of Pro Food Systems since December 3, 2018. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since December 3, 2018. From July 2017 to November 2018, he was President/CEO of The Mozingo Group. From June 2008 to July 2017, he served as Director of Business Development for Orion Food Systems.

Regional Business Developer: Richard Kimmel

Mr. Kimmel has served as Regional Business Developer of Pro Food Systems since July 31, 2017. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since October 26, 2017. From August 2009 to July 2017, he served as District Manager of Orion Food Systems in Sioux Falls, South Dakota.

Regional Business Developer: Wesley Heinert

Mr. Heinert has served as Regional Business Developer of Pro Food Systems since March 2015. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since October 26, 2017. From October 10, 2011 to March 2015, he served as Sales Representative of Missouri River Pages in Perham, Minnesota.

Regional Business Developer: Stephen A. Maremont

Mr. Maremont has served as Regional Business Developer of Pro Food Systems since May 2015. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since October 26, 2017. From January 2012 to May 2015, he served as Business Developer of Bio-Source in located in Xenia, Ohio.

Regional Business Developer: Richard Dias

Mr. Dias has served as Regional Business Developer of Pro Food Systems since August 2017. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since October 26, 2017. From June 2015 to August 2017, he served as Account Manager Midwest for Trilliant FBN located in Little Chute, Wisconsin. From March 2013 to May 2015, he served as Regional Sales Director for Ronnoco Coffee located in St. Louis, Missouri.

Regional Business Developer: Clayton Waldie

Mr. Waldie has served as Regional Business Developer of Pro Food Systems since June 4, 2018. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since June 4, 2018. From July 2017 to June 2018, he was Vice President of Operations for Waldie Farms located in Marion, North Dakota. From March 15, 2015 to July 1, 2017, he served as the Director of Sales and Marketing for CD Hartnett Company located in Weatherford, Texas. From October 1, 2007 to March 1, 2015, he served as District Sales Manager for U.S. Foods, Inc., located in Rosemont, Illinois.

Regional Business Developer: James Michael Blackford

Mr. Blackford has served as Regional Business Developer of Pro Food Systems since December 10, 2019. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since December 10, 2019. From May 2010 to December 9, 2019, he served as Business Advisor of Pro Food System.

Regional Business Developer: John McMillin

Mr. McMillin has served as Regional Business Developer of Pro Food Systems since November 18, 2019. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since November 18, 2019. From May 2018 to September 2019, he served in Regional Sales for H. T. Hackney, located in Somerset, Kentucky. From September 17, 2018 to May 18, 2018, he served as Outside Sales Representative for Silent Guard, located in Somerset, Kentucky. From March 17, 2017 to August 2017, he served as Outside Sales Representative for UniFirst Uniform Services, located in Lexington, Kentucky. From May 2016 to February 2017, he served as Outside Sales Representative for G&K Services, located in Minnetonka, Minnesota. From December 2012 to May 2016, he served as Food Service Director & Category Manager West Region, for H. T. Hackney, located in Somerset, Kentucky.

Regional Manager – Business Development: Jordan Spencer

Mr. Spencer has served as Regional Manager – Business Development of Pro Food Systems since December 2, 2019. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Manager - Business Developer since December 2, 2019. From May 2019 to November 2019, he was Visitor Information Specialist for Door County Visitors Bureau, located in Sturgeon Bay, Wisconsin. From February 2015 to January 2019, he served Foodservice Manager for Lyons Specialty Co., LLC, located in Port Allen, Louisiana. From January 2014 to February 2015, he served as Shipping Supervisor for Stupp Corporation, located in Baton Rouge, Louisiana.

Regional Business Developer: Mason Hutchinson

Mr. Hutchinson has served as Regional Business Developer of Pro Food Systems since December 9, 2019. As part of our affiliate relationship with Pro Food Systems, he has also served as our Regional Business Developer since December 9, 2019. From April 2018 to November 2019, he served as Midwest Business Development Manager for Aperion Solutions, a division of Hussman Corporation, located in Bridgeton, Missouri. From August 2012 to April 2018, he served as Midwest Regional Sales Manager, for Crown Poly, Inc., located in Huntington, California.

Except as shown above, all positions have been located in Holts Summit, Missouri.

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

We do not charge an initial franchise fee.

Initial Training Fee

We do not charge an initial training fee.

Products, Equipment, Services, Supplies, and Merchandise

You must purchase, license, or otherwise obtain certain products, equipment, services, supplies, and merchandise that you need to develop and open your Restaurant from Pro Food Systems. These items include ovens heated and cooled holding displays, signage, menu boards, point of sale materials, ingredients, packaging, and branded products.

The costs may vary and can range from $4,500 on the low end to $130,000 on the high end due to the retailer physical location. The Program is a business within a business as opposed to a stand-alone franchise that has required design buildouts. A store that has a kitchen/deli already in place as well as equipment acceptable to run the Program will incur costs on the low end of the range. Conversely, a store that must upgrade existing space and/or infrastructure and has no equipment to run the Program will land on the high end of the range.

The payment terms for equipment will vary depending on Pro Food Systems' policies, your creditworthiness, the total cost of the item, and other factors. For planning purposes, you should assume that you must pay 50% of the amount owed when you order the item, and the balance before Pro Food Systems ships the item.

Refundability

None of the fees shown in this Item 5 are refundable except in the case of overpayment or similar error.

Variances

The costs of products, equipment, services, supplies, and merchandise will vary for the reasons we describe above. However, we and our Parent intend to charge similarly-situated franchisees substantially the same prices for the same items they purchase in substantially the same quantities.

Although we have no present intention of varying the fees and costs, we reserve the right to do so. The factors we would consider in deciding whether to vary the fees may include the value of the area where the franchisee intends to develop Restaurants, the franchisee's qualifications, and other factors. If we grant a variance, we will comply with all notice requirements under negotiated sales statutes and rules.

ITEM 6.

OTHER FEES

Column 1 Type of Fee[Note 1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Payment Processing Fee Reimbursement	Approximately $0.14 per payment	Within 10 days of request for payment	*See* Note 2
Collection Charge	The greater of: i) $100 per delinquent payment; or ii) our actual costs of collection, plus interest	Within 5 days of request for payment	*See* Note 3 You would pay this amount only if we must collect past-due amounts you owe.
Reimbursement of Franchise Taxes and Similar Taxes	$0 to $2,500 or more per year per jurisdiction	So that we actually receive reimbursement by the end of 10 days after we request it	You must reimburse us for any franchise tax or similar tax assessed against, or payable by us, on payments paid based on the Franchise Agreement.
Reimbursement of Relocation Costs	$1,000 to $2,500 or more	So that we actually receive reimbursement by the end of 10 days after we request it	Payable only if you relocate your Restaurant.
Equipment; Supplies; Inventory; Proprietary Products	$500 to $50,000	As incurred	*See* Note 4
Approval of Suppliers	$25 to $500 for each supplier and item you request that we approve	So that we actually receive reimbursement by the end of 10 days after we request it	Payable only if you request that we approve a supplier or the items a supplier offers.
Reporting Services	$2,000 to $5,000 a year	As required by supplier	Our reporting service company converts data from your POS System into reports that help determine the best product mix for your Restaurant, profitability, and other matters. Our current reporting service company is MicroSale.
Manager Training	Currently $1,500	So that we actually receive reimbursement by the end of 10 days after we request it	Payable only if we determine that you want us to train an unreasonable number of Managers

Column 1 Type of Fee[Note 1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Additional Training	Currently $50 to $120 an hour	So that we actually receive reimbursement by the end of 10 days after we request it	We will provide you with any additional training that we believe would benefit the System.
Indemnification	Varies under circumstances	So that we actually receive reimbursement by the end of 10 days after we request it	You must reimburse us for losses from claims, damage, or lawsuits related to the Franchise Agreement.
Transfer of Franchise	$2,500	On transfer	Paid if you assign or transfer, with our written permission, the rights to the Franchise Agreement.
Renovations	Varies under circumstances	As required by supplier	No $ limit
Reimbursement of Training Costs	$3,500	If You Terminate: Together with your notice of termination If We Terminate: So that we actually receive payment by the end of 10 days after we request it	Payable only: i) if you terminate the Franchise Agreement within one year after the Opening Date of the Restaurant; or ii) if we terminate the Franchise Agreement within one year after the Opening Date due to your breach.
Liquidated Damages For Breach of Your Obligations on Termination)	$250 to $1,250 per day multiplied by the number of days you are not in compliance with your obligations on termination	On your breach of your obligations on termination of the Franchise Agreement	Your compliance with your obligations on termination of the Franchise Agreement is within your sole control.
Costs and Attorneys' Fees	Varies under circumstances	So that we actually receive reimbursement by the end of 10 days after we request it	You pay these fees only if you breach the Franchise Agreement or if there are other claims related to our relationship.
GRITT Summit and Franchise Advisory Meeting	Then current registration fees, plus travel expenses.[6]	Paid to PFS at the time of registration.	You will send at least one (1) individual to the annual GRITT Summit and Franchise Advisory Meeting. This person should be a decision maker or manager for the Restaurant.

Explanatory Notes:

1. Unless we note otherwise, we impose and collect all fees, and all fees are payable only to us. All fees are nonrefundable except in the case of overpayment or similar error. All fees are uniformly imposed.

There are no Company-owned Restaurants in the System. There are also no cooperatives. As a result, no Company-owned Restaurants have controlling voting power over any fees any cooperative may impose.

You must pay all fees you are required to pay us: i) in one lump sum; ii) by automatic debit or in another manner we may direct; iii) in United States dollars; and iv) so that we actually receive the payment by the end of the date the payment is due.

2. If banks, credit card companies, or other payment processors charge us a fee for processing any payment you make to us, you must reimburse us for the amount of the fee.

3. If you do not pay us an amount you owe so that we actually receive the payment by the end of the date it is due, you must pay us the amount of the payment, plus i) a collection charge the "Collection Charge") equal to the greater of $100 per delinquent payment or our actual costs of collection; plus ii) interest on the overdue amount at the lesser of 18% per annum the "Contract Rate") or the highest rate then permitted by applicable law the "Default Rate").

4. The low end of the range assumes that you already own the equipment you will use in the operation of the Restaurant. This equipment includes ovens**,** heated and cooled holding displays, signage, menu boards, point of sale materials, ingredients, packaging, and branded products. The high range shown assumes that you must purchase these items.

5. It is in your best interests, and in the best interests of our other franchisees and the System, that each BluTaco Restaurant, including your Restaurant, be clean, up-to-date, well-maintained, and well-appointed. Therefore, you must redesign, refurbish, and remodel collectively, "Renovate") your Restaurant to conform to: i) our then-current specifications for BluTaco Restaurants; and ii) our judgment as to the condition, state of repair, and general appearance of your Restaurant compared to the condition, state of repair, and general appearance that we consider desirable.

   We will not require you to Renovate your Restaurant more often than one time every five years. We cannot predict, with any degree of accuracy, what your Renovation costs may be. If you must replace your signage, it would include the cost of replacement signage. If you must redecorate the Restaurant and replace your equipment, it would include the costs of redecoration and the equipment you purchase. For planning purposes, you should assume that the costs will range from $1,000 to $25,000. However, if you have more signage than is standard, or if your Restaurant needs substantial Renovations, your costs may be higher.

   There is no cap on these amounts: they are dictated entirely by your particular circumstances. Because you have the right to terminate the Franchise Agreement without cause, your decision of whether to Renovate your Restaurant is within your control. If you do not want to Renovate, you may terminate the Franchise Agreement.

6. In 2020, the GRITT Summit and the Franchise Advisory Meeting will be held simultaneously. This arrangement will be reviewed on an annual basis and is subject to change. The current registration fee is $595.

ITEM 7.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to Be Made
	Low	High			
Architectural and Engineering Fees	$0	$8,500	As Arranged	As Arranged	Architects, Engineers
Construction, Remodeling, and Site Improvements(Note 1)	$0	$145,000	As Arranged	As Arranged	Contractors
Furniture, Fixtures, Equipment, Décor, and Signage(Note 2)	$1,500	$115,000	As Arranged	As Arranged	Pro Food Systems; Other Suppliers
Training Expenses: Wages and Benefit Costs (Note 3)	$1,500	$5,500	As Incurred	During Training	Your Employees; Suppliers of Benefits
Grand Opening Advertising(Note 4)	$0	$5,000	As Incurred	As Arranged	Advertisers
Professional Fees(Note 5)	$0	$5,000	As Incurred	Before Opening	Attorneys, Accountants
Insurance for One Year (Note 6)	$0	$13,000	As Arranged	Before Opening	Insurers
Security Deposits, Utility Deposits, Business Licenses, and Other Prepaid Expenses(Note 7)	$0	$4,000	As Arranged	Before Opening	Utilities, Governmental Authorities
Opening Inventory	$3,000	$15,000	As Incurred	As Arranged	Pro Food Systems; Other Suppliers
Additional Funds – 3 Months(Note 8)	$3,000	$30,000	As Incurred	As Incurred	Suppliers, Employees, Tradesmen
Total(Note 9)	**$9,000**	**$349,000**			

Explanatory Notes:

1. The low range shown in the table assumes that the space is already properly configured and needs no construction. The high range shown assumes that you must construct the interior of your Restaurant from empty shell space in which you have flexibility over the use of the space.

2. The low range shown in the table assumes that: i) you do not have dine-in seating; ii) you already have a computer system and electronic cash register system in your existing business; iii) you lease the other equipment that you need; and iv) you purchase your signage.

   The high range assumes that: i) you have limited dine-in seating; and ii) you purchase your equipment and signage, including a computer system and electronic cash register system.

3. Training expenses typically incurred while attending training.

4. We do not require you to conduct grand opening advertising. The low range shown in the table assumes that you do not conduct any grand opening advertising. The high range assumes that you conduct limited grand opening advertising.

5. The low range shown in the table assumes that: i) you do not use an attorney to review the Franchise Agreement or this Disclosure Document, and you do not have any construction contracts to review; ii) you add your Restaurant to your existing accounting systems; and iii) your existing accountant processes your payroll and does your bookkeeping as a part of the payroll and bookkeeping for your existing business without payment of any additional fee.

   The high range shown assumes that: i) you engage legal counsel to review the Franchise Agreement, this Disclosure Document, and your construction contracts; ii) your existing accountant adds your Restaurant to your existing accounting systems for a minimal additional fee; and iii) your existing accountant processes your payroll and does your bookkeeping as a part of the payroll and bookkeeping for your existing business for a minimal additional fee.

6. Except for the amounts for insurance, the amounts shown in the table are for your startup and first three months of operation only. The amounts for insurance are for one full year after you purchase the policy.

7. These costs include deposits for utilities, prepaid expenses, and other miscellaneous deposits and prepaid costs you may incur.

8. These are estimates of the funds you will need for the typical Restaurant's first three months of operation. The figures include costs of performing background checks, hiring employees, payroll costs, health insurance costs, purchasing miscellaneous products and services, and additional amounts you will spend during the first three months of operation. They do not include any draw or salary by your owners unless they are acting in the capacity of a Restaurant Manager. These amounts may vary widely depending on the number of employees you have, the rates you pay your employees, your costs of insuring your employees, and similar variables. In compiling the figures for Additional Funds, we relied on the experience of our officers in the development, opening, and operation of BluTaco Restaurants.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Your Obligation to Purchase or Lease Items

We and our franchisees have an interest in protecting the quality and integrity of the System. To protect our common interests, we place restrictions on the products and services you purchase, and on the sources from which you purchase them.

No franchisor officer owns an interest in any supplier.

We currently are not, but reserve the right to be so in the future, an approved supplier of the products and services used in the operation of your Restaurant.

Our parent, Pro Food Systems, is an approved supplier; and the only approved supplier of the following Proprietary Products (the "Proprietary Products"): (i) Food Preparation Equipment; (ii) Cooking Equipment; (iii) Hot Food Cases; (iv) Food Inventory; and (v) Branded Packaging.

Grant and Revocation of Approval of Alternative Suppliers

We do not currently have written criteria for approving suppliers. If we develop written criteria, we will provide you with a copy on your written request.

We do not assert any right to control products and services you offer unless they relate to the BluTaco Products and Services. For example, if you operate a grocery store, we do not control the grocery items you generally stock, including the deli items you offer.

We do not permit you to contract with alternative suppliers to obtain Proprietary Products. We also have the right to control the ingredients you use in connection with the BluTaco Products and Services, the packaging of the BluTaco Products and Services, and similar matters. You must obtain our approval of any alternative supplier of these items, and the products or services it offers, before you use the supplier. To secure our approval: i) you must submit a written request to us for approval, together with any samples, specifications, and other information we may request; ii) the proposed supplier must demonstrate to our reasonable satisfaction that it is able to supply the items to you in compliance with our specifications; and iii) the proposed supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community with respect to its financial soundness and integrity, and the reliability of the items it offers. We may charge you a fee ranging between $25 to $500 for each supplier and item you request that we approve

If you ask us to approve an unreasonable number of alternative suppliers, products, or services, we have the right to require you to reimburse us for our actual costs and expenses of evaluations we perform.

We will give you notice of our approval or disapproval by the end of 30 days after you or the proposed supplier deliver to us the last information we request in connection with the approval.

We may revoke our approval of any supplier, good, or service if we determine, in our exercise of reasonable business judgment, that revocation is in your best interests, our best interests, or the best interests of the System. If we revoke our approval, we will give you written notice of the revocation.
We make our standards and specifications available to our franchisees. We will provide you with a copy of them on your written request. We may disclose them to suppliers you propose using, provided they sign agreements we prepare to protect the confidentiality of our standards and specifications, but we are not required to do so. We have no formal procedures for modifying our standards and specifications; we do so based on our judgment as to how to best serve our franchisees and their customers, and how to enhance profits.

Revenue or Other Material Consideration from Required Purchases or Leases by Franchisees

We require you to purchase or lease Proprietary Products and other products and services from us or our Parent. We and our Parent: i) may include a reasonable markup in the price of any products and services we or they sell you; ii) may derive profit from the products and services we or they sell you; and iii) may receive revenue or other material benefit as a result of consideration you or any of our other franchisees pay us or our Parent.

We require you to purchase or lease products and services from third parties. We and our Parent may enter into arrangements with these third parties under which we and our Parent receive revenue or other material benefit, like rebates, discounts, and allowances, as a result of consideration you or any of our other franchisees pay to the third parties.

We may receive revenue or other material consideration from your purchases and leases of products and services from us or our Parent. We anticipate that this consideration will be a percentage of the dollar amount of your purchases and leases. These percentages would vary depending on: i) our cost of producing or purchasing the good or service; ii) the costs and difficulties we incur in storing and shipping the item; iii) competition in the marketplace; iv) the requirements of law; and v) other factors. Many products, are commodity based and the prices can fluctuate daily, and the percentages could range from less than 1% to 50% or more of the amount you pay.

Based on the terms of an agreement between Pro Food Systems and us, Pro Food Systems pays to us a fee, on a quarterly basis, equal to one-half of one percent (0.5%) of the total of all purchases and leases by our franchisees, if applicable.

During fiscal year ended December 31, 2019, Pro Food Systems did not receive any revenue from franchisees for any required purchases or leases.

During our fiscal year ended December 31, 2019, we did not receive any fees from Pro Food Systems based on the terms of this agreement.

We may receive revenue or other material consideration from suppliers we designate, where the products or services our franchisees purchase or lease are not Proprietary Products. We anticipate that consideration we or our Parent may receive, if any, from our franchisees' purchases and leases of products and services from designated suppliers would be a percentage of the System's purchasing levels. These percentages would vary depending on: i) the supplier's policies; ii) the volume purchased; iii) the customs of the supplier's industry; iv) the requirements of law; v) competition in the marketplace; and vi) other factors. The percentages could range from less than 1% to 8% or more of the amount of the System's purchases.

Your required purchases and leases, which include purchases and leases of products and services from us or our Parent or any designated supplier of ours, and purchases and leases of products and services in accordance with our specifications, will represent approximately 25% to 80% of your total purchases and leases of products and services to establish your Franchised Business and approximately 55% to 80% of your total purchases and leases of products and services to operate your Franchised Business.

You are required to the following insurance coverages:

Type of Coverage	Amount
Commercial General Liability	$1 million per occurrence and $2 million in the aggregate
Automobile Liability, for Owned, Non-Owned, and Hired Vehicles	$1 million per claim, including bodily injury and property damage
Workers' Compensation and Employer's Liability	$500,000 per accident $500,000 disease per employee with a policy limit of $500,000 in the aggregate
Unemployment Compensation, Disability, Social Security, and other insurance required by law	As prescribed by law

<u>Benefits We Provide Based on Your Purchases</u>

We will offer you an addendum to the Franchise Agreement the “Special Terms and Conditions Addendum”). There are two levels of this addendum: i) the Gold Level; and ii) the Silver Level. The two forms of addenda are attached to this Disclosure Document as Exhibit B.

The addenda provide you with material benefits based on your purchases of particular products or services from us or our Parent. We refer to these products or services as the “Branded Products.”

We have two programs to provide you with benefits: the “VIR Program” and the “MDF Program.”

1. <u>VIR Program</u>. “VIR” stands for “Volume Incentive Rebate.” Under the VIR Program, we will pay you a cash rebate based on the amount of your net purchases of Branded Products.

2. <u>MDF Program</u>. “MDF” stands for “Marketing Development Fund.” Under the MDF Program, we will accrue a portion of your net purchases of Branded Products, and will reimburse you for a portion of your expenditures for advertising you publish.

We describe the VIR Program and the MDF Program below.

<u>VIR Program</u>

Under the VIR Program, if you enter into the Gold Addendum or Silver Addendum, we will pay you a cash rebate based on the amount of your net purchases of Branded Products during the fiscal year we prescribe the “Program Year”).

The amount of the cash rebate we pay under the Gold Addendum or Silver Addendum is as follows:

VIR PROGRAM: CASH REBATES TO YOU FOR PURCHASES YOU MAKE		
If the Restaurant’s Net Purchases of Branded Products from Us or Our Parent for the Program Year Are:	We Will Pay You a Rebate Equal to the Following Percentage of Your Total Net Purchases of Branded Products:	
	If You Sign the Gold Addendum:	If You Sign the Silver Addendum:
Less than $80,000	0%	0%
$80,000 to $89,999.99	1%	0.5%
$90,000 to $99,999.99	2%	1.0%
$100,000 to $109,999.99	3%	1.5%
$110,000 to $119,999.99	4%	2.0%
$120,000 and Over	5%	2.5%

As an example of the rebate calculation, assume that you sign the Gold Addendum and your total net purchases of Branded Products during Program Year 2018 are $115,000. We would pay you a rebate of $4,600 i.e., $115,000 x .04), or assume that you sign the Silver Addendum and your total net purchases of Branded Products during Program Year 2018 are $115,000. We would pay you a rebate of $2,300 i.e. $115,000 x .02).

There are conditions, under both the Gold Addendum and Silver Addendum, on our obligation to pay you the rebate:

3. Growth. Each Program Year, your total net purchases of Branded Products during the Program Year must exceed your total net purchases of Branded Products during the immediately-preceding Program Year by 2.5% or more.

4. Compliance. You and your affiliates must be in compliance with all agreements with us and our Parent.

We will pay you the amount of the rebate you are entitled to receive by February 28 of each year for net purchases of Branded Products during the immediately-preceding Program Year.

All amounts under the VIR Program are ours until we actually pay your share to you.

MDF Program

Under the MDF Program, we have established an advertising fund. We refer to this fund as the "Accrual Fund." We deposit a percentage of your net purchases of Branded Products into the Accrual Fund. The percentage we deposit depends on whether you enter into a Gold Addendum or Silver Addendum, as follows:

MDF PROGRAM: REIMBURSEMENT OF ADVERTISING EXPENDITURES	
Level:	**Percentage of Your Net Purchases of Branded Products We Will Deposit Into the Accrual Fund:**
Gold	6.0%
Silver	3.5%

To be eligible for reimbursement from the Accrual Fund, the advertising must be "Qualified Advertising." "Qualified Advertising" is advertising in broadcast, print, or electronic media, or any other advertising material or signage we approve for reimbursement with MDF Program funds, that: i) you submit to us in the manner we specify for our approval before you purchase it or publish it; and ii) we approve in writing.

To receive a reimbursement from the Accrual Fund, you would submit a claim to us within 90 days after the Qualified Advertising was published. We refer to the claim as an "Advertising Claim." If we approve the Advertising Claim, we will reimburse you for the amount of the Advertising Claim, up to the amount of the balance we are holding for you in the Accrual Fund the "Balance"). We may also pay the amount of the Advertising Claim directly to the supplier of advertising.

We want you to advertise regularly. To give you an incentive to advertise regularly, any portion of your Balance in the Accrual Fund that is over one Program Year old will be removed from the Balance.

To be eligible to receive the reimbursements, you and your affiliates must be in compliance with all agreements with us and our Parent.

All amounts that we accrue are ours until we actually use them to pay an Advertising Claim.

General Matters

Currently, we have no purchasing or distribution cooperatives for the System.

We negotiate purchase arrangements with our Parent and some of the other suppliers we designate, including price terms, for the benefit of franchisees.

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 Franchise Agreement[Note 1)]	Disclosure Document Item
a. Site selection and acquisition/lease	Section 4	Item 11
b. Pre-opening purchases/leases	Section 7	Items 5 and 8
c. Site development and other pre-opening requirements	Sections 4, 5, 7	Item 11
d. Initial and ongoing training	Section 5	Items 6, 7, and 11
e. Opening	Section 4.4	Item 5
f. Fees	Sections 3, 5.1, 5.2, 12.1, 16.3.5	Items 1, 5, and 7
g. Compliance with standards and policies/operating manual	Recital B; Sections 6.1, 6.3, 9.2, 9.6	Items 8, 11, and 16
h. Trademarks and proprietary information	Recitals A, B; Sections 8, 17.3	Items 13 and 14
i. Restrictions on products/services offered	Recital B; Sections 7, 8.2, 9.3	Items 8 and 16
	Gold Addendum: Section 5.3	
	Silver Addendum: Section 4.3	
j. Warranty and customer service requirements	Not Applicable	Item 11
k. Territorial development and sales quotas	Section 4.2	Item 12
	Gold Addendum: Section 2.5.1	
	Silver Addendum: Section 2.5.1	
l. Ongoing product/service purchases	Section 7	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Sections 9.2, 9.6	Item 12
n. Insurance	Section 12.2	Items 6 and 7
o. Advertising	Section 6	Items 6, 7, 8, and 11
	Gold Addendum: Section 3	
	Silver Addendum: Section 3	
p. Indemnification	Section 12.1	Item 6
q. Owner's participation/management/staffing	Not Applicable	Item 15
r. Records and reports	Section 11.1	Item 6

Obligation	Section in Franchise Agreement[Note 1)]	Disclosure Document Item
	Gold Addendum: Section 5.5	
s. Inspections and audits	Section 10	Item 6
t. Transfer	Section 13	Items 6 and 17
u. Renewal	Section 2	Item 9
v. Post-termination obligations	Section 15	Item 9
	Gold Addendum: Section 5.1.2	
	Silver Addendum: Section 4.1.2	
w. Non-competition covenants	Section 15	Item 9
x. Dispute resolution	Section 16.3	Item 17
	Gold Addendum: Section 6.2	
	Silver Addendum: Section 5.2	
y. Other		
Signage	Gold Addendum: Section 5.2	Item 9
	Silver Addendum: Section 4.2	
Breakfast Program	Gold Addendum: Section 5.3	Item 9
	Silver Addendum: Section 4.3	
Point of Sale “POS”) System	Gold Addendum: Section 5.4	Item 9
Equipment	Gold Addendum: Section 5.6	Items 9 and 11
Test Marketing	Gold Addendum: Section 5.7	Item 9

Explanatory Note:

1. All references are to the Franchise Agreement unless otherwise noted.

ITEM 10.

FINANCING

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

We do not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. We do not receive direct or indirect payments for placing financing.

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ITEM 11.

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

Except as listed below, BluTaco is not required to provide you with any assistance.

<u>Pre-opening obligations</u>:

1. We will review the proposed site for the Restaurant. We refer to the site where you propose to develop your Restaurant as the "Proposed Site." Because you will operate your Restaurant within an existing business of yours, we do not provide you with any assistance in locating a site or negotiating the purchase or lease of the site. You will have the Proposed Site before you sign the Franchise Agreement. We will evaluate your Proposed Site before we enter into the Franchise Agreement with you. If we do approve of the site, we will not enter into the Franchise Agreement. (Franchise Agreement, Section 4.1)

2. We refer to the location we approve as the "Approved Location." We will show the Approved Location on Schedule A of the Franchise Agreement before you sign it. (Franchise Agreement, Section 4.2)

3. You are solely responsible for conforming the premises of the Restaurant to all ordinances and building codes. We will not have any responsibility related to conforming the premises of the Restaurant to any ordinances or building codes. (Franchise Agreement, Section 4.1)

4. You are solely responsible for promptly seeking and obtaining all governmental and other approvals, consents, permits, and licenses required to open and operate the Restaurant and to offer for sale and sell the Products and Services. You must use your best efforts to obtain all required approvals, consents, permits, and licenses. We will not have any responsibility related to these required approvals, consents, permits, and licenses. (Franchise Agreement, Section 9.1)

5. Provide you, on loan, with one copy of our Operations Manual. *See* "Operations Manual," below in this Item 11; *see also*: i) Item 14 of this Disclosure Document; and ii) the Table of Contents of the Operations Manual, and the number of pages devoted to each subject and the total number of pages, shown in Exhibit G to this Disclosure Document.

6. Provide you with our Manager Training. ((Franchise Agreement, Section 5.1). *See* "Hiring and Training Employees" and "Training," below in this Item 11.

7. Provide you with our Opening Assistance. (Franchise Agreement, Section 5.2) *See* "Training," below in this Item 11.

8. Provide you with standards and specifications for furniture, fixtures, equipment, décor, and signage. If we require you to use approved suppliers for these items, we will provide you with the names of the approved suppliers. We will provide this information in writing, in the Operations Manual or in other materials we provide. You will have the sole responsibility for obtaining and installing all furniture, fixtures, equipment, décor, and signage. We do not provide you with furniture, fixtures, equipment, décor, or signage directly. We do not deliver or install these items. (Franchise Agreement, Sections 4.3, 7.1)

9. Provide you with standards and specifications for opening inventory and supplies. If we require you to use approved suppliers for these items, we will provide you with the names of the approved suppliers. We will provide this information in writing, in the Operations Manual or in other materials we provide. You will have the sole responsibility for stocking the Restaurant with opening inventory and supplies. We do not provide you with opening inventory and supplies directly. We do not deliver or install these items. (Franchise Agreement, Section 7.1)

10. Consult with you regarding the design, construction, remodeling, equipping, and decorating of the Restaurant; however, it is your sole responsibility to design, construct, remodel, equip, decorate, ready, and open the Restaurant in compliance with the Franchise Agreement and the Operations Manual. However, we will not be responsible for any loss from the design, construction, remodeling, refurbishment, renovation, or equipping of the Restaurant.

Time for Opening Your Restaurant

You and we will agree on the opening date of your Restaurant before you sign the Franchise Agreement. We refer to this date as your "Opening Date." You may open the Restaurant once we have completed a check-off sheet showing that you are ready and able to offer for sale and sell the Products and Services under the System at the Restaurant. (Franchise Agreement, Section 8.1)

A franchisee will typically open a Restaurant one to four months after the Effective Date of the Franchise Agreement. The factors that may affect this time period include the time required to: i) obtain any required building permits; ii) build out and decorate the Restaurant; and iii) order and install furniture, fixtures, equipment, décor, and signage at the Restaurant.

If you have not opened the Restaurant by the end of the Opening Date, we will have the right to terminate the Franchise Agreement. (Franchise Agreement, Section 14.2.2)

Obligations During Operation of Franchise

During the operation of your Franchise, we will:

11. List your Restaurant on any Internet site we maintain that lists franchised or Company-owned BluTaco Restaurants operating under the System to the same extent as we list other BluTaco Restaurants generally. *See* "Internet Advertising," below in this Item 11.

12. Permit you to develop an Internet site. *See* "Internet Advertising," below in this Item 11.

13. Permit you to develop a site on Facebook and similar social network services collectively, the "Social Media Sites"). *See* "Internet Advertising," below in this Item 11.

14. Grant you access to advertising and promotional programs and material we or our designated advertising agency may develop for the System. .

15. Allow your additional or replacement Managers to attend Manager Training. *See* Item 6 of this Disclosure Document; *see also* "Training," below in this Item 11.

16. Provide you with any additional training that we believe would benefit the System. . *See* Item 6 of this Disclosure Document; *see also* "Training," below in this Item 11.

17. Defend the Marks and bear all costs of this defense. *See* Item 13 of this Disclosure Document.

18. Provide you with access to the products and services we may offer. *See* Item 8 of this Disclosure Document.

19. Evaluate suppliers you propose to use and the products, equipment, services, supplies, or merchandise they offer. *See* Item 8 of this Disclosure Document.

Advertising Programs

Grand Opening Advertising

We do not require you to conduct grand opening advertising.

Local Advertising Requirement

We do not require you to conduct local advertising.

Regional Advertising Cooperative

We do not require you to participate in any regional advertising cooperative.

National Advertising

We do not collect any national advertising fee. We do not require you to participate in any national advertising fund.

We do not have any obligation to spend any amount of advertising in your territory.

Internet Advertising

We will list your Restaurant on any Internet site we maintain that lists franchised or Company-owned Restaurants operating under the System to the same extent as we list these other Restaurants generally.

You may create an Internet site your "Internet Site") for the Restaurant. Your Internet Site must hyperlink off one or more Internet sites that we designate. You must use and publish all templates and forms we direct you to use and publish in connection with the Internet Site. You must submit to us all text, graphics, photographs, and other material collectively, the "Internet Content") you propose to use on your Internet Site, including all material modifications to the Internet Content, before you use it. We have the right to: i) approve, disapprove, and modify the Internet Content; ii) format, upload, or hyperlink your Internet Site to any other Internet site related to the System that we designate; and iii) modify, use, print, publish, display, store, and transmit the Internet Content, and to authorize third parties to modify, use, print, publish, display, store, and transmit the Internet Content.

Social Media Advertising

You may establish sites on Facebook and other social media and social network services. We refer to your sites on these media and services as your "Social Media Sites." We have the right to: i) disapprove or to require you to modify the text, graphics, photographs, and other material collectively, the "Social Media Content") on any Social Media Site; ii) hyperlink your Social Media Sites to any other Internet site related to the System that we designate; and iii) modify, use, print, publish, display, store, and transmit any of the Social Media Content, and to authorize third parties to modify, use, print, publish, display, store, and transmit any of the Social Media Content, subject to the requirements of the social network service that hosts the applicable

Social Media Site. You must keep us advised at all times of your Social Media Sites' addresses and domain names.

We have the sole ownership, right, title, and interest in and to the Social Media Content of all Social Media Sites, subject to the requirements of the social network service that hosts the applicable Social Media Site.

We have the sole ownership, right, title, and interest in and to all domain names related to the Social Media Sites, subject to the requirements of the social network service that hosts the applicable Social Media Site.

The Social Media Content on each Social Media Site must meet the standards of propriety that we prescribe. Your Social Media Sites and Social Media Content must comply with our rules, guidelines, standards, specifications, plans, programs, and procedures. You must monitor the Social Media Content on each Social Media Site. You must remove any inappropriate Social Media Content so that the removal is fully completed immediately on our demand, or within 12 hours after the inappropriate Social Media Content is posted on the Social Media Site, whichever is earlier.

Access to Advertising

We will grant you access to standard advertising and promotional programs and material we or our designated advertising agency may develop for the System. You will receive, at no additional charge, all advertising and promotional programs and materials produced for the System for radio, television, or print media. These items include ad slicks, circulars, direct mail pieces, broad sheets, newsletters, and brochures. You must pay the hard costs associated with these items, like the cost of purchasing media, film, plates, paper, and other hard costs, and any shipping and handling charges for delivering the items to you. You must also pay all costs of customizing the programs or materials, and of having them published in the media.

Control Over Advertising

You may use only: i) advertising and promotional materials that we have provided to you; or ii) your own advertising and promotional materials that we have approved in writing in advance. Franchise Agreement, Section 6).

If you want to use advertising and promotional materials that we have provided to you, you must give us a description of the media in which you propose to use them for our approval before you use them. We will have 10 days in which to approve or disapprove the use of the materials in the media you propose. If we have not disapproved the use of the materials in the media you propose by the end of this 10-day period, they will be deemed approved.

If you want to use your own advertising and promotional materials, you must give us a copy of the advertising and promotional materials, together with a description of the media in which you propose to use them, for our approval before you use them. We will have 10 days in which to approve or disapprove the materials and their use in the media you propose. If we have not disapproved the use of the materials in the media you propose by the end of this 10-day period, they will be deemed approved.

You may not: i) issue any press release or similar promotion related to the Restaurant, the Franchised Business, or the System unless we expressly approve the release or promotion in writing in advance; ii) conduct any advertising or promotional activities that fall outside our guidelines; or iii) advertise the Restaurant with any business that is not operated under the Franchise Agreement or some other BluTaco franchise agreement, without our prior written consent. Franchise Agreement, Section 6).

All advertising materials we prepare or provide are protected by copyright and are our exclusive property.

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies.

Electronic Cash Register System; Computer System

We may require you to buy and use the electronic cash register system and computer system that meets our requirements. However, the systems in your existing business may meet our requirements. (No specific reference in Franchise Agreement; Gold Addendum, Section 5.4).

You will use your electronic cash register system: i) to record your sales transactions; ii) to print bar code labels and other labels; iii) to prepare daily sales reports and similar periodic reports; iv) to provide us with other reports, documents, and data that we may specify; and v) to perform other functions that we may specify. (Exhibit B-1, Gold Addendum, Section 5.4).

You will use your computer system: i) for interactive training; ii) for purchasing and inventory control; iii) for accounting and bookkeeping; iv) for scheduling; v) for Internet communication and email; and vi) for other functions that we may specify.

Your electronic cash register system and computer system will consist of a point of sale system a "POS") and a back office system a "BOS"). We do not currently require you to use any specific POS or BOS. Your POS system must comply with the Payment Applications Best Practices "PABP") standards or the successor standards to the PABP. You must connect it to the Internet using an always-on access method, like a T-1 line, cable, or DSL. Our specifications may change, and you must upgrade to equipment that meets our specifications as we direct. You should ask us for a list of our current specifications before you sign the Franchise Agreement. The current purchase price of POS and BOS systems that meet our specifications ranges from $5,000 and $20,000. No specific reference in Franchise Agreement.) You must enter, generate, and store in your electronic cash register system and computer system the data and information we prescribe. This data and information will include: i) sales records; ii) product mix and sales performance data; iii) inventory records; iv) accounting and bookkeeping records; v) training materials; vi) schedules; vii) Internet communications; and viii) other data and information we specify. You must use the reporting services we require. The fees for these services range from $2,000 to $5,000 per year.

Neither we nor any Parent or affiliate of ours has any obligation to provide ongoing maintenance, repairs, upgrades, updates to your hardware or software. We do not currently require you to enter into agreements with third parties to provide ongoing maintenance, repairs, upgrades, or updates to your hardware or software, although we may do so in the future.

You must keep your electronic cash register system and computer system in good maintenance and repair. You must upgrade and update your electronic cash register system and computer system on notice from us. We may require you: i) to add additional capacity, accessories, and peripheral equipment to your systems; and ii) to upgrade or replace your systems, at your sole cost and expense. The cost to comply with these obligations could be as low as $500, or may be as high as $25,000. We do not intend to require you to upgrade and update your systems more often than one time every five years; however, there is no contractual limitation on the frequency or cost of these obligations.

If you elect, at your option, to enter into maintenance, updating, upgrading, or support contracts, or if we require you to enter into these contracts, your costs should range from $250 to $5,000 per year. Your actual costs will vary depending on the price and quality of the components of your systems, the level of deductibles you select, and other factors.

If we substitute one or more software programs for any software we specify, you must, by the end of 30 days after we give you notice to do so, at your sole cost and expense: i) stop all use of the software being replaced; ii) preserve all data from the software being replaced; iii) obtain and install the substitute software on your computer as we may direct; iv) import, to the substitute software, relevant data from the software being replaced; and v) begin using the substitute software.

We will not have independent access to the information that will be generated or stored in your electronic cash register system and computer system.

Renovations

"Renovation" refers to the periodic large-scale refurbishment and remodeling of your Restaurant. It includes the replacement of worn, obsolete, or non-functioning furniture, fixtures, equipment, décor, and signage. Franchise Agreement, Section 9.6).

It is in your best interests, and in the best interests of our other franchisees and the System, that each BluTaco Restaurant, including your Restaurant, be clean, up-to-date, well-maintained, and well-appointed. Therefore, you must, at our request, Renovate your Restaurant to conform to: i) our then-current specifications for BluTaco Restaurants; and ii) our judgment as to the condition, state of repair, functionality, and general appearance of your Restaurant and its furnishings, fixtures, equipment, décor, and signage compared to the condition, state of repair, functionality, and general appearance that we consider desirable. This Renovation will be at your sole cost and expense. Our right to require you to Renovate does not affect our right to require you to maintain the Restaurant in compliance with the Franchise Agreement, our Operations Manual, and our standards and specifications, or your obligation to do so. Franchise Agreement, Section 9.6).

We will not require you to Renovate your Restaurant more often than one time every five years. Franchise Agreement, Section 9.6).

You must finish all Renovations so that they are completed by the end of six months after we deliver notice to you that we are requiring you to make the Renovations.

Test Marketing

We may conduct market research and testing to determine consumer trends and the marketability of new products, equipment, services, supplies, and merchandise. We refer to these items, collectively, as the "Test Products." You must assist us with this market research and testing by participating in any programs as we may require. No specific reference in Franchise Agreement; Gold Addendum, Section 5.7).

Operations Manual

We loan you during the term of the Franchise Agreement one copy of an Operations Manual, which may consist of one or more handbooks or manuals and other written, video or audio materials (collectively the "Operations Manual"). The Operations Manual contains mandatory and suggested specifications, standards and operating procedures we prescribe for the operation of your Franchised Business and information relative to your other obligations. We have the right to modify the Operations Manual to reflect changes in products, services, specifications, standards and operating procedures, including marketing techniques. No addition or modification may alter your fundamental status and rights. You must keep one copy of the Operations Manual current and the master copy of the Operations Manual we maintain at our principal office controls if there is a dispute relative to the contents of the Operations Manual (Franchise Agreement, Section 6, Paragraph F). The Operations Manual contains a total of 68 pages as of the date of this Disclosure Document. Exhibit G to this Disclosure Document is the table of contents of the Operations Manual.

Training

We will provide you with our BluTaco Manager Training. (Franchise Agreement, Section 5)

Your Managers must attend, and successfully complete, to our satisfaction, Manager Training.

Our Manager Training as of the date of this Disclosure Document is as follows:

TRAINING PROGRAM

MANAGER TRAINING[Note 1)]

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training[Note 2)]	Column 4 Location
Orientation	0	1.0	Your Restaurant
Planning, Leading, Organizing, Controlling, Managing, Staffing, and Training	0	1.5	Your Restaurant
Equipment	0	0.5	Your Restaurant
Back-of-House Training	0	1.5	Your Restaurant
Kitchen Management Training	0	3.0	Your Restaurant
Front-of-House Training	0	1.0	Your Restaurant
Service Management Training	0	0.5	Your Restaurant
Inventory Control	0	1.5	Your Restaurant
Shift Management Training	0	0.5	Your Restaurant
Training Overview; Questions and Answers	0	0.5	Your Restaurant

Explanatory Notes:

1. Your "Managers" are the individuals who exercise actual control over the Restaurant.

2. The actual hours of training will vary depending on a number of factors, like the number of Managers in the training class, their experience, and their strengths and needs.

We will conduct training classes on an as-needed basis.

Our instructional materials consist of our Operations Manual, hands-on training and coaching, and discussions.

The experience of our instructors is as follows:

Name of Instructor[1]	Years of Experience Instructor Has in Subject Instructor is Teaching	Years of Experience Instructor has with our Parent, Pro Food Systems
Bryan Davis	9	8
Tim Sullivan	7	8

1. The instructors are employees of our Parent, Pro Food Systems.

Explanatory Notes:

We may also use instructors who are independent contractors.

We do not charge you any fee for training a reasonable number of Managers. We do not require you to reimburse us for the travel, food, lodging, wage, and benefit costs we incur in training a reasonable number of Managers.

If we determine that you want us to train an unreasonable number of Managers, we may charge you a reasonable fee to train the additional Managers. Currently, our cost for training additional Managers is $1,500.

In determining whether the number of Managers you want us to train is reasonable, we may consider: i) whether you already have the number of Managers that we require; ii) the volume of business of your Restaurant; iii) the reliability of your existing Managers; iv) the skills of your existing Managers; v) your Manager turnover; and vi) other factors.

Opening Assistance

At no additional cost to you, we will furnish a representative the ("Business Advisor") to your Restaurant. The Business Advisor will provide you with advice related to developing and opening your Restaurant.

At no additional cost to you, we may, at our discretion, provide you with a trainer the "Corporate Trainer") to assist in the opening process. .

You must staff the Restaurant with your employees to train with, and to assist, the Business Advisor and Corporate Trainer.

Additional Training

If you are a business entity, we refer to certain persons as "Principals." A "Principal" is: i) a natural person who owns or holds any equity in you; ii) a business entity that owns or holds any equity in you; iii) any natural person who owns or holds any equity of any business entity that owns or holds any equity in you; and iv) other natural persons or business entities that we may designate. An equity holder will be deemed to "own" equity whether the ownership is direct, indirect, or beneficial.

We may develop additional training that we believe would benefit the System. We refer to this training as "Additional Training." If we develop Additional Training, we may designate the training as "optional" or "mandatory." If we designate Additional Training as mandatory, you and those of your Principals, Managers, and other personnel we specify must attend and complete the training to our satisfaction, at the times we specify. We reserve the right to charge a reasonable fee for Additional Training; however, the fee will not exceed our costs of developing and conducting the Additional Training, including our costs related to attending the training.

For planning purposes, you should assume that our costs for Additional Training will range from $25 to $500. However, they will depend on several factors, like: i) the place where we conduct the Additional Training e.g., at our headquarters, at a BluTaco Restaurant near your Restaurant, or at a central location); ii) the number of attendees who participate in the Additional Training and who share its costs; and iii) whether we must engage a specialist to provide the Additional Training. As a result, our costs could be higher. They will be based on the hourly rate described in Item 6. We have not yet developed any Additional Training, so we cannot predict with any degree of accuracy where we would conduct it or its content. We do not expect to conduct it more often than once a year; however, if the demands of the market or other factors require us to conduct it more often, we may do so.

Because we have not developed any Additional Training, no franchisees have enrolled in any non-mandatory training during the preceding 12 months.

Miscellaneous

You must pay all expenses you and your designated attendees incur related to attending any training we conduct. These expenses may include, but will not be limited to, your attendees' travel, food, lodging, wage, benefit, and other costs and expenses.

Except for the Opening Assistance, we will determine the location, duration, and program of any training we conduct.

We will not pay any compensation for any services you or your attendees perform in the course of any training.

We may train any number of attendees from any number of Restaurants at any training we conduct, at the same time as we train your attendees. We may train attendees from other systems that we or our Parent or affiliates may develop, at the same time as we train your attendees.

You are responsible for scheduling appropriate training for yourself and your Principals, Managers, and other employees we designate, and for ensuring that you and they successfully complete the training.

ITEM 12.

TERRITORY

The Franchise Agreement grants you the right to operate a BluTaco Restaurant at a single location that you select and we approve. Once a location for the Restaurant is approved by us, it will be listed in Schedule A to the Franchise Agreement. If you sign the Gold Addendum, your Territory will consist of either a) a one-mile radius around your Restaurant, or b) a smaller territory determined by us, at our sole discretion, if your Restaurant is located in a heavily populated area. If you sign the Silver Addendum, your Territory will consist of the outside shell of your Restaurant and we will not grant you any territorial protection outside of the shell of your Restaurant.

Scope of Territorial Rights

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 reserve the right to a) establish BluTaco Restaurant independent locations that sell and deliver the same BluTaco Products and Services that you provide within your Territory and b) sell and deliver competing products and services through "alternative channels of distribution" such as through Internet and catalog sales, toll-free telephone or any similar form of electronic commerce, telemarketing, other direct-marketing techniques, and to conduct advertisements and sales through other distribution channels both inside and outside your Territory. The BluTaco Restaurant independent locations may include those at free standing locations and those located within shopping centers and shopping malls, as well as mobile locations such as food trucks and trailers.

We will not develop, open, or operate, and will not authorize a third party to develop, open, or operate, a BluTaco Restaurant in a BWB Location using the System in your Territory.

You may solicit business inside or outside your Territory and serve customers who reside outside your Territory. There are no restrictions on your right to do so. We, our Parent and our affiliates, and our and their franchisees and licensees may solicit business inside or outside your Territory and serve customers who reside inside your Territory. There is no restriction on our or their right to do so. You will not be entitled to any compensation for orders solicited or accepted within your Territory.

You may not offer for sale, sell, or deliver the Products and Services, or any products or services similar to the Products and Services, through any alternative distribution channel.

Continuation of Territorial Rights; Modification of Territorial Rights

The continuation of your rights to the Territory does not depend on your achievement of any certain sales volume, market penetration, or other contingency. We will not alter the size of your Territory or modify your rights to the Territory if the population of your Territory increases or decreases. We may not modify your Territorial rights except as you and we may mutually agree.

Relocation of Restaurant

You may relocate the Restaurant with our prior written consent. To obtain our consent, you must: i) comply with the procedures shown in Item 11 of this Disclosure Document under the heading "Locating the Site; Negotiating the Purchase or Lease of the Site," and with other criteria we may establish; ii) close your old Restaurant and open your relocated Restaurant substantially simultaneously so that there is no break in operations; and iii) enter into our then-current form of relocation agreement. The relocation agreement will show the terms of the relocation.

If we approve a new location, the new location will be deemed to be the "Approved Location" as we use that term in the Franchise Agreement and this Disclosure Document. Any relocation of your Restaurant will be at your sole cost and expense. You must reimburse us for any costs or expenses we incur related to any relocation, like costs and expenses we incur in evaluating your replacement site, and costs and expenses we incur in connection with the relocation agreement.

Establishment of Additional Restaurants: Options, Rights of First Refusal, or Similar Rights

You do not have any options, rights of first refusal, or similar rights to develop additional Restaurants.

ITEM 13.

TRADEMARKS

We grant you the right to operate your BluTaco Franchise under the trademark BluTaco™ and any other current trademarks, trade names, service marks and/or logos we designate for use in a BluTaco Franchise the "Marks").

The Marks are owned by our parent, Pro Food Systems. Pro Food Systems has granted us the right to use the Marks and sublicense the use of the Marks to franchisees according to a License Agreement dated January 1, 2018. See paragraph below under the heading "Trademark License Agreement").

The following table sets forth the status of Federal registrations with the United States Patent and Trademark Office (the "PTO") on the Principal Register of those marks licensed to you:

Mark	Mark Type / Class	Registration Date	Registration Number
bluTACO	Logo Mark Black and White)	01/22/2019	5,662,516
BLUTACO	Word Mark	01/22/2019	5,662,515
	Logo Mark	01/22/2019	5,662,788
STYLE IT. START IT. FILL IT. TOP IT. EAT IT.	Word Mark	01/22/2019	5,662,789
bluTACO™	Logo Mark	02/11/2020	5984943

There are no affidavits or renewals due at this time.

Legal Proceedings

There are no currently-effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, that limit your right to use any Mark. There is no pending infringement, opposition, or cancellation proceeding involving any Mark. Neither Pro Food Systems nor we have unsuccessfully sought to prevent registration of a trademark in order to protect a trademark we license.

There is no pending material federal or state court litigation regarding Pro Food Systems' or our use or ownership rights in any Mark.

Trademark License Agreement

We and Pro Food Systems entered into a Trademark and System License Agreement. We refer to this agreement as the "Trademark License Agreement."

The Trademark License Agreement grants us the formal contractual right to use, and to authorize others to use, the Marks worldwide. It affects you because it grants us the right to license the Marks to you.

The Trademark License Agreement is dated January 1, 2018. It has a 20-year initial term. Unless we are in uncured material breach of the Trademark License Agreement, it will automatically renew for successive terms of 10 years each, unless the parties elect not to renew it.

Pro Food Systems may terminate the Trademark License Agreement if we are in material breach and the breach is not cured within 30 days. The Trademark License Agreement may be canceled or modified at any time on the written consent of both parties. We do not intend to cancel the Trademark License Agreement, and Pro Food Systems has not indicated any desire to do so. If Pro Food Systems terminates the Trademark License Agreement, or if Pro Food Systems and we mutually agree to cancel the Trademark License Agreement, you may continue to use the Marks during the term of your Franchise Agreement.

Except for the terms shown above, the Trademark License Agreement does not contain any material terms relevant to the franchise.

There are currently no other agreements in effect that significantly limit our rights to use or to license the use of the Marks in any manner material to the franchise.

Defense of Marks

We must defend the principal Marks and your right to use them. We will bear all costs of this defense. You must cooperate fully with us in the defense of the Marks. If you have provided this notice and cooperation, we must indemnify you against, and reimburse you for, all direct damages but not damages for loss of future revenue and consequential, special, multiplied, enhanced, exemplary, or punitive damages) and expenses you incur: i) due to any infringement or unfair competition claim any third party brings against you that arises out of your proper use of the Marks; and ii) if you are a party to an administrative or judicial proceeding involving a Mark we license you to use, whether the proceeding is resolved favorably or unfavorably to you.

You must notify us promptly in writing of any use of, or any claim of rights to, any mark identical to, or confusingly similar to, any Mark. We are not required to take affirmative action when you notify us of these uses or claims, but we expect to do so if it is in the best interests of the System.

We have the right to control any administrative proceeding or litigation involving any Mark we license you to use. We have sole discretion over the protection and defense of any Mark and the settlement of any administrative proceeding or litigation related to any Mark. You may not take any action with regard to this protection or defense, and you may not initiate any suit or proceeding related to the System, without our prior express written consent.

Modifications to Marks; Discontinuance; Signage Reimbursement

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes to the Marks in our absolute discretion. You must adopt and use any and all of these additions, deletions, and changes as we direct, at your sole cost and expense. However, we will not change the primary name of the System from "BluTaco" or require you to change your approved BluTaco signage to some other primary name for a period of two years after the Effective Date of the Franchise Agreement unless we reimburse you for the cost of converting your approved BluTaco signage to signage using the other primary name.

If we are required to reimburse you for a signage change, we will reimburse you for the actual cost to obtain replacement signage from signage suppliers we designate; however, this reimbursement will be limited to: i) $2,000 per Restaurant; and ii) $6,000 in the aggregate. We refer to this reimbursement as the "Signage Reimbursement."

We will not be liable to you or any other party for any loss, expense, liability, damage, or damages, however characterized, and whether actual, consequential, incidental, special, multiplied, enhanced, exemplary, or punitive, for any of these additions to, deletions from, or changes to the Marks; including loss of profits, earnings, revenue, business, or expectancies, except for the Signage Reimbursement.

Prior Rights; Infringing Uses

We do not know of any superior prior rights or infringing uses that could materially affect your use of our principal Marks in any state where the Franchised Business will be located.

ITEM 14.

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or registered copyrights that are material to the franchise. There are no pending patent applications that are material to the franchise.

We own the rights to the Products and Services. We claim common law rights and copyright protection in the Products and Services, as well as a number of other items you will use in the operation of your Franchised Business, including our Operations Manual and other materials and information related to the System. These other items include our marketing materials; our methods for offering for sale, selling, and delivering the Products and Services; our methods for operating your Franchised Business; and our specifications, marketing techniques, advertising programs, advertising strategies, supplier lists, expansion plans, and other information we create or use. We have not registered any of these copyrighted materials with the United States Registrar of Copyrights, although we may do so.

There are no current material determinations of the USPTO, the United States Copyright Office, or any court regarding any of our copyrights. There are no material proceedings pending in the USPTO or any court.

There are no agreements that limit our right to use or license you to use any of our copyrighted material in any manner material to your Franchised Business.

We do not have any obligation to protect any copyright. We may defend our copyrights when it is in the best interests of the System to do so. You are not required to notify us of any infringement claims. We are not required to defend or indemnify you against claims arising from your use of any items in which we claim copyright protection. We are not required to take any affirmative action if we are notified of any infringement. We have the exclusive right to control any copyright litigation. We are not required to participate in your defense or to indemnify you for expenses or damages in any proceeding involving a copyright we license to you.

We will have the right at any time, on notice, to make additions to, deletions from, and changes in any item in which we claim copyright protection. You must adopt and use all additions, deletions, and changes as we direct, at your expense.

We do not know of any patent or copyright infringement that could materially affect the franchise.

We claim proprietary rights in information that we designate as "Confidential Information" and "Trade Secrets." "Confidential Information" is information that we disclose to you that we designate as confidential, or that, by its nature, would reasonably be expected to be held in confidence or kept secret. Examples of Confidential Information are the Operations Manual and the information in it, and our training programs and the material in them. "Trade Secrets" are items that derive independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who may obtain economic value from their disclosure or use. Examples of Trade Secrets include all customer lists, the contact information of customers, and our recipes.

You may use the Confidential Information and Trade Secrets during the Term of the Franchise Agreement. You must maintain the confidentiality of our Confidential Information and secrecy of our Trade Secrets, during and after the Term. You may not use this information in any other business or in any manner that we do not approve in writing, and you may not communicate, divulge, or otherwise display this information to anyone other than your personnel who have a need to know of it in order to operate your Franchised Business.

We have the right to take legal action against you if there has been an unauthorized use of our Confidential Information or Trade Secrets through you. In addition, misuse or unauthorized disclosure of our Confidential Information or Trade Secrets is a breach of the Franchise Agreement.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Obligations

We refer to your general managers, assistant general managers, and other individuals who manage the overall operation of the Restaurant as your "Managers."

If you are a business entity, through your Managers, you must participate personally in the direct operation of the Franchised Business, and you must exercise on-premises supervision of your Restaurant. We recommend, but do not require, that your Principals be Managers and that they exercise on-premises supervision of your Franchised Business.

If you are an individual, you may participate personally in the direct operation of the Franchised Business, and you may exercise on-premises supervision of your Restaurant, although we do not require you to do so. If you do not do so yourself, you must appoint one or more Managers who participate personally in the direct operation of the Franchised Business and exercise on-premises supervision of your Restaurant. You may be a Manager, although we do not require this. We recommend that you be a Manager and that you exercise on-premises supervision of your Franchised Business and Restaurant.

Your Manager

You must conduct any background investigations, aptitude screenings, and other screenings as we may prescribe, on each prospective Manager. The prospective Manager must pass these investigations and screenings.

Your Managers are required to attend, and complete successfully, Manager Training.

Each Manager must: i) devote the amount of time and effort required to manage the Restaurant in compliance with the Franchise Agreement and our requirements; ii) have day-to-day management responsibility for your Restaurant; and iii) personally participate in the direct operation of the Restaurant.

You must cause your Managers to maintain the confidentiality of our Confidential Information and the secrecy of our Trade Secrets.

We do not require your Managers to have any equity interest in you.

Except as shown above, we do not require you to place restrictions on your Manager.

You Are an Independent Contractor

You are an independent contractor. Neither you nor any employee of yours will in any manner be construed to be an employee of ours for any purpose.

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Restrictions or Conditions on Products and Services that You May Sell

We do not assert any right to control the products and services you offer, with two exceptions: i) you must offer for sale all BluTaco Products and Services that we direct you to offer; and ii) you may not offer for sale any products, equipment, services, supplies, or merchandise that are substantially the same as the BluTaco Products and Services, or that we have directed you not to offer. We may add to, delete from, and modify the list of Products and Services as we deem appropriate. There is no limitation on our right to do so.

We do not impose any other restrictions or conditions on you that limit your access to customers.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Franchise Agreement: Section 2	Continues in effect until either party terminates.
	Gold Addendum: Section 5.1	5 years
	Silver Addendum: Section 4.1	3 years
b. Renewal or extension of the term	Franchise Agreement: None	No renewal because Franchise Agreement continues in effect until either party terminates.
	Gold Addendum: Section 5.1	Automatically renews for consecutive 5-year terms unless one party notifies the other that it will not renew.

Provision	Section in Franchise or Other Agreement	Summary
	Silver Addendum: Section 4.1	Automatically renews for consecutive 3-year terms unless one party notifies the other that it will not renew.
c. Requirements for franchisee to renew or extend	None	Not applicable.
d. Termination by franchisee	Franchise Agreement: Section 14.1	You may terminate on 30 days' written notice.
	Gold Addendum: Section 5.1	You may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Silver Addendum: Section 4.1	You may terminate under any grounds permitted by law.
	None	Not applicable. We cannot terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Franchise Agreement: Section 14.2	We may terminate if you commit: i) any one of several listed breaches; or ii) any other breach of the Franchise Agreement.
g. "Cause" defined – curable defaults	Franchise Agreement: Section 14.2.2	10 days to cure if you commit any breach of the Franchise Agreement not specifically enumerated in Section 14.2.1 of the Franchise Agreement.
h. "Cause" defined – non-curable defaults	Franchise Agreement: Section 14.2.1	No opportunity to cure if: i) you do not allow us to inspect your Restaurant, or if you do not provide us with all assistance we may request in the course of any inspection; or ii) you commit any breach of the Franchise Agreement that is not susceptible of cure.
i. Franchisee's obligations on termination/ nonrenewal	Franchise Agreement: Section 15	You must: i) cease all use of the System; ii) pay us all money you owe; iii) return all Confidential Information; iv) allow us to purchase the assets of your former Restaurants; and v) comply with our then-current de-identification requirements.
j. Assignment of contract by franchisor	None	We may assign any or all of our rights and may delegate any or all of our obligations. We are not required to obtain your consent to any assignment or delegation. After any assignment, you must deliver to the assignee performance of all rights that we assigned. After any delegation, you must look solely to the delegatee, and not to us, for the performance of all obligations that we delegated. We may also, without your consent, transfer the ownership in us, and may engage in a public offering of equity.
k. "Transfer" by franchisee – defined	None	"Transfer" means the sale, assignment, delegation, transfer, conveyance, gift, pledge, mortgage, encumbrance, or hypothecation of any "Interest." An "Interest" is: i) any direct, indirect, or beneficial interest in you, or of any Principal in you, the Franchised Business, the Franchise Agreement, the Franchise, any Approved Location, any Restaurant, or substantially all of the assets of the Franchised Business; and ii) you, the Franchised Business, the Franchise Agreement, the Franchise, any Approved Location, or any Restaurant.
l. Franchisor approval of transfer by franchisee	Franchise Agreement: Section 13	We have the right to withhold our consent to a Transfer of any Interest. We will not unreasonably withhold our consent.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	None	The conditions for Transfer are: i) you must obtain our written consent prior to the transfer; i) the transferee and its equity holders must meet our Principal Qualifications; ii) you must satisfy all monetary and other obligation with us iii) at all times during the Term, you must have been in substantial compliance with all agreements and the Operations Manual; iv) at the time of Transfer, you must be in compliance with all agreements; v) you, Principals, transferor, and transferee must sign our then-current form of transfer agreement; vi) if the Transfer is a Transfer of you, all or substantially all of your assets, any Restaurant, all or substantially all of the assets of any Restaurant, the Franchised Business, all or substantially all of the assets of the Franchised Business, or the Franchise, the transferee must enter into our then-current form of franchise agreement, which may contain provisions that differ materially from the provisions of your Franchise Agreement; vii) the transferee must agree to Renovate the Restaurant; viii) the transferee and, if applicable, the transferee's Managers, must complete any training programs then in effect for new franchisees; and ix) the transferor or transferee must reimburse us for all costs and expenses we incur in connection with the Transfer. In the event of the transfer of ownership of your store, you must notify, our Parent, Pro Food Systems, Inc. "PFS"), of such sale.. You must satisfy all monetary and other obligation with PFS within 10 days of the closing of sale.
n. Franchisor's right of first refusal to acquire franchisee's business	None	Not applicable. We do not have a right of first refusal to acquire your Franchised Business.
o. Franchisor's option to purchase franchisee's business	None	In case of termination or nonrenewal, we may be required to purchase assets at market value. Subject to state law.
p. Death or disability of franchisee	None	The person acquiring your interest must be capable of conducting the Franchised Business.
q. Non-competition covenants during the term of the franchise	None	You and your Principals and Managers may not divert any business from the Restaurant, the Franchised Business, the System, or other systems we or our Parent or affiliates may operate.
r. Non-competition covenants after the franchise is terminated or expires	None	Not applicable. We do not prohibit you from competing with us after your Franchise Agreement terminates.
s. Modification of the agreement	None	No modification without your and our written agreement, but we may change the Operations Manual and modify the System without your consent.
t. Integration/merger clause	Franchise Agreement: Section 17.1	Only the terms of the Franchise Agreement, schedules, addenda, and Franchise Disclosure Document are binding subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement are not enforceable.

Provision	Section in Franchise or Other Agreement	Summary
	Gold Addendum: Section 6.1	
	Silver Addendum: Section 5.1	
u. Dispute resolution by arbitration or mediation	Franchise Agreement: Section 16.3 Gold Addendum: Section 6.2 Silver Addendum: Section 5.2	All disputes must be resolved exclusively by litigation.
v. Choice of forum	Franchise Agreement: Section 16.3 Gold Addendum: Section 6.2 Silver Addendum: Section 5.2	Subject to state law, all litigation must take place in a federal or state court having jurisdiction over the subject matter in the place where our principal business office is located, subject to state law. Our principal business office is currently located in Holts Summit, Missouri.
w. Choice of law	Franchise Agreement: Section 16.3 Gold Addendum: Section 6.2 Silver Addendum: Section 5.2	Subject to state law, Delaware law applies.

Applicable state law may require additional disclosures related to the information in this disclosure document. These additional disclosures appear in Exhibit C to this disclosure document.

ITEM 18.

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19.

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Shawn Burcham at BluTaco Franchising, LLC, 170 Commerce Drive, Holts Summit, Missouri 65043, 573) 896-2500, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2017 to 2019

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2017	0	0	0
	2018	0	11	11
	2019	11	30	+19
Company-Owned	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	2017	0	0	0
	2018	0	11	11
	2019	11	30	+19

Table No. 2

Transfers of Outlets from Franchisees
to New Owners Other than the Franchisor)
For years 2017 to 2019

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2017	0
	2018	0
	2019	0
Total	2017	0
	2018	0
	2019	0

Table No. 3

Status of Franchised Outlets
For years 2017 to 2019

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
Colorado	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Florida	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Georgia	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Idaho	2017	0	0	0	0	0	0	0
	2018	0	2	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Iowa	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Indiana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Minnesota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Missouri	2017	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations-Other Reasons	Col. 9 Outlets at End of the Year
	2018	0	3	0	0	0	0	3
	2019	3	2	1	0	0	0	4
Montana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	3	0	0	0	0	3
North Dakota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Ohio	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
Oregon	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	0	0	0	0	2
South Dakota	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
Texas	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	1	1	0	0	0	1
Washington	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Total	2017	0	0	0	0	0	0	0
	2018	0	11	0	0	0	0	11
	2019	11	21	2	0	0	0	30

Table No. 4

Status of Company-Owned Outlets
For years 2017 to 2019

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Missouri	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Totals	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1

Table No. 5

Projected Openings
As of December 31, 2019
(for next fiscal year)

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets Next Fiscal Year
California	0	2	0
Colorado	0	1	0
Illinois	0	4	0
Iowa	0	1	0
Kansas	0	5	0
Louisiana	0	3	0
Missouri	0	2	0
Nevada	1	0	0
South Dakota	0	5	0
Utah	0	3	0
Washington	0	1	0
Wisconsin	0	3	0
Total	1	30	0

Notes:

We do not know of any trademark-specific franchisee organization associated with the System.

Currently, there are no franchisee associations.

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

Listed below are the franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

John Fernandes Fernandea Enterprises 3600 Country Club Jefferson City, MO 65109 Ph:(573) 554-2628	Dianne Fryar Food Plaza #4 109 SE 5th Street Cross Plains, TX 76443 Ph: (325) 725-6179 Mobile: (325) 642-2705

ITEM 21.

FINANCIAL STATEMENTS

Exhibit E is our audited financial statements dated as of December 31, 2019 and December 31, 2018.

We have not been in business for three years or more and cannot include all financial statements otherwise required by the franchise disclosure guidelines.

ITEM 22.

CONTRACTS

The following agreements are attached to this Disclosure Document.

BluTaco Franchise Agreement	Exhibit A
Gold and Silver Addenda to Franchise Agreement	Exhibit B to Disclosure Document
Form of Release, Estoppel, Covenant Not to Sue, Indemnification	Exhibit H to Disclosure Document
Statement of Prospective Franchisees	Exhibit I to Disclosure Document
Disclosure Document Receipts	Exhibit J to Disclosure Document

ITEM 23.
RECEIPTS

Exhibit J contains detachable documents acknowledging your receipt of this Disclosure Document with all exhibits attached.

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EXHIBIT A

BLUTACO FRANCHISING, LLC

BLUTACO FRANCHISE AGREEMENT

BluTaco Franchising, LLC
170 Commerce Drive
Holts Summit, Missouri 65043
(573) 896-2500

<u>BLUTACO FRANCHISE AGREEMENT</u>

FOR BUSINESS WITHIN-A-BUSINESS LOCATIONS

THIS AGREEMENT (the "Agreement") is made and entered into the ____ day of ________________, 20___ (the "Effective Date"), by and between BLUTACO FRANCHISING, LLC, a Delaware limited liability company ("we," "us," or "our"), and ______________________________________ ("you" or "your"), for the BluTaco outlet at the address shown on Schedule A to this Agreement (the "Restaurant").

RECITALS

A. We own the right to use, and to license others to use, the trademark "BluTaco" and trademarks, trade names, service marks, logotypes, trade dress, and other commercial symbols related to the trademark "BluTaco" (collectively, the "Marks").

B. We have acquired and have further developed a unique concept and system for the development, opening, and operation of restaurants that sell a line of food, beverages, merchandise, and miscellaneous items we designate (collectively, the "Products and Services"), using: (i) our rules, guidelines, standards, specifications, plans, programs, and procedures (collectively, our "Standards and Specifications"); (ii) our designs, business formats, training, expertise, know-how, and confidential information; (iii) our recipes; and (iv) our advertising and promotional materials (all of which, together with the Marks, are referred to collectively in this Agreement as the "System"), all of which System is subject to change, improvement, and further development by us from time to time.

C. You are a skilled and experienced business professional. You have an existing retail outlet (your "Store"), or you are developing one. You have applied to us for a franchise to use the System to operate the Restaurant in the Store, and we want to grant you a franchise to use the System to operate the Restaurant in the Store.

D. NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency all of which you and we hereby acknowledge, you and we hereby agree as follows:

1. **<u>Grant of Franchise</u>**.

We hereby grant to you, and you hereby accept from us, a franchise (the "Franchise") to develop, open, and operate the Restaurant in compliance with this Agreement.

2. **<u>Term</u>**.

This Agreement will commence on the Effective Date and will continue in effect until either party terminates this Agreement as set forth in this Agreement.

3. **Fees**.

3.1 Initial Fee. You are not required to pay an initial franchise fee in relation to this Agreement.

3.2 Royalty. You are not required to pay a continuing royalty in relation to this Agreement.

4. **Development of Restaurant; Territory**.

4.1 Proposed Site. We will review the proposed site for the Restaurant. Because you will operate your Restaurant within an existing business of yours, you will have the Proposed Site before you sign the Franchise Agreement. We will evaluate your Proposed Site before we enter into the Franchise Agreement with you. If you do not have a site we approve, we will not enter into the Franchise Agreement.

4.2 Approved Location. You will develop and operate the Restaurant only at the address shown on Schedule A to this Agreement, in the Store.

4.3 Territory. Your territory (your "Territory") will consist of the shell of the Store. Inside your Territory, we will not operate, and we will not authorize others to operate, restaurants using the System. Outside your Territory, we may operate, and we may authorize others to operate, restaurants using the System at any location, even if they compete with you.

4.4 Site Improvements. You will make the site improvements and install the furniture, fixtures, equipment, décor, and signage at the Restaurant that we require. We will consult with you regarding the design, construction, remodeling, equipping, and decorating of the Restaurant; provided, however, it will be your sole responsibility to design, construct, remodel, equip, decorate, ready, and open the Restaurant in compliance with this Agreement.

4.5 Opening Date. You will open the Restaurant for regular business operations by the date shown on Schedule A to this Agreement (the "Opening Date").

5. **Training and Assistance**.

5.1 Managers; Manager Training. You will appoint one or more individuals to exercise overall control over the Restaurant (such individuals being referred to as the "Managers"). We will provide you with our training for Managers (the "Manager Training"). Your Managers must attend, and successfully complete Manager Training. We will not charge you any fee for training a reasonable number of Managers at your Store. If we train an unreasonable number of Managers, we may require you to pay us a fee for the training and to reimburse us for our costs and expenses of providing such training.

5.2 Opening Assistance.

5.2.1 Business Advisor. We will furnish a representative (the "Business Advisor") to your Restaurant. The Business Advisor will provide you with advice related to developing and opening your Restaurant. We will not charge you any fee for the Business Advisor.

5.2.2 Corporate Trainer. We may, at our discretion, provide you with a trainer (the "Corporate Trainer") to assist in the opening process. We will not charge you any fee for the Corporate Trainer.

5.2.3 Your Staffing. You will staff the Restaurant with your employees to train with the Business Advisor and Corporate Trainer.

5.3 Continuing Assistance. We will make available to you, at no additional charge: (i) subject to the availability of our personnel, at times we determine, with reasonable periodic or continuing individual or group assistance and consultation; and (ii) with such bulletins, brochures, and reports as we may from time to time publish regarding our plans, policies, marketing research, testing, developments, and activities (collectively, the "Assistance").

6. **Advertising; Press Releases and Promotions**.

6.1 If We Provided Advertising. You may use advertising materials that we have provided to you. Such use must comply with this Agreement and our Standards and Specifications.

6.2 If We Have Not Provided Advertising. If you want to use advertising materials that we have not provided to you, you must submit the advertising materials to us for our approval before you use them. We will have ten (10) days in which to approve or disapprove the materials. If we have not disapproved the use of the materials by the end of ten (10) days after we receive them, they will be deemed approved.

6.3 Press Releases; Promotions; Compliance. You may not: (i) issue any press release or similar promotion related to the Restaurant unless we expressly approve the press release or promotion in writing in advance; or (ii) conduct any advertising or promotional activities that fall outside our Standards and Specifications.

7. **Products, Equipment, Services, Supplies, and Merchandise**.

7.1 Sources. You must purchase, license, or otherwise obtain all products, equipment, services, supplies, and merchandise that we specify only from us, from our affiliates, from suppliers we designate, or from suppliers you select and we approve.

7.2 Right to Receive Revenue, Profits, and Other Benefits. You acknowledge and agree that: (i) we and our affiliates may enter into agreements with third parties, pursuant to which we and our affiliates may derive revenue, profits, and other benefits, such as rebates, discounts, and allowances, as a result of purchases we require you to make from such third parties; and (ii) we may require you to purchase products, equipment, services, supplies, and merchandise from us and our affiliates, and that we and our affiliates may derive revenue, profits, and other benefits from purchases we require you to make from us and such affiliates.

8. **Use of Marks; Limitation on Use of Marks**.

8.1 Use of Marks. You agree that you will: (i) use and display the Marks only in relation to the operation of the Restaurant; and (ii) use and display the Marks only in the form, manner, and locations that we approve or direct.

8.2 Limitations on Use of Marks. You agree that unless we expressly authorize you to do so in writing, you will not: (i) use or display the Marks in relation to any business or activity other than the operation of the Restaurant; (ii) use any trademark, trade name, service mark, logotype, other commercial symbol, or trade dress, other than the Marks, as a primary identifier of the Restaurant; (iii) offer the Products and Services, or any other products, equipment, services, supplies, or merchandise, under the

Marks, except as set forth in this Agreement; (iv) use or display the Marks except in the form, manner, and locations that we specifically approve or direct; (v) use or register any Mark, any part of any Mark, or anything similar, as part of your name or the name of any entity related to your activities; (vi) use or register any Mark, any part of any Mark, or anything similar, as a part of any Internet domain name, social media site name, user name, or like name; (vii) use any Mark in any manner that may injure or disparage us or our reputation; or (viii) take any action that may harm or jeopardize any Mark, or our ownership of such Mark, in any way.

9. **Your Obligations**.

9.1 Compliance with Laws. You must develop, open, and operate the Restaurant in compliance with all applicable constitutions, statutes, rules, regulations, ordinances, and case law (collectively, the "Laws").

9.2 Compliance with Agreement, Operations Manual, and Standards and Specifications. You must develop, open, and operate your Restaurant in compliance with this Agreement, our Operations Manual, and our Standards and Specifications.

9.3 Products and Services. You must offer for sale all Products and Services that we direct you to offer. You must use reasonable commercial efforts to sell all Products and Services that we direct you to offer. We list our current Products and Services on Schedule B to this Agreement. We may add to, delete from, and modify such list and the Products and Services on it from time to time. We may not require you to offer all Products and Services at the Restaurant. You may not offer for sale any products, equipment, services, supplies, or merchandise that: (i) are substantially the same as the BluTaco Products and Services; or (ii) we have directed you not to offer.

9.4 Payment. You must pay promptly when due all amounts you owe us, our affiliates, and your other suppliers and vendors.

9.5 Confidentiality. "Confidential Information" means any information that we disclose to you that we designate as confidential; or that, by its nature, would reasonably be expected to be held in confidence or kept secret. All of the following shall conclusively be deemed to be "Confidential Information" whether or not we designate them as such: (i) all information that we have marked or designated as confidential; (ii) our Operations Manual, together with all similar directives and documentation; (iii) our training programs and the material contained in them; (iv) our Standards and Specifications; (v) our cost information; and (vi) all other information that we provide to you in confidence.

9.5.1 You agree that: (i) we own the Confidential Information; and (ii) the Confidential Information shall remain our sole and exclusive property.

9.5.2 You will: (i) hold all Confidential Information in confidence; (ii) not use, discuss, communicate, or transmit to others, or make any unauthorized copy of or use Confidential Information in any capacity, position, or business except the Restaurant franchised under this Agreement or a restaurant franchised under some other BluTaco franchise agreement; (iii) take all reasonable action that we specify to prevent unauthorized use or disclosure of the Confidential Information, and to protect our interests in the Confidential Information; and (iv) at all times use your best efforts to prevent unauthorized copying or disclosure of any and all Confidential Information.

9.6 Renovation. You must renovate the Restaurant, and renovate or replace the Restaurant's furniture, fixtures, equipment, décor, and signage, from time to time as we direct, at your sole cost and expense, to conform the Restaurant to: (i) our then-current Standards and Specifications; and (ii) our judgment as to the condition, state of repair, functionality, and general appearance of your Restaurant, furniture, fixtures, equipment, décor, and signage compared to the condition, state of repair, functionality, and general appearance that we consider desirable.

9.7 GRITT Summit and Franchise Advisory Meeting Attendance. You will send at least one (1) individual to the annual GRITT Summit and Franchise Advisory Meeting. This person should be a decision maker or manager for the Restaurant. You will pay the registration fees and travel expenses associated with attending these events.

10. **Inspections**.

You agree that: (i) we may, at any time the Restaurant is required to be or is in fact open for business, without notice, enter onto the premises of the Restaurant to determine your compliance with this Agreement; (ii) we may examine, inspect, and photograph, and videotape all areas and aspects of the Restaurant; and (iii) you and your personnel will provide us with all assistance we may request in the course of any such inspection.

11. **Reports, Documents, and Data; Use of Information**.

11.1 Reports, Documents, and Data.

11.1.1 We may request that you provide us with continuing and other reports, documents, and data related to the Restaurant. If we request such items, you will prepare and deliver the items we requested to us so that we actually receive them by end of the date we specify.

11.1.2 We may request that suppliers provide us with reports, documents, and data related to your purchases. You hereby authorize such suppliers to prepare and deliver the items we may request.

11.2 Use of Information. You hereby authorize us to incorporate: (i) in our franchise disclosure documents; (ii) in bulletins, reports, and other memoranda; and (iii) in any advertising and promotional materials, information we derive from the reports, documents, and data you or your suppliers are required to provide to us.

12. **Indemnification and Insurance**.

12.1 Indemnification. You will, at your sole cost and expense, defend, indemnify, and hold harmless us and our affiliates, and our and such affiliates' directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the predecessors, successors, heirs, and assigns of any and all of them (collectively, the "Indemnitees"), from and against any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages (actual, consequential, multiplied, enhanced, exemplary, punitive, and otherwise), expenses, costs, liability, and liabilities, of any nature or kind, including without limitation attorneys' fees and costs (collectively, the "Losses"), arising out of or related to any action, suit, proceeding, claim, demand, or investigation (collectively, the "Claims"), arising out of or related to: (i) this Agreement; (ii) the Restaurant; or (iii) the business relationship between you and us (collectively, your "Indemnification Obligations").

12.2 Insurance. You will obtain and maintain, at your sole cost and expense, the insurance policies and coverages we require, in forms and through insurance companies satisfactory to us.

13. **Transfer**.

13.1 The Franchise granted under this Agreement is granted to you only. You may not, without our prior express written consent, transfer, assign, subfranchise, or otherwise authorize others to use any direct, indirect, or beneficial interest of yours in or to this Agreement, the Franchise granted under this Agreement, the System, or the other rights we grant you in relation to this Agreement.

13.2 In the event of the transfer of ownership of your store, you must notify our parent company, Pro Food Systems, Inc. ("PFS"), of such sale. You must satisfy all monetary and other obligation with PFS within 10 days of the closing of sale

14. **Termination**.

14.1 Termination by You. You may terminate this Agreement at any time on thirty (30) days' written notice of termination to us.

14.2 Termination by Us.

14.2.1 Immediate Termination. We may terminate this Agreement immediately on notice of termination to you: (i) if you breach any provision of Section 10 ("Inspections") of this Agreement; or (ii) if you commit any breach of this Agreement that is not reasonably susceptible of cure.

14.2.2 Termination with Opportunity to Cure. We may terminate this Agreement after ten (10) days' written notice of breach to you and your failure to cure such breach by the end of such cure period, if you breach any provision of this Agreement not described in Section 14.2.1 of this Agreement.

14.3 Reimbursement of Training Costs. Notwithstanding anything set forth in this Agreement to the contrary: (i) if you terminate this Agreement within one (1) year after the Opening Date of the Restaurant, you must pay us Three Thousand Five Hundred and No/100 Dollars ($3,500) together with your notice of termination; or (ii) if we terminate this Agreement within one (1) year after the Opening Date due to your breach, you must pay us Three Thousand Five Hundred and No/100 Dollars ($3,500) so that we actually receive such payment by the end of ten (10) days after we demand such payment, to reimburse us for our training costs and expenses.

15. **Obligations on Termination**.

On termination of this Agreement for any reason, you will immediately: (i) cease all use of the System; (ii) pay us and our affiliates all amounts you owe; (iii) return all Confidential Information, and all copies of all Confidential Information, to us; and (iv) comply with our then-current de-identification requirements.

16. **Miscellaneous Provisions**.

16.1 Notices.

16.1.1 All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given: (i) when delivered in person by the other party; (ii) one (1) business day after being sent by reputable commercial courier service for next business day delivery; (iii) five (5) business days after being deposited in the United States mail for certified or registered delivery, return receipt requested, postage prepaid; or (iv) on the intended recipient's failure or refusal to accept delivery of any notice given pursuant to this Section 16.1.1, which failure or refusal shall be deemed constructive delivery effective on the earlier of the date of such refusal or the dates set forth in Clauses (i) through (iii) of this Section 16.1.1. UPS, Federal Express, and any successors thereto shall conclusively be deemed "reputable commercial courier services."

16.1.2 You and we will direct notices to the other, to the address for the other set forth on Schedule A to this Agreement.

16.2 Further Assurances. You agree that: (i) you will perform such acts, and will execute and deliver such agreements and other documents to us, as we may deem necessary or beneficial to effect the intent of this Agreement; (ii) you will not condition or delay the performance of such acts or the execution and delivery of such agreements and other documents; and (iii) you will deliver such agreements and other documents to us so that we actually receive them by the end of thirty (30) days after we deliver them to you for execution.

16.3 Dispute Resolution.

16.3.1 Litigation. In the event of any dispute arising out of or related to this Agreement, including without limitation any dispute arising out of or related to the making of this Agreement, such dispute shall be resolved exclusively through litigation. Such litigation shall be conducted on an individual, not a class-wide, basis. No litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent.

16.3.2 Governing Law. The existence, validity, construction, enforcement, and sufficiency of performance of this Agreement shall be determined exclusively in accordance with, and governed exclusively by, the laws of the State of Delaware applicable to agreements made and to be entirely performed within the State of Delaware, which laws shall prevail in the event of any conflict of laws. Notwithstanding the foregoing, all litigation hereunder, to the extent governed by the United States Trademark Act of 1946, shall be governed by such Trademark Act of 1946.

16.3.3 Forum, Venue, and Jurisdiction. In the event of any litigation arising out of or related to this Agreement, including without limitation any litigation arising out of or related to the making of this Agreement, the exclusive forum and venue for such litigation shall be a state or federal court having jurisdiction over the subject matter in or for the city or county where our principal place of business is located. You hereby irrevocably accept and submit to, generally and unconditionally, the exclusive jurisdiction of any such court in any such action or proceeding and hereby waive all defenses based on jurisdiction, venue, and forum non conveniens.

16.3.4 WAIVER OF TRIAL BY JURY. YOU AND WE HEREBY WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATED TO: (I) THIS AGREEMENT; (II) THE RESTAURANT; AND (III) THE BUSINESS RELATIONSHIP BETWEEN YOU AND US.

16.3.5 Attorneys' Fees. In the event of any dispute arising out of or related to this Agreement, including without limitation any dispute arising out of or related to the making of this Agreement, the non-prevailing party shall pay the prevailing party, on demand, such prevailing party's costs, including without limitation such prevailing party's reasonable attorneys' fees and costs, and further including without limitation such prevailing party's reasonable attorneys' fees and costs of appeal, and further including without limitation such prevailing party's reasonable attorneys' fees and costs of collection, all of which shall be taxed as costs, so that the prevailing party actually receives such amounts by the end of ten (10) days after demand therefor. In the event of any breach of this Agreement, the breaching party shall pay the non-breaching party such non-breaching party's costs related to such breach, including without limitation such non-breaching party's reasonable attorneys' fees and costs, and further including without limitation such non-breaching party's reasonable attorneys' fees and costs of collection, so that the non-breaching party actually receives such amounts by the end of ten (10) days after demand therefor.

16.4 Relationship of the Parties. You acknowledge and agree that: (i) the relationship between you and us is solely and exclusively an independent contractual relationship; (ii) you do not have any right, power, or authority to obligate or to bind us, legally or otherwise; (iii) nothing in this Agreement may be construed to create a partnership or a joint venture, or an agency, fiduciary, or employment relationship; (iv) we will not be liable for any damages to any person or property that directly or indirectly arise out of or relate to the Store or the Restaurant; and (v) except as otherwise set forth in this Agreement, we do not have control or any right of control over your business.

17. **Construction of Agreement**.

17.1 Merger; Entire Agreement. This Agreement, including the schedules and addenda to this Agreement and the Franchise Disclosure Document, is a complete integration that sets forth the entire agreement between you and us, fully superseding any and all prior negotiations, agreements, representations, and understandings between you and us, whether oral or written, related to the subject matter of this Agreement. You and we hereby expressly agree that there are no other oral or written agreements, "side-deals," arrangements, or understandings between you and us except as expressly set forth in this Agreement.

17.2 Interpretation. The Recitals to this Agreement shall be construed as a material and enforceable part of this Agreement for all purposes, and shall in no event be considered prefatory material or mere surplus. Except as otherwise set forth in this Agreement, the language of this Agreement shall be construed simply according to its fair meaning and not strictly for or against either party. Both parties are skilled and experienced business professionals, and both have contributed to the negotiation and drafting of this Agreement. As a result, in no event may any adverse construction of this Agreement be attributed to either party as the drafting party. The word "including" means "including without limiting the scope or generality of" any requirement or description related to such word. Where this Agreement uses the word "expressly," it means that the matter at issue must be stated with specificity, and not left to inference or implication.

17.3 Survival of Obligations. All obligations of this Agreement that expressly or by their nature require performance after the termination or expiration of this Agreement, or that by their nature would reasonably be expected to continue in effect after termination or expiration of this Agreement, shall continue in full force and effect after and notwithstanding this Agreement's termination or expiration, until they are satisfied in full or by their nature expire. Such obligations shall include, without limitation, provisions applicable to: (i) your obligations on termination or expiration; (ii) the protection of the Marks; (iii) Confidential Information; (iv) indemnification; and (v) dispute resolution. The provisions of this Agreement may be enforced through specific performance. We are entitled to all remedies at law or in equity to protect our rights, including without limitation injunctive relief and specific performance. Bond is hereby waived should we seek any injunctive relief or specific performance.

17.4 Authority to Enter Into Agreement. The parties hereby attest that they are fully authorized to enter into this Agreement.

17.5 Submission of Agreement. Submission of this Agreement to you does not constitute an offer to enter into a contract. This Agreement shall become effective only on its execution by you and us, and shall not be binding on us unless and until it is signed by our authorized officer and delivered to you.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties to this Agreement, intending to be legally bound hereby, have duly executed and delivered this Agreement as of the Effective Date.

US: BLUTACO FRANCHISING, LLC	**YOU:** ____________________________ PRINT FULL LEGAL NAME OF COMPANY
By: __________________________ Shawn Burcham Title: President & Chief Executive Officer	By: __________________________ ____________________________ PRINT FULL NAME OF PERSON SIGNING THIS AGREEMENT Title: __________________________

Fractional Franchise

If you are not in one of the following states, California, Hawaii, Illinois, Indiana, Maryland, New York, North Dakota, Rhode Island, Virginia or Washington, and you meet the following two conditions, you are eligible to be treated as a fractional franchise. By checking the boxes below and initialing each condition, you are confirming that (i) you meet the requirements of a fractional franchisee and (ii) you are acknowledging that, as a fractional franchisee, you will not be issued a Franchise Disclosure Document.

		Initial
☐	The franchisee, any of the franchisee's current directors or officers, or any current directors or officers of a parent or affiliate, has more than two (2) years of experience in the same type of business; and	_______ Us _______ You
☐	The parties have a reasonable basis to anticipate that the sales arising from the relationship will not exceed 20% of the franchisee's total dollar volume in sales during the first year of operation.	_______ Us _______ You

You hereby covenant, warrant, represent, and agree that you will not: (i) make or raise any claim, counterclaim, crossclaim, affirmative defense, or demand; (ii) commence, or cause or permit to be commenced; (iii) prosecute, or cause or permit to be prosecuted; or (iv) assist or cooperate in the commencement or prosecution of, any suit or action at law or in equity or otherwise, any arbitration or like proceeding, or any administrative or agency proceeding, alleging, claiming, or raising any matter contrary to the matters set forth above regarding the Fractional Franchise.

ADDRESSES AND CONTACT INFORMATION; EQUIPMENT; SPECIAL TERMS AND CONDITIONS

1. **Approved Location**. The Restaurant address and contact information are:

Store Name:	______________________
Address:	______________________
	______________________
	______________________
	______________________
Contact Person:	______________________
Store Phone Number:	______________________
Mobile Number:	______________________
Fax Number:	______________________
Email Address:	______________________

2. **Your Corporate Address**. Your billing address and contact information are:

Corporate Name:	______________________
Address:	______________________
	______________________
	______________________
	______________________
Contact Person:	______________________
Corporate Number:	______________________
Mobile Number:	______________________
Fax Number:	______________________
Email Address:	______________________

3. **Your Address for Delivery of Notices**. Your address for delivery of notices and the person to whom we must direct notices are:

Address:	______________________
	______________________
	______________________
	______________________
Attention:	______________________

4. **Our General Address**. Our general address and contact information are:

Address:	P.O. Box 160 Holts Summit, Missouri 65043
Office Number:	(888) 581-9188
Fax Number:	(573) 896-9583

5. **Our Addresses for Delivery of Notices**.

5.1 Our address for delivery of notices that you send by courier (e.g., UPS or Federal Express) and the person to whom you must direct such notices are:

Address: 170 Commerce Drive
Holts Summit, Missouri 65043
Attention: President

5.2 Our address for delivery of notices that you send by certified or registered U.S. mail and the person to whom you must direct such notices are:

Address: P.O. Box 160
Holts Summit, Missouri 65043
Attention: President

6. **Opening Date**. The Opening Date of Your Restaurant is:________________, 20_______.

☐ 7. **All equipment meets BluTaco's requirements and is in good working order**.

8. **Special Terms and Conditions**:

____
____
____
____
____
____

<INSERT BLUTACO ITEMS>CURRENT PRODUCTS AND SERVICES

BLUTACO STANDARD ITEMS:

Cilantro Lime White Rice Black Beans
Pinto Beans
Beef Barbacoa, Shredded (FC)
Pork Carnitas, Shredded (FC)
Citrus Chicken, Diced (FC)
Taco Seasoned Beef (FC)
Shredded Mexican Blend
Cheese Green Chiles Sauce
Green Chiles, Fire Autumn Roast
Salsa Verde
Salsa Roja
Green Chiles
Three Cheese Queso
Blue Corn/Flour Tortilla, 5.5 In.
Wheat Flour Tortilla, 9 In.
Wheat Flour Tortilla, 12 In.
BluTaco Carryout Bag
Cheesy Eggs
Sausage Gravy
Bacon Applewood Smoked
Saugus Patties Pork
Biscuit Buttermilk Split (Dough or Prebaked)
Croissant Sliced (2 oz.)
Ham Hickory Smoked

STATE LAW ADDENDUM

FOR RESIDENTS OF THE STATE OF CALIFORNIA

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

2. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). 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).

3. The Franchise Agreement permits you to litigate with us only in place where our principal place of business is located. This provision may not be enforceable under California Law.

4. California Corporations Code, Section 31125 requires us to give you a disclosure document approved by the California Department of Corporations prior to making a solicitation of a proposed material modification of an existing franchise.

5. Section 16.3.4 Waiver of Trial by Jury, is deleted in its entirety.

6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of California law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF THE STATE OF ILLINOIS

Illinois law governs the franchise agreement.

In conformance with Section 4 of the of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformation with Section 41 of the Illinois Franchise Disclosure Act, and 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.

FRANCHISOR RESERVES THE RIGHT TO REQUIRE YOU TO RENOVATE YOUR FRANCHISED RESTAURANT EVERY 5 YEARS. THE DOLLAR LIMIT FOR ANY REQUIRED RENOVATION HAS NO LIMIT.

FOR RESIDENTS OF THE STATE OF INDIANA

1. Notwithstanding any provisions of the Franchise Agreement to the contrary, you will have the right to petition a Court of competent jurisdiction for injunctive relief relating to our improper termination of the Franchise Agreement or our unreasonable refusal to consent to transfer or assignment by you of the Franchise Agreement.

2. The provisions of Section 13 of the Franchise Agreement shall not apply to the extent that such provisions are in conflict with Indiana Code 23-2-2.7-1(10).

3. The Indiana Deceptive Franchise Practices Law provides that it is unlawful for a franchise agreement to contain certain provisions limiting litigation brought for the breach of the agreement in any manner whatsoever.

4. The Indiana Deceptive Franchise Practices Law provides rights to you concerning termination of the Franchise Agreement. To the extent the Franchise Agreement contains a provision that is inconsistent with the Indiana Deceptive Franchise Practices Law, the Indiana Deceptive Franchise Practices Law will control.

5. The provisions of Section 16.3.3 of the Franchise Agreement shall not apply to the extent that such provisions are in conflict with Indiana Code 23-2-2.7-1(10). The Indiana Deceptive Franchise Practices Law requires that litigation between an Indiana franchisee and a franchisor will be conducted in Indiana or at a site mutually agreed on by the parties.

6. Notwithstanding Section 12.1 of the Franchise Agreement, any indemnification for liability caused by your proper reliance on or use of procedures and materials we provided or caused by our negligence will not apply to the extent that such provision is in conflict with Indiana Code Sections 23-2-2.7(5) and 23-2-2.7-1(10).

7. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Indiana Deceptive Franchise Practices Law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF THE STATE OF MINNESOTA

1. Section 14.2 of the Franchise Agreement will be amended to require that in the event we provide you with written notice that you have breached the Franchise Agreement, such written notice will be provided to you at least ninety (90) days prior to the date we terminate the Franchise Agreement, and you will have sixty (60) days after receipt of such written notice within which to correct the breach specified in the written notice.

2. Section 16.3.3of the Franchise Agreement is hereby amended by adding the following language:

   > Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Section 16.3.4, Waiver of Trial by Jury, is deleted in its entirety.

4. The Minnesota Department of Commerce requires that we indemnify you against liability to third parties for infringement resulting from your use of the trademarks licensed under the Franchise Agreement. Requirements imposed under the Minnesota Franchise Act will supersede inconsistent provisions contained in the Franchise Agreement.

5. Minn. Rule 2860.4400J prohibits waiver of a jury trial. If the Franchise Agreement and/or the Disclosure Document contain a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement shall be superseded by the Minn. Rule's requirements and shall have no force or effect.

6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF THE STATE OF NEW YORK

1. Section 16.3.2 of the Franchise Agreement will be amended to provide that all rights enjoyed by you and any cause of action arising in your favor from the laws of the State of New York and the regulations issued thereunder will remain in force, satisfying the non-waiver requirements of General Business Law §687.4 and §687.5.

2. Modifications to the Operations Manual by us will not unreasonably increase your obligations or place an excessive economic burden on your operations.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of New York law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF THE STATE OF NORTH DAKOTA

1. Any provision of the Franchise Agreement that designates jurisdiction or venue outside of the State of North Dakota or requires you to agree to jurisdiction or venue in a forum outside of the State of North Dakota, is void with respect to any cause of action that is otherwise enforceable in the State of North Dakota.

2. The Franchise Agreement shall be construed under the laws of the State of North Dakota.

3. Section 16.3.4, Waiver of Trial by Jury, is deleted in its entirety.

4. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF THE STATE OF VIRGINIA

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According 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."

FOR RESIDENTS OF THE STATE OF WASHINGTON

1. Based on our financial condition, the Washington Department of Financial Institutions, Securities Division, has required that payment of the initial franchise fee be deferred until you have completed you initial training and open your first BluTaco Restaurant for business.

2. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with BluTaco including the areas of termination of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination of your franchise.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "WFIPA") shall prevail.

3. A release or waiver of rights executed by a franchisee shall not include rights under the WFIPA 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 WFIPA, rights or remedies under the WFIPA such as a right to a jury trial may not be enforceable.

4. In any litigation involving a franchise purchased in Washington, the site thereof shall be either in the state of Washington, or in a place mutually agreed upon at that time, or as determined by the judge.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Washington law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

FOR RESIDENTS OF ALL STATES LISTED IN THIS ADDENDUM

Notwithstanding anything set forth in Section 17.1 ("Merger; Entire Agreement") of the Franchise Agreement to the contrary, this Addendum shall not be merged with or into, or superseded by, the Franchise Agreement. In the event of any conflict between the Franchise Agreement and this Addendum, this Addendum shall control.

Applicable State or Commonwealth: ___________________________________

IN WITNESS WHEREOF, the parties to this Addendum, intending to be legally bound hereby, have duly executed and delivered this Addendum as of the Effective Date of the Franchise Agreement.

US:	**YOU:**
BLUTACO FRANCHISING, LLC	________________________________
	PRINT FULL LEGAL NAME OF COMPANY
By: ________________________________	By: ________________________________
Shawn Burcham	________________________________
Title: President & Chief Executive Officer	PRINT FULL NAME OF PERSON SIGNING THIS AGREEMENT
	Title: ________________________________

EXHIBIT B

BLUTACO FRANCHISING, LLC

GOLD AND SILVER ADDENDA
TO FRANCHISE AGREEMENT

GOLD LEVEL

SPECIAL TERMS AND CONDITIONS ADDENDUM
TO THE BLUTACO FRANCHISING, LLC FRANCHISE AGREEMENT

FOR BUSINESS-WITHIN-A-BUSINESS LOCATIONS

THIS ADDENDUM (the "Addendum") is made and entered into the ________ day of ________________, 20____ (the "Effective Date"), by and between BLUTACO FRANCHISING, LLC, a Delaware limited liability company ("we," "us," or "our"), and ______________________________________ ("you" or "your").

RECITALS

A. You and we are entering into a BluTaco™ franchise agreement (the "Franchise Agreement") together with this Addendum.

B. You and we mutually desire to add certain provisions to, and to modify, the Franchise Agreement as set forth in this Addendum.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Addendum, you and we hereby agree as follows:

1. **Definitions**.

1.1 Accounting Period. "Accounting Period" shall mean the four (4) week accounting period we prescribe.

1.2 Branded Products. "Branded Products" shall mean the BluTaco branded products that: (i) we specify; and (ii) you purchase from us or our affiliates. We will list the Branded Products in the Operations Manual or otherwise in writing. We will have the right to add to, delete from, and modify the items that are included within the scope of "Branded Products" from time to time.

1.3 BWB Location. "BWB Location" shall mean a BluTaco restaurant that is located in a grocery store, convenience store, or similar business-within-a-business location that you or an affiliate of yours operate.

1.4 Independent Location. "Independent Location" shall mean a BluTaco restaurant that is located: (i) in a freestanding building, or in a strip mall or similar shopping center; or (ii) in a business a third party operates, like a shopping center food court or an airport.

1.5 MDF. "MDF" shall mean "marketing development fund" as set forth in Section 3 of this Addendum.

1.6 Program Quarter. "Program Quarter" shall mean three (3) or four (4) consecutive Accounting Periods as we may prescribe.

1.7 Program Year. "Program Year" shall mean: (i) thirteen (13) consecutive Accounting Periods; and (ii) four (4) consecutive Program Quarters.

1.8 VIR. "VIR" shall mean "volume incentive rebate" as set forth in Section 2 of this Addendum.

1.9 Capitalized terms used but not otherwise defined in this Addendum shall have the same meanings as are ascribed to them in the Franchise Agreement.

2. **VIR Program: Cash Rebates to You for Purchases You Make**.

2.1 VIR Program. We have developed a program under which we will pay you a rebate based on your net purchases of Branded Products. We refer to this program as the "VIR Program."

2.2 Amount of Rebate. The amount of the rebate we pay you under the VIR Program will be a percentage of the Restaurant's total net purchases of Branded Products per Program Year, as set forth in the following table:

TABLE #1
VIR PROGRAM: CASH REBATES TO YOU FOR PURCHASES YOU MAKE

If the Restaurant's Net Purchases of Branded Products from Us or Our Affiliates for the Program Year Are:	We Will Pay You a Rebate Equal to the Following Percentage of Your Total Net Purchases of Branded Products:
Less than $80,000	0%
$80,000 to $89,999.99	1%
$90,000 to $99,999.99	2%
$100,000 to $109,999.99	3%
$110,000 to $119,999.99	4%
$120,000 and Over	5%

2.3 Example. As an example of the rebate calculation, assume that your total net purchases of Branded Products during Program Year 2018 are $115,000. We would pay you a rebate of $4,600 (i.e., $115,000 x .04).

2.4 Payment Date. We will pay you the amount of the rebate we may owe by February 28 of each year for net purchases of Branded Products during the immediately-preceding Program Year.

2.5 Condition Precedent to Payment of Rebates; Compliance with Agreements.

2.5.1 Condition Precedent to Payment of Rebates. Each Program Year, you must qualify to receive your rebate. To qualify, your total net purchases of Branded Products during the Program Year must exceed your total net purchases of Branded Products during the immediately-preceding Program Year by two and one-half percent (2.5%) or more.

2.5.2 Compliance with Agreements. We will not be required to pay you any rebate: (i) if we have notified you of any non-compliance with the Franchise Agreement during the immediately-preceding Program Year; (ii) if you are, at the end of the Program Year, or on the date we are required to pay you the rebate, in breach of the Franchise Agreement; (iii) if you or any of your affiliates are, at the end of the Program Year, or on the date we are required to pay you the rebate, in breach of any other agreement to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties; (iv) if you have not been in substantial compliance with the Franchise Agreement during so much of the term of the Franchise Agreement as has expired; or (v) if you or any of your affiliates have not been in substantial compliance with all other agreements to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties, during so much of the terms of such agreements as have expired. We will have the sole discretion to determine whether you or any of your affiliates are in breach of the Franchise Agreement or the other agreements described in this Section 2.5.2, or whether you or any of your affiliates have not been in substantial compliance with such agreements.

2.5.3 Ownership of Amounts. You acknowledge and agree that: (i) all amounts set forth in Section 2.2 of this Addendum and otherwise are our sole and exclusive property until we have actually paid the rebate related to such amounts to you; and (ii) if you are not entitled to a rebate pursuant to Section 2.5.1, Section 2.5.2, or otherwise, all amounts related to such rebate will remain our sole and exclusive property and you will not have any rights to them.

2.6 Our Rights. We reserve the right: (i) to add to, delete from, and modify any or all of the Net Purchase levels or Rebate percentages shown in Table #1; and (ii) to discontinue the VIR Program, at any time, on notice to you, all as we deem appropriate in our sole discretion. If we discontinue the VIR Program, we will pay you the amount of the rebate you earned through the date we discontinue the VIR Program as set forth in this Section 2**Error! Reference source not found.** of this Addendum.

3. MDF Program: Reimbursement for Qualified Advertising You Publish.

3.1 MDF Program. We have developed a program under which we will reimburse you for a portion of your expenditures for qualified advertising you publish. We refer to this program as the "MDF Program."

3.2 Definitions.

3.2.1 Accrual Fund. "Accrual Fund" shall mean the advertising fund or funds that we create.

3.2.2 Advertising Claim. "Advertising Claim" shall mean a request for reimbursement that you submit to us, in writing, using the form we specify, in the manner we specify, requesting that we use amounts you have accrued in the Accrual Fund to reimburse you for Qualified Advertising you publish. Such Advertising Claim must include: (i) proof that the Qualified Advertising for which you are requesting reimbursement was in fact published; (ii) the date of such publication; (iii) the net amount you paid for such publication; and (iv) such other information as we may request.

3.2.3 Balance. "Balance" shall mean the amount we are holding in the Accrual Fund from your net purchases of Branded Products. "Balance" shall not include amounts we are holding in the Accrual Fund for our other franchisees' purchases of Branded Products or for any other reason.

3.2.4 Qualified Advertising. "Qualified Advertising" shall mean advertising in broadcast, print, or electronic media, or any other advertising material or signage we approve for reimbursement with MDF Program funds, that: (i) you submit to us in the manner we specify for our approval prior to purchase or publication; and (ii) we approve in writing.

3.3 Accrual Fund; Deposits We Make Into Accrual Fund. We will create the Accrual Fund. We will deposit six percent (6.0%) of your total net purchases of Branded Products into the Accrual Fund. Our affiliate Pro Food Systems, Inc. will provide you with an initial MDF contribution of $1,000 to be used for advertising and promotional purposes for the Restaurant.

3.4 Reimbursement for Expenditures for Qualified Advertising. To receive reimbursement of expenditures you made for purchase or publication of Qualified Advertising, you must submit an Advertising Claim to us. You must submit such Advertising Claim so that we actually receive it by the end of ninety (90) days after the Qualified Advertising that is the subject of the Advertising Claim was published.

3.4.1 If we approve the Advertising Claim, we will reimburse you for the amount of the Advertising Claim, up to the amount of the Balance we are holding for you in the Accrual Fund from your net purchases of Branded Products.

3.4.2 Notwithstanding anything set forth in Section 3.4.1 of this Addendum, we reserve the right to pay the amount of any Advertising Claim directly to the applicable supplier of advertising, and not to you.

3.4.3 In no event will we be required to reimburse you for any amount in excess of your Balance in the Accrual Fund. In no event will we be required to pay any supplier of advertising any amount in excess of your Balance in the Accrual Fund.

3.5 Reimbursement Date. We will pay you the amount of any Advertising Claim we may owe by the end of thirty (30) days after the end of each Program Quarter for the immediately-preceding Program Quarter.

3.6 Expiration. Any portion of your Balance in the Accrual Fund that is over one (1) Program Year old will be deducted from the Balance and will not be eligible to be used for reimbursement of an Advertising Claim. We will have the right to use such portion as we deem appropriate.

3.7 MDF Policies and Procedures. Our Standards and Specifications (as defined in the Franchise Agreement) specifically include, without limitation, rules, guidelines, standards, specifications, plans, programs, and procedures that we publish in connection with the MDF Program (collectively, the "MDF Policies and Procedures"). We may add to, delete from, and modify the MDF Policies and Procedures from time to time as we deem appropriate. You must comply with the MDF Policies and Procedures and all additions to, deletions from, and modifications of them.

3.8 Compliance with Agreements. We will not be required to pay any Advertising Claim under this Section 3: (i) if we have notified you of any non-compliance with the Franchise Agreement during the immediately-preceding Program Year; (ii) if you are, at the time you submit the Advertising Claim, in breach of the Franchise Agreement; (iii) if you or any of your affiliates are, at the time you submit the Advertising Claim, in breach of any other agreement to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties; (iv) if you have not been in substantial compliance with the Franchise Agreement during so much of the term of the Franchise Agreement as has expired; or (v) if you or any of your affiliates have not been in substantial compliance with all other agreements to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties, during so much of the terms of such agreements as have expired. We will have the sole discretion to determine whether you or any of your affiliates are in breach of the Franchise Agreement or the other agreements described in this Section 3.8, or whether you or any of your affiliates have not been in substantial compliance with such agreements.

3.9 Ownership of Amounts. You acknowledge and agree that all amounts set forth in Section 3.3 of this Addendum and otherwise are our sole and exclusive property until we have actually paid the Advertising Claim related to such amounts.

3.10 Our Rights.

3.10.1 We reserve the right to discontinue the MDF Program at any time on notice to you, as we deem appropriate in our sole discretion. If we discontinue the MDF Program, we will pay all Advertising Claims as set forth in this Addendum up to the amount of your Balance in the Accrual Fund, subject to Section 3.8 ("Expiration") of this Addendum.

3.10.2 We may charge you a reasonable fee for advertising and marketing materials you ask us to produce, or that we produce on your behalf. You agree that: (i) we may deduct the amount of these fees from your account in the Accrual Fund; and (ii) if the amount in your account in the Accrual Fund is not sufficient to pay the fees, you will pay us the amount you owe so that we actually receive the payment by the end of thirty (30) days after we request payment.

4. **Territory**. Section 4.2 ("Territory") of the Franchise Agreement, which section provides that:

> Your territory (your "Territory") will consist of the shell of the Store. Inside your Territory, we will not operate, and we will not authorize others to operate, restaurants using the System. Outside your Territory, we may operate, and we

may authorize others to operate, restaurants using the System at any location, even if they compete with you.

shall be modified to provide as follows:

Your territory (your "Territory") will consist of a one (1) mile radius around your Restaurant. Inside your Territory: (i) we will not operate, and we will not authorize others to operate, restaurants in BWB Locations using the System; and (ii) we may operate, and we may authorize others to operate, restaurants in Independent Locations using the System, even if they compete with you. Outside your Territory, we may operate, and we may authorize others to operate, restaurants using the System at any location, even if they compete with you. Notwithstanding anything set forth in Section 4.2(i) to the contrary, if there is another BluTaco restaurant in a BWB Location in your Territory as of the Effective Date of this Agreement: (a) such other restaurant may continue to operate; and (b) such operation shall not be a breach of this Section 4.2.

5. **Other Requirements**.

5.1 Term.

5.1.1 Five (5) Year Term. Section 2 ("Term") of the Franchise Agreement, which section provides that:

This Agreement will commence on the Effective Date and will continue in effect until either party terminates this Agreement as set forth in this Agreement.

shall be modified to provide as follows:

This Agreement will commence on the Effective Date and will continue in effect for five (5) years thereafter (the "Initial Term"). This Agreement will automatically renew for an unlimited number of consecutive five (5) year terms (each such additional term being referred to in this Agreement as a "Renewal Term," and the Initial Term, together with all Renewal Terms, being referred to collectively as the "Term") unless you or we notify the other in writing, at least thirty (30) days before the expiration of the Initial Term or the then-current Renewal Term, of such party's intent not to renew at the end of such Initial Term or then-current Renewal Term.

5.1.2 Damages for Termination. If we terminate the Franchise Agreement due to your breach prior to the expiration of the Initial Term or the then-current Renewal Term, or if you terminate the Franchise Agreement prior to the expiration of the Initial Term or the then-current Renewal Term, you will reimburse us the amount of: (i) all rebates we paid you under the VIR Program during the Initial Term or the then-current Renewal Term; and (ii) all Advertising Claims we paid under the MDF Program during the Initial Term or the then-current Renewal Term. You must pay us all amounts owed under this Section 5.1.2 so that we actually receive the payment by the end of ten (10) days after we request such payment.

5.2 Signage. You will purchase or lease from us, our affiliates, or suppliers we designate, the interior and exterior signage we specify. You will display and maintain such signage as we direct. Such signage will include, without limitation: (i) illuminated exterior signage; and (ii) a digital menu board.

5.3 Breakfast Program. You will, if we direct you to do so, participate in our breakfast program by offering for sale the breakfast items we specify, in compliance with our Standards and Specifications.

5.4 Equipment. You will purchase or lease from us, our affiliates, or suppliers we designate, the equipment we specify. You will use and maintain such equipment as we direct.

5.5 Test Marketing. We may from time to time conduct market research and testing to determine consumer trends and the marketability of new products, equipment, services, supplies, and merchandise (collectively, the "Test Products"). We will work with you in good faith to determine the Test Products that would be a good product match with your Store. You will assist us with such market research and testing by participating in any such programs as we may require, at your sole cost and expense. Such assistance may include, without limitation: (i) test-marketing Test Products through the Restaurant as we may direct; (ii) providing us with timely reports and other relevant information we may request regarding such test-marketing; and (iii) effectively promoting and making reasonable efforts to sell such Test Products. If we or our affiliates offer ingredients used in the Test Products, we will offer them to you at a discount off the list price.

6. **Retail Technologies**.

6.1 WIFI Network Controller. You will install, maintain, and use our WIFI network controller that we designate. This device will create a network structure within your Store that will connect all of the herein described technologies to the internet. You will allow our affiliate to access the device to update, maintain, and troubleshoot the connected devices.

6.2 Digital Menu Boards. You will install, maintain and use the digital menu system that we designate. You will use the system as we direct. You will allow us access to update the system remotely with access via the WIFI network controller listed in 6.1.

6.3 Communications Tablet. You will utilize and maintain our Communications Tablet that we designate. This tablet will give the Store access to materials such as training videos, standard operating procedures library, upcoming events and promotions, promotional materials, and direct communications with corporate office. This device will be connected via the WIFI Network Controller listed in section 6.2.

6.4 Sales Reporting. Section 11.1 ("Reports, Documents, and Data") of the Franchise Agreement shall be modified by adding the following language to such section, as Section 11.1.3:

11.1.3 Sales Reporting. You will provide us with daily sales reports and similar periodic reports, using the form or method we specify.

6.5 Order Management System . You will install, maintain, and use the Order Management System that we designate. This system includes a Point of Sale ("POS") system as well as a People Counter device. You will use your Order Management System as we direct. Our directions may require you, without limitation, to use your Order Management System: (i) to record your sales transactions; (ii) to print bar code labels and other labels; (iii) to prepare daily sales reports and similar periodic reports; (iv) to provide us with other reports, documents, and data that we may specify; and (v) to perform other functions that we may specify.

7. **Brand Promise; Money Back Guarantee**

7.1 If you are not satisfied with the Program, we will provide you with a 100% money back guarantee for the equipment listed in 7.2 that you purchase from us to run the Program.

7.2 Eligible equipment for money back guarantee is as follows: Kiosk, Warming Drawer, Sandwich Prep, Tortilla Press, Rethermalizer, POS, Digital Menu Boards. We will refund you the amount paid for equipment and sales taxes minus freight charges for these items.

7.3 You have 90 days from the date you open your Restaurant to notify us that you would like to execute this Brand Promise; Money Back Guarantee. You must notify us in writing via certified mail.

7.4 You must comply with our then current de-identification requirements prior to us arranging for pickup of your equipment.

7.5 You must unhook, disassemble, and/or dismantle all equipment and have it located in one convenient area for pickup.

7.6 Prior to us arranging the return of your equipment, you must pay us the freight charges required to return the equipment to one of our locations. We will provide you with the stated 100% money back guarantee within 21 days after the date we pick up the equipment. We reserve the right, in our sole discretion, to discount the money back guarantee if any of the equipment is not operational, missing components, or is deemed to be in a condition not consistent with equipment that is 90 days old.

8. **Miscellaneous**.

8.1 Merger; Entire Agreement. This Addendum, together with the Franchise Agreement, is a complete integration that sets forth the entire agreement between you and us, fully superseding any and all prior negotiations, agreements, representations, and understandings between you and us, whether oral or written, related to the subject matter of the Franchise Agreement and this Addendum. In the event of any conflict between any provision of this Addendum and a provision of the Franchise Agreement, the provision set forth in this Addendum shall control. A breach by you of this Addendum shall be deemed to be a breach of the Franchise Agreement. Notwithstanding the forgoing, nothing in this Addenda or any franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

8.2 Dispute Resolution. In the event of any dispute arising out of or related to this Addendum, including without limitation any dispute arising out of or related to the making of this Addendum, such dispute shall be resolved exclusively as set forth in Section 16.3 ("Dispute Resolution") of the Franchise Agreement. The provisions of this Section 8.2 shall remain in full force and effect after the expiration or termination of the Franchise Agreement.

8.3 Submission of Addendum. Submission of this Addendum to you does not constitute an offer to enter into a contract. This Addendum shall become effective only on its execution by you and us, and shall not be binding on us unless and until it is signed by our authorized officer and delivered to you.

The parties to this Addendum, intending to be legally bound hereby, have duly executed and delivered this Addendum as of the Effective Date.

US:	**YOU:**
BLUTACO FRANCHISING, LLC	____________________________________ PRINT FULL LEGAL NAME OF COMPANY
By:____________________________________	By:______________________________________
Printed Name: Shawn Burcham___________	Printed Name:______________________________
Title: President and Chief Executive Officer	Title:_____________________________________

SPECIAL TERMS AND CONDITIONS ADDENDUM

TO THE BLUTACO FRANCHISE AGREEMENT

FOR BUSINESS-WITHIN-A-BUSINESS LOCATIONS

THIS ADDENDUM (the "Addendum") is made and entered into the ____ day of ______________, 20____ the ("Effective Date"), by and between BLUTACO FRANCHISING, LLC, a Delaware limited liability company ("we," "us," or "our"), and _________________________________ ("you" or "your").

RECITALS

A. You and we are entering into a BluTaco franchise agreement (the "Franchise Agreement") together with this Addendum.

B. You and we mutually desire to add certain provisions to, and to modify, the Franchise Agreement as set forth in this Addendum.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and commitments set forth in this Addendum, you and we hereby agree as follows:

1. Definitions.

1.1 Accounting Period. "Accounting Period" shall mean the four (4) week accounting period we prescribe.

1.2 Branded Products. "Branded Products" shall mean the BluTaco branded products that: (i) we specify; and (ii) you purchase from us or our affiliates. We will list the Branded Products in the Operations Manual or otherwise in writing. We will have the right to add to, delete from, and modify the items that are included within the scope of "Branded Products" from time to time.

1.3 MDF. "MDF" shall mean "marketing development fund" as set forth in Section 3 of this Addendum.

1.4 Program Quarter. "Program Quarter" shall mean three (3) or four (4) consecutive Accounting Periods as we may prescribe.

1.5 Program Year. "Program Year" shall mean: (i) thirteen (13) consecutive Accounting Periods; and (ii) four (4) consecutive Program Quarters.

1.6 VIR. "VIR" shall mean "volume incentive rebate" as set forth in Section 2 of this Addendum.

1.7 Capitalized terms used but not otherwise defined in this Addendum shall have the same meanings as are ascribed to them in the Franchise Agreement.

2. VIR Program: Cash Rebates to You for Purchases You Make.

2.1 VIR Program. We have developed a program under which we will pay you a rebate based on your net purchases of Branded Products. We refer to this program as the "VIR Program."

2.2 Amount of Rebate. The amount of the rebate we pay you under the VIR Program will be a percentage of the Restaurant's total net purchases of Branded Products per Program Year, as set forth in the following table:

TABLE #1
VIR PROGRAM: CASH REBATES TO YOU FOR PURCHASES YOU MAKE

If the Restaurant's Net Purchases of Branded Products from Us or Our Affiliates for the Program Year Are:	We Will Pay You a Rebate Equal to the Following Percentage of Your Total Net Purchases of Branded Products:
Less than $80,000	0%
$80,000 to $89,999.99	0.5%
$90,000 to $99,999.99	1.0%
$100,000 to $109,999.99	1.5%
$110,000 to $119,999.99	2.0%
$120,000 and Over	2.5%

2.3 Example. As an example of the rebate calculation, assume that your total net purchases of Branded Products during Program Year 2018 are $115,000. We would pay you a rebate of $2,300 (i.e., $115,000 x .02).

2.4 Payment Date. We will pay you the amount of the rebate we may owe by February 28 of each year for net purchases of Branded Products during the immediately-preceding Program Year.

2.5 Condition Precedent to Payment of Rebates; Compliance with Agreements.

2.5.1 Condition Precedent to Payment of Rebates. Each Program Year, you must qualify to receive your rebate. To qualify, your total net purchases of Branded Products during the Program Year must exceed your total net purchases of Branded Products during the immediately-preceding Program Year by two and one-half percent (2.5%) or more.

2.5.2 Compliance with Agreements. We will not be required to pay you any rebate: (i) if we have notified you of any non-compliance with the Franchise Agreement during the immediately-preceding Program Year; (ii) if you are, at the end of the Program Year, or on the date we are required to pay you the rebate, in breach of the Franchise Agreement; (iii) if you or any of your affiliates are, at the end of the Program Year, or on the date we are required to pay you the rebate, in breach of any other agreement to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties; (iv) if you have not been in substantial compliance with the Franchise Agreement during so much of the term of the Franchise Agreement as has expired; or (v) if you or any of your affiliates have not been in substantial compliance with all other agreements to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties, during so much of the terms of such agreements as have expired.

We will have the sole discretion to determine whether you or any of your affiliates are in breach of the Franchise Agreement or the other agreements described in this Section 2.5.2, or whether you or any of your affiliates have not been in substantial compliance with such agreements.

2.5.3 Ownership of Amounts. You acknowledge and agree that: (i) all amounts set forth in Section 9.2 of this Addendum and otherwise are our sole and exclusive property until we have actually paid the rebate related to such amounts to you; and (ii) if you are not entitled to a rebate pursuant to Section 2.5.1, Section 9.5.2, or otherwise, all amounts related to such rebate will remain our sole and exclusive property and you will not have any rights to them.

2.6 Our Rights. We reserve the right: (i) to add to, delete from, and modify any or all of the Net Purchase levels or Rebate percentages shown in Table #1; and (ii) to discontinue the VIR Program, at any time, on notice to you, all as we deem appropriate in our sole discretion. If we discontinue the VIR Program, we will pay you the amount of the rebate you earned through the date we discontinue the VIR Program as set forth in this Section 2 of this Addendum.

3. MDF Program: Reimbursement for Qualified Advertising You Publish.

3.1 MDF Program. We have developed a program under which we will reimburse you for a portion of your expenditures for qualified advertising you publish. We refer to this program as the "MDF Program."

3.2 Definitions.

3.2.1 Accrual Fund. "Accrual Fund" shall mean the advertising fund or funds that we create.

3.2.2 Advertising Claim. "Advertising Claim" shall mean a request for reimbursement that you submit to us, in writing, using the form we specify, in the manner we specify, requesting that we use amounts you have accrued in the Accrual Fund to reimburse you for Qualified Advertising you publish. Such Advertising Claim must include: i) proof that the Qualified Advertising for which you are requesting reimbursement was in fact published; ii) the date of such publication; iii) the net amount you paid for such publication; and iv) such other information as we may request.

3.2.3 Balance. "Balance" shall mean the amount we are holding in the Accrual Fund from your net purchases of Branded Products. "Balance" shall not include amounts we are holding in the Accrual Fund for our other franchisees' purchases of Branded Products or for any other reason.

3.2.4 Qualified Advertising. "Qualified Advertising" shall mean advertising in broadcast, print, or electronic media, or any other advertising material or signage we approve for reimbursement with MDF Program funds, that: (i) you submit to us in the manner we specify for our approval prior to purchase or publication; and (ii) we approve in writing.

3.3 Accrual Fund; Deposits We Make Into Accrual Fund. We will create the Accrual Fund. We will deposit three and one-half percent (3.5%) of your total net purchases of Branded Products into the Accrual Fund. Our affiliate Pro Food Systems, Inc. will provide you with an initial MDF contribution of $500 to be used for advertising and promotional purposes for the Restaurant.

3.4 Reimbursement for Expenditures for Qualified Advertising. To receive reimbursement of expenditures you made for purchase or publication of Qualified Advertising, you must submit an

Advertising Claim to us. You must submit such Advertising Claim so that we actually receive it by the end of ninety (90) days after the Qualified Advertising that is the subject of the Advertising Claim was published.

3.4.1 If we approve the Advertising Claim, we will reimburse you for the amount of the Advertising Claim, up to the amount of the Balance we are holding for you in the Accrual Fund from your net purchases of Branded Products.

3.4.2 Notwithstanding anything set forth in Section 3.4.1 of this Addendum, we reserve the right to pay the amount of any Advertising Claim directly to the applicable supplier of advertising, and not to you.

3.4.3 In no event will we be required to reimburse you for any amount in excess of your Balance in the Accrual Fund. In no event will we be required to pay any supplier of advertising any amount in excess of your Balance in the Accrual Fund.

3.5 Reimbursement Date. We will pay you the amount of any Advertising Claim we may owe by the end of thirty (30) days after the end of each Program Quarter for the immediately-preceding Program Quarter.

3.6 Expiration. Any portion of your Balance in the Accrual Fund that is over one (1) Program Year old will be deducted from the Balance and will not be eligible to be used for reimbursement of an Advertising Claim. We will have the right to use such portion as we deem appropriate.

3.7 MDF Policies and Procedures. Our Standards and Specifications as defined in the Franchise Agreement) specifically include, without limitation, rules, guidelines, standards, specifications, plans, programs, and procedures that we publish in connection with the MDF Program collectively, the ("MDF Policies and Procedures"). We may add to, delete from, and modify the MDF Policies and Procedures from time to time as we deem appropriate. You must comply with the MDF Policies and Procedures and all additions to, deletions from, and modifications of them.

3.8 Compliance with Agreements. We will not be required to pay any Advertising Claim under this Section 3: (i) if we have notified you of any non-compliance with the Franchise Agreement during the immediately-preceding Program Year; (ii) if you are, at the time you submit the Advertising Claim, in breach of the Franchise Agreement; (iii) if you or any of your affiliates are, at the time you submit the Advertising Claim, in breach of any other agreement to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties; (iv) if you have not been in substantial compliance with the Franchise Agreement during so much of the term of the Franchise Agreement as has expired; or (v) if you or any of your affiliates have not been in substantial compliance with all other agreements to which you or any of your affiliates on the one hand, and we or any of our affiliates on the other hand, are parties, during so much of the terms of such agreements as have expired. We will have the sole discretion to determine whether you or any of your affiliates are in breach of the Franchise Agreement or the other agreements described in this Section 3.8, or whether you or any of your affiliates have not been in substantial compliance with such agreements.

3.9 Ownership of Amounts. You acknowledge and agree that all amounts set forth in Section 10.3 of this Addendum and otherwise are our sole and exclusive property until we have actually paid the Advertising Claim related to such amounts.

3.10 Our Rights.

3.10.1 We reserve the right to discontinue the MDF Program at any time on notice to you, as we deem appropriate in our sole discretion. If we discontinue the MDF Program, we will pay all Advertising Claims as set forth in this Addendum up to the amount of your Balance in the Accrual Fund, subject to Section 3.8 ("Expiration") of this Addendum.

3.10.2 We may charge you a reasonable fee for advertising and marketing materials you ask us to produce, or that we produce on your behalf. You agree that: (i) we may deduct the amount of these fees from your account in the Accrual Fund; and (ii) if the amount in your account in the Accrual Fund is not sufficient to pay the fees, you will pay us the amount you owe so that we actually receive the payment by the end of thirty (30) days after we request payment.

4. Other Requirements.

4.1 Term.

4.1.1 Three (3) Year Term. Section 2 ("Term") of the Franchise Agreement, which section provides that:

This Agreement will commence on the Effective Date and will continue in effect until either party terminates this Agreement as set forth in this Agreement.

shall be modified to provide as follows:

> This Agreement will commence on the Effective Date and will continue in effect for three (3) years thereafter the "Initial Term"). This Agreement will automatically renew for an unlimited number of consecutive three (3) year terms each such additional term being referred to in this Agreement as a "Renewal Term," and the Initial Term, together with all Renewal Terms, being referred to collectively as the ("Term") unless you or we notify the other in writing, at least thirty (30) days before the expiration of the Initial Term or the then-current Renewal Term, of such party's intent not to renew at the end of such Initial Term or then-current Renewal Term.

4.1.2 Damages for Termination. If we terminate the Franchise Agreement due to your breach prior to the expiration of the Initial Term or the then-current Renewal Term, or if you terminate the Franchise Agreement prior to the expiration of the Initial Term or the then-current Renewal Term, you will reimburse us the amount of: (i) all rebates we paid you under the VIR Program during the Initial Term or the then-current Renewal Term; and (ii) all Advertising Claims we paid under the MDF Program during the Initial Term or the then-current Renewal Term. You must pay us all amounts owed under this Section 4.1.2 so that we actually receive the payment by the end of ten (10) days after we request such payment.

4.2 Signage. You will purchase or lease from us, our affiliates, or suppliers we designate, the interior and exterior signage we specify. You will display and maintain such signage as we direct. Such signage will include, without limitation: (i) illuminated exterior signage; and (ii) a digital menu board.

4.3 Breakfast Program. You will, if we direct you to do so, participate in our breakfast program by offering for sale the breakfast items we specify, in compliance with our Standards and Specifications.

5. Retail Technologies.

5.1 WIFI Network Controller. You will install, maintain, and use our WIFI network controller that we designate. This device will create a network structure within your Store that will connect all of the herein described technologies to the internet. You will allow our affiliate to access the device to update, maintain, and troubleshoot the connected devices.

5.2 Digital Menu Boards. You will install, maintain and use the digital menu system that we designate. You will use the system as we direct. You will allow us access to update the system remotely with access via the WIFI network controller listed in 5.1.

5.3 Communications Tablet. You will utilize and maintain our Communications Tablet that we designate. This tablet will give the Store access to materials such as training videos, standard operating procedures library, upcoming events and promotions, promotional materials, and direct communications with corporate office. This device will be connected via the WIFI Network Controller listed in Section 5.1.

6. Miscellaneous.

6.1 Merger; Entire Agreement. This Addendum, together with the Franchise Agreement, is a complete integration that sets forth the entire agreement between you and us, fully superseding any and all prior negotiations, agreements, representations, and understandings between you and us, whether oral or written, related to the subject matter of the Franchise Agreement and this Addendum. In the event of any conflict between any provision of this Addendum and a provision of the Franchise Agreement, the provision set forth in this Addendum shall control. A breach by you of this Addendum shall be deemed to be a breach of the Franchise Agreement. Notwithstanding the forgoing, nothing in this Addenda or any franchise agreement is intended to disclaim the express representations made in the Franchise Disclosure Document.

6.2 Dispute Resolution. In the event of any dispute arising out of or related to this Addendum, including without limitation any dispute arising out of or related to the making of this Addendum, such dispute shall be resolved exclusively as set forth in Section 16.3 “Dispute Resolution”) of the Franchise Agreement. The provisions of this Section 6.2 shall remain in full force and effect after the expiration or termination of the Franchise Agreement.

6.3 Submission of Addendum. Submission of this Addendum to you does not constitute an offer to enter into a contract. This Addendum shall become effective only on its execution by you and us, and shall not be binding on us unless and until it is signed by our authorized officer and delivered to you.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

The parties to this Addendum, intending to be legally bound hereby, have duly executed and delivered this Addendum as of the Effective Date.

US:	**YOU:**
BLUTACO FRANCHISING, LLC	____________________________________ PRINT FULL LEGAL NAME OF COMPANY
By:__________________________________ Printed Name: Shawn Burcham___________ Title: President and Chief Executive Officer	By:_________________________________ Printed Name:____________________________ Title:___________________________________

EXHIBIT C

BLUTACO FRANCHISING, LLC

STATE REGULATIONS AND REQUIREMENTS ADDENDUM

STATE REGULATIONS AND REQUIREMENTS ADDENDUM

The following are additional disclosures for our Multistate Franchise Disclosure Document. Various state franchise laws require us to make these additional disclosures. These additional disclosures will not apply to you unless you meet the jurisdictional requirements of the applicable state franchise registration and disclosure law independently without reference to these additional disclosures. These disclosures supplement our Disclosure Document and supersede any conflicting information contained in the body of the Disclosure Document:

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

2. Neither we nor any person in Item 2 of the disclosure document is subject to any currently-effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq*., suspending or expelling such persons from membership in such association or exchange.

3. California Business and Professions Code Sections 20000 through 20043 provide rights to you 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.

4. We encourage you to consult with private legal counsel to determine the applicability of California and federal laws such as California Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of the Franchise Agreement that restrict venue to a forum outside the State of California.

5. The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

7. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

ILLINOIS

Franchise Disclosure Document

FRANCHISOR RESERVES THE RIGHT TO REQUIRE YOU TO RENOVATE YOUR FRANCHISED RESTAURANT EVERY 5 YEARS. THE DOLLAR AMOUNT FOR ANY REQUIRED RENOVATION HAS NO LIMIT.

The cover page, Item 5 and Item 7 of the disclosure document are amended to reflect that based on the franchisor's financial condition, the Illinois Attorney General's Office, has required that the collection of all initial fees be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

Any release of claims or acknowledgments of fact contained in the Franchise Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Illinois Franchise Disclosure Act, or a rule or order under the Illinois Franchise Disclosure Act will be void and are deleted with respect to claims under the Illinois Franchise Disclosure Act.

US:	**YOU:**
BLUTACO FRANCHISING, LLC	____________________ PRINT FULL LEGAL NAME OF COMPANY
By:____________________	By:____________________
Name: Shawn Burcham____________	Name:____________________ PRINT FULL NAME OF PERSON SIGNING THIS AGREEMENT
Title: President and Chief Executive Officer ______	Title:____________________

Franchise Agreement

Section 3 of the Franchise Agreement is amended to reflect that based on the franchisor's financial condition, the Illinois Attorney General's Office, has required that the collection of all initial fees be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

Illinois law governs the franchise agreement.

In conformance with Section 4 of the of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformation with Section 41 of the Illinois Franchise Disclosure Act, and 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.

FRANCHISOR RESERVES THE RIGHT TO REQUIRE YOU TO RENOVATE YOUR FRANCHISED RESTAURANT EVERY 5 YEARS. THE DOLLAR AMOUNT FOR ANY REQUIRED RENOVATION HAS NO LIMIT.

US:	**YOU:**
BLUTACO FRANCHISING, LLC	____________________ PRINT FULL LEGAL NAME OF COMPANY
By:____________________	By:____________________
Name: Shawn Burcham__________	Name:____________________ PRINT FULL NAME OF PERSON SIGNING THIS AGREEMENT
Title: President and Chief Executive Officer	Title:____________________

INDIANA

Item 13 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-14), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-17) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-15) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

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

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

The prohibition by Indiana Code 23-2-2.7-17) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 9).

The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

FDD

The FDD is amended by the addition of the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commission has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completed it pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 17 of the FDD is hereby amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD is hereby amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Maryland of ________________________.

________________________	____
DATE	PROSPECTIVE FRANCHISEE
	____
	PRINTED NAME

Franchise Agreement

The Franchise Agreement is amended by the addition of the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commission has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completed it pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

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

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

I have received this Addendum as an Exhibit to the Franchise Disclosure Document with an effective date in Maryland of ______________________.

________________________	____
DATE	PROSPECTIVE FRANCHISEE
	____
	PRINTED NAME

NORTH DAKOTA

Based on our financial condition, the North Dakota Securities Department has required that payment of the initial franchise fee be deferred until you have completed your initial training and open your first Restaurant for business.

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Sites of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

VIRGINIA

Addendum to FDD

The State cover page, Item 5 and Item 7 of the FDD will be amended with the addition of the following language:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

The following statements are added to Item 17.h.:

> 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 grounds for default or termination do 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him or her under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him or her under the franchise, that provision may not be enforceable.

Addendum to Schedule C of the Franchise Agreement

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its preopening obligations under the franchise agreement.

WASHINGTON

8. Based on the franchisor's financial condition, the Washington Department of Financial Institutions, Securities Division, has required that the collection of the initial franchise fee will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchisee is open for business.

9. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us including the areas of termination of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination of your franchise

10. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW the "WFIPA") shall prevail

11. A release or waiver of rights executed by a franchisee shall not include rights under the WFIPA 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 WFIPA, rights or remedies under the WFIPA such as a right to a jury trial may not be enforceable.

12. In any litigation involving a franchise purchased in Washington, the site thereof shall be either in the state of Washington, or in a place mutually agreed upon at that time, or as determined by the judge.

EXHIBIT D

BLUTACO FRANCHISING, LLC

STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	ADDRESS
California	Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 Toll Free Telephone #: 1-866-275-2677
Hawaii	Department of Commerce and Consumer Affairs	335 Merchant Street Honolulu, HI 96813
Illinois	Office of the Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Maryland	Office of the Attorney General Securities Division	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Consumer Protection Division Franchise Section	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	Office of the New York State Attorney General Investor Protection Bureau Franchise Section	120 Broadway, 23rd Floor New York City, NY 10271-0332 212) 416-8236 Phone 212) 416-6042 Fax)
North Dakota	North Dakota Securities Department	600 East Boulevard Fifth Floor Bismarck, ND 58505
Rhode Island	Department of Business Regulation Securities Division	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Virginia State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Department of Financial Institutions Securities Division	345 W. Washington, 4th Floor Madison, WI 55103

AGENTS FOR SERVICE OF PROCESS

STATE	AGENT	ADDRESS
California	Department of Business Oversight	320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344
Hawaii	Director of Department of Commerce and Consumer Affairs	1010 Richards Street Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana	Indiana Secretary of State	201 State House Indianapolis, IN 46204
Maryland	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Commerce Corporations and Securities Bureau	525 West Ottawa 670 Law Building Lansing, MI 48913
Minnesota	Commissioner of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York	Attention: New York Secretary of State New York Department of State	One Commercial Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518) 473-2492
North Dakota	Securities Commissioner	600 East Boulevard, 5th Floor Bismarck, ND 58505
Rhode Island	Director of the Department of Business Regulation	1511 Pontiac Avenue Cranston, RI 02920
South Dakota	Department of Insurance Division of Securities	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23209
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. S.W. Tumwater, WA 98501
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 345 W. Washington Ave., 4th Floor Madison, WI 53703

Our agent for service of process in the State of Missouri is as follows:
Shawn Burcham
170 Commerce Drive
Holts Summit, Missouri 65043

EXHIBIT E

BLUTACO FRANCHISING, LLC

FINANCIAL STATEMENTS

BluTaco Franchising, LLC

Financial Report (Audited)
December 31, 2019 and 2018

CONTENTS

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BRS CPAs & ADVISORS
CONFIDENCE AMIDST COMPLEXITY

INDEPENDENT AUDITOR'S REPORT

To the Members
BluTaco Franchising, LLC
Holts Summit, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of BluTaco Franchising, LLC, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, changes in member's equity and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BluTaco Franchising, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD CPAs & Advisors

February 21, 2020
Springfield, MO

BluTaco Franchising, LLC

Balance Sheets

December 31, 2019 and 2018

Assets	**2019**	**2018**
Current Assets		
Cash	$ 15,723	$ 11,504
Inventory	7,550	-
Other assets	-	6,251
Total Current Assets	23,273	17,756
Fixed Assets		
Machinery & equipment	10,534	-
Accumulated depreciation	(1,463)	-
Fixed Assets, Net	9,071	-
Total Assets	$ 32,344	$ 17,756
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	20,168	1,127
Due to Member	27,710	6,250
Accrued expenses	7,888	-
Total Current Liabilities	$ 55,766	$ 7,377
Member's Equity (Deficit)	(23,422)	10,379
Total Liabilities and Member's Equity	$ 32,344	$ 17,756

See accompanying notes to financial statements

BluTaco Franchising, LLC

Statements of Income

For the Years Ended December 31, 2019 and 2018

	2019	2018
Income		
Product revenue	$ 247,742	$ -
Product discounts	(20,921)	-
Royalty fees	3,795	-
Total Income	230,616	-
Cost of Goods Sold		
Cost of goods sold- product	129,247	628
Total Cost of Goods Sold	129,247	628
Gross Profit	101,369	(628)
Operating Expenses		
Payroll and employee benefits	152,149	-
Equipment rent	40,000	-
Professional fees	32,556	39,689
Utilities	21,349	1,289
Rent expense	18,000	1,500
Repairs & maintenance	15,045	574
Supplies expense	15,020	90
Marketing expense	10,289	1,759
Taxes and licenses	7,654	-
Credit card fees	5,795	-
Insurance	5,747	1,704
Employee relations	2,050	246
Depreciation	1,463	-
Advertising	1,413	1,056
Dues and subscriptions	1,127	1,086
Customer relations	512	-
Total Operating Expenses	330,170	48,993
Net Loss	$ (228,801)	$ (49,621)

See accompanying notes to the financial statements

BluTaco Franchising, LLC

Statements of Changes in Member's Equity
For the Years Ended December 31, 2019 and 2018

Changes In Member's Equity	2019	2018
Balance at January 1, 2019	$ 10,379	-
Net loss	(228,801)	(49,621)
Capital contribution	195,000	60,000
Balance at December 31, 2019	$ (23,422)	$ 10,379

See accompanying notes to the financial statements

BluTaco Franchising, LLC

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Net loss	$ (228,801)	$ (49,621)
Items not requiring cash:		
Depreciation	1,463	-
(Increase) decrease in:		
Inventory	(7,550)	-
Other current assets	6,251	(6,252)
Accounts payable	19,042	7,377
Due to Member	21,460	
Accrued expenses	7,888	
Net cash used in operating activities	(180,247)	(48,496)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(10,534)	-
Net cash used in financing activities	(10,534)	-
Cash Flows from Financing Activities:		
Capital contribution	195,000	60,000
Net cash provided by financing activities	195,000	60,000
Net Increase in Cash and Cash Equivalents	4,219	11,504
Cash and Cash Equivalents at Beginning of Year	11,504	-
Cash and Cash Equivalents at End of Year	$ 15,723	$ 11,504

see accompnaing notes to the financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

BluTaco Franchising, LLC (the "Company") is a Delaware limited liability company, organized on October 26, 2017, to engage in the business of owning, operating, and selling BluTaco franchises, and in such other businesses allowed by law. There were no activities of the Company from October 26, 2017 to December 31, 2017. The Company is located in Holts Summit, Missouri.

The Company sells two types of franchises, "BWB" and "Freestanding". "BWB" or "business within a business" is a franchise for the operation of BluTaco restaurants inside an existing business, such as a convenience store or grocery store. "Freestanding" franchises are standalone restaurants. The Company does not charge the franchisees an initial startup fee for this type of franchise. The Company derives a license fee from the affiliate Pro Food Systems, Inc. for the sale of product to the franchisees.

The member of the Company is not liable for any debts, liabilities, or obligations of the Company.

Inventory

Inventory is valued at the lower of cost or market, with cost being determined by the first-in, first-out (FIFO) method. Inventory consisted primarily of food items and related supplies.

Basis of Accounting

The financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The Company adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition.

Revenue for restaurant sales is recognized when the customer receives and pays for the merchandise.

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires leases to be recorded as an asset on the balance sheet for the right to use the leased asset and liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2019, with an early adoption permitted. The Company is evaluating the impact the pronouncement may have on the financial statements.

Property and Equipment

Machinery and equipment are recorded at cost and depreciated using the straight-line method over useful life of three years.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $1,413 and $1,056 for the years ended December 31, 2019 and 2018, respectively.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods.

2. Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

3. Concentrations of Credit Risk

The Company maintains its cash balances in one financial institution located in Jefferson City, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2019, and 2018, the Company had no significant concentrations of credit risk.

4. Member's Equity

Member's equity consists of 100 membership units, issued February 5, 2018, and outstanding at December 31, 2019.

5. Subsequent Events

The Company has evaluated subsequent events through February 21, 2020, the date on which the financial statements were available to be issued.

6. Income Taxes

As a Limited Liability Company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the financial statements. The Company's policy is to accrue interest expense and penalties as appropriate on any estimated unrecognized tax benefits as an operating expense.

7. Property and Equipment

Property and equipment consisted of the following:

	2019	2018
Machinery and equipment	$ 10,534	$ -
Less accumulated depreciation	1,463	-
Machinery and equipment, net	$ 9,071	$ -

Depreciation charged to expense was $1,463 and $0 for the years ended December 31, 2019 and 2018, respectively.

8. Operating Leases – Related Parties

The Company leases the building and equipment under terms of operating lease agreements. The building is leased from the immediate family members of a member of management. The building lease has a term of ten years and three months, which was commenced on October 1, 2018 and which will expire December 31, 2028, with the option to renew for two additional five-year terms, unless either party gives written notice of nonrenewal. The lease is payable in monthly installments of $1,500.

The Company leases equipment from an entity owned by a member of management which was commenced on May 1, 2019, with an initial term of ten years. The lease is automatically extended for up to two additional five-year terms unless either party gives written notice of nonrenewal. The Company will cause to repair and maintain the equipment during the term of this agreement. The lease is payable in monthly installments of $5,000.

8. Operating leases – Related Parties (continued)

The total lease payments incurred and paid totaled $58,000 and $1,500 for the years ended December 31, 2019 and 2018, respectively.

The following is a schedule by years of future minimum lease payments required under the operating lease agreements for years ending December 31:

2020	$ 78,000
2021	78,000
2022	78,000
2023	78,000
2024	78,000
Thereafter	314,000
	$ 704,000

9. Ownership

The Company is under the control of its parent company, Pro Foods Systems, Inc., who owns 100% of the Company Membership Units available. The existence of the control could result in operating results or financial position of the reporting entity being significantly different from that if the entity were autonomous.

10. Related Party Transactions

The parent company, Pro Foods System, Inc., sells its product to the Company for sale in its restaurant, and also provides bookkeeping and payroll services to the Company. Total purchases of product totaled $112,866 and $0 for the years ended December 31, 2019 and 2018, respectively. Total services provided totaled $152,149 and $0 for the years ended December 31, 2019 and 2018, respectively.

11. Reclassified to Conform with Current Year

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation. These reclassifications have no effect on previously reported income.

EXHIBIT F

BLUTACO FRANCHISING, LLC

LIST OF FRANCHISEES AND OUTLETS

EXHIBIT F
LIST OF FRANCHISEES AND OUTLETS

StoreName	Address	City	State	Zip	Full Name	Business Phone	Mobile Phone
Dilkon Express #532 (Red Mesa Trading Company Inc.)	Indian Rte 60	Dilkon	AZ	86047	Craig Callaway	(505) 564-6805	(505) 486-9921
Farmer's Marketplace	4525 Shasta Dam Blvd	City of Shasta Lake	CA	96019	Allen Mancasola	(530) 275-3756	(530) 604-2120
Westley Circle K	4549 Ingram Creek Rd.	Westley	CA	95387	Mike Faquiryan	(209) 884-2500	(925) 785-7752
Jumar Ventures, LLC dba The Snack Shack #2	8005 Fountain Mesa Rd	Fountain	CO	80817	Mark Whitmoyer	(719) 375-5706	(719) 433-2112
Quick King #17	3250 SE US Highway 41	Morriston	FL	32668	Charlie Patel	NULL	(352) 497-8034
Monroe Eatery	1480 Highway 78 NW	Monroe	GA	30655	Atosh Bhardwaj	NULL	(770) 862-1974
BRICK STREET MARKET, LLC.	114 BRICK STREET SE	BONDURANT	IA	50035	Renee Hogan	(515) 967-2220	507-438-9074
Liberty Stop & Go	6902 W Seltice Way	State Line	ID	83854	Amber Halverson	(208) 773-1177	(208) 777-7504
Orofino Marketplace	1130 Michigan Ave	Orofino	ID	83544	Corey Watson	(509) 292-2253	(509) 292-2253
Traders Point Market Inc.	8562 Lafayette Road	Indianapolis	IN	46278	Gary Sekhon	NULL	(317) 679-7112
Main Street Express	205 E Main St	Perham	MN	56573	Mike Nelson	(218) 346-2210	(218) 371-7361
Mueller Business Ventures Inc.	19 Main Avenue	Gaylord	MN	55334	Melissa Mueller	(507) 237-2385	(917) 882-2061
Sandstone Arco	813 State Highway 23	Sandstone	MN	55072	Craig Thorvig	(320) 279-1667	(612) 718-3106
Fastlane #35	571 S Lincoln Dr	Troy	MO	63379	Kalen Frese	(636) 235-7007	(573) 795-2635
Hickamo	18718 HWY 54	Wheatland	MO	65779	Chip Shaddox	(417) 770-0526	(417) 770-0526
Temp Stop (Grain Valley)	723 S Main St	Grain Valley	MO	64029	Tim Green	(816) 554-3352	(816) 885-6507

StoreName	Address	City	State	Zip	Full Name	Business Phone	Mobile Phone
THE PANTRY	164 FALL CREEK DR	BRANSON	MO	65616	Ash Patel	(417) 335-2086	(417) 423-9226
Fic's Plaza	1220 N Main St	Deer Lodge	MT	59722	Todd Fickler	(406) 846-3969	(406) 490-6087
Mountain View Co-op (Helena)	720 W Custer Ave	Helena	MT	59602	Dave Douglas	(406) 750-6748	(406) 750-6748
West Gate Cenex	55 Highway 16	Glendive	MT	59330	Ron Serpe	(406) 377-7180	(406) 698-2248
United Quality Cooperative (99 Coop,	99 Coop St	New Town	ND	58763	Bill Klug	(701) 627-7863	(701) 421-8360
JC'S CONVENIENCE PLUS	77 STATE ROAD 325 W	RIO GRANDE	OH	45674	Jim Carpenter	(740) 245-5900	(740) 645-0953
Young's Family Market	15986 State Route 56	Laurelville	OH	43135	Brad Young	(740) 332-8822	(740) 649-0946
Crater Lake Junction Travel Center LLC	34005 Hwy 97 N	Chiloquin	OR	97624	Michael Thompson	(541) 783-9800	(865) 415-1698
Roots Market #23 (at the Shell Station)	652 HWY 20 N	HINES	OR	97738	Aaron Randels	(503) 661-1244	(503) 661-1244
County Fair Foods of Watertown	14 2nd St NE	Watertown	SD	57201	Jeff Gamber	(605) 886-4127	(605) 881-3974
Crow Creek C Store	1033 Wounded Knee Rd	Ft. Thompson	SD	57339	Mark Wells	605-245-2257	(605) 730-4050
CUBBY'S	2101 W 49th Street	Sioux Falls	SD	57105	DeLone Wilson	(402) 453-2468	(402) 982-9160
Paleface Grocery	3611 Pace Bend Road S.	Spicewood	TX	78669	Pam Peters	NULL	(512) 923-2931
Brewster Harvest Foods	907 STATE HIGHWAY 97	BREWSTER	WA	98812	Shelly Sheets	(509) 689-3404	(509) 449-5038

EXHIBIT G

BLUTACO FRANCHISING, LLC

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(855) 632-3373 toll-free | Customer.Success@PFSbrands.com

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BLUTACO FRANCHISING, LLC

FORM OF RELEASE, ESTOPPEL, COVENANT NOT TO SUE, AND INDEMNIFICATION

RELEASE, ESTOPPEL, COVENANT NOT TO SUE, AND INDEMNIFICATION

PRELIMINARY NOTE

This Exhibit H contains our form of release, estoppel, covenant not to sue, and indemnification provisions. These provisions may be printed in bold print, and will be modified as reasonably necessary and included in the applicable agreement.

FORM OF AGREEMENT

1. Release; Estoppel; Covenant Not to Sue; Indemnification.

1.1 Release. Franchisee, for itself and its affiliates, and for its and such affiliates' directors, officers, shareholders, partners, members, employees, agents, and attorneys, together with Principals, [Transferor, and Transferee,] and further together with and for the predecessors, successors, heirs, and assigns of any and all of the foregoing collectively, the "Releasing Parties"), hereby release, remise, acquit, and forever discharge BluTaco and its officers, members, employees, agents, and attorneys, and BluTaco's affiliates and each and all of such affiliates' directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the predecessors, successors, heirs, and assigns of any and all of them collectively, the "Parties Released"), from and against any and all obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, and liabilities of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, that arise out of or are related to, or that may hereafter arise out of or relate to, for any matter prior to the Effective Date of this Agreement: i) the Franchise Agreement; ii) any and all other BluTaco license agreements and franchise agreements between BluTaco and any of the Releasing Parties; iii) any and all BluTaco Restaurants owned, opened, operated, or closed by Franchisee or any of the other Releasing Parties; iv) [such other matters as BluTaco deems appropriate]; and v) the business relationship between any or all of the Parties Released on the one hand, and any or all of the Releasing Parties on the other hand; including, without limitation, the BluTaco franchise offering, the BluTaco franchise offering documents, the offer and sale of the BluTaco franchise, and the registration, non-registration, exemption from registration, or non-exemption from registration of the BluTaco franchise and the BluTaco franchise offering.

1.1.1 [Franchisee and Principals] [Franchisee, Principals, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby covenant, warrant, represent, and agree that neither they nor any of them have assigned or transferred any of the obligations, debts, claims, demands, rights, actions, causes of action, loss, losses, damage, damages, expenses, costs, liability, or liabilities described in this Section 1.1 of this Agreement to any third party.

1.1.2 If any Releasing Party raises or asserts any obligation, claim, demand, right, action, or cause of action described in this Section 1.1 of this Agreement, or alleges any debt, loss, losses, damage, damages, expense, cost, liability, or liabilities described in this Section 1.1 of this Agreement, this Section 1.1 shall be a complete and conclusive defense thereto.

1.2 Estoppel.

1.2.1 [Franchisee and Principals] [Franchisee, Principals, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby acknowledge and agree that:

1.2.1.1 Neither the Parties Released nor any of them, at any time prior to the Effective Date of this Agreement, committed any breach of the Franchise Agreement or any other agreement or document related to the Franchised Business, which other documents include, without limitation, the Franchise Disclosure Document that BluTaco delivered to Franchisee, as prospective Franchisee, which delivery was due and proper in every respect;

1.2.1.2 Neither the Parties Released nor any of them, at any time prior to the Effective Date of this Agreement, committed any violation of any constitution, statute, rule, regulation, ordinance, case law, or any other law; including, without limitation, the FTC Franchise Rule, [jurisdictions' franchise Laws or other relevant Laws], or otherwise, arising out of or related to the Franchised Business, the Restaurant, the BluTaco franchise offering, the BluTaco franchise offering documents, the offer and sale of the BluTaco franchise, and the registration, non-registration, exemption from registration, or non-exemption from registration of the BluTaco franchise and the BluTaco franchise offering; and

1.2.1.3 Neither the Parties Released, nor any of them, owes the Releasing Parties, or any of them, any obligation, debt, claim, demand, right, action, cause of action, loss, losses, damage, damages, expense, cost, liability, or liabilities of any nature or kind, contingent or fixed, known or unknown, at law or in equity or otherwise, that arises out of or is related to, or that may hereafter arise out of or relate to, any matter that is within the scope of the Release set forth in Section 1.1 of this Agreement.

1.2.2 If any Releasing Party raises or asserts any obligation, claim, demand, right, action, or cause of action described in Section 1.1 or this Section 1.2 of this Agreement, or alleges any debt, loss, losses, damage, damages, expense, cost, liability, or liabilities described in Section 1.1 or this Section 1.2 of this Agreement, this Section 1.2 shall be a complete and conclusive defense thereto.

1.3 Covenant Not to Sue. [Franchisee and Principals] [Franchisee, Principals, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby covenant, warrant, represent, and agree that neither they nor any of them will: i) make or raise any claim, counterclaim, crossclaim, affirmative defense, or demand; ii) commence, or cause or permit to be commenced; iii) prosecute, or cause or permit to be prosecuted; or iv) assist or cooperate in the commencement or prosecution of, any suit or action at law or in equity or otherwise, any arbitration or like proceeding, or any administrative or agency proceeding, against or related to the Parties Released, or any of them, for any matter arising out of or related to, or that may hereafter arise out of or relate to: a) the Release set forth in Section 1.1 of this Agreement; b) any matter that is within the ambit of such Release; c) the Estoppel set forth in Section 1.2 of this Agreement; or d) any matter that is within the ambit of such Estoppel.

1.4 Indemnification. [Franchisee and Principals] [Franchisee, Principals, Transferor, and Transferee], for themselves and the other Releasing Parties, hereby covenant, warrant, represent, and agree that they and the other Releasing Parties: i) will indemnify the Parties Released for, and will hold harmless the Parties Released from, any breach of Sections 1.1, 1.2, or 1.3 of this Agreement; and ii) will pay the amount of all losses and expenses arising out of or related to any breach of Sections 1.1, 1.2, or 1.3 of this Agreement so that the Party Released to which such payment is owed actually receives such payment by end of ten 10) days after demand therefor. Such losses and expenses shall include, without limitation, attorneys' fees and costs, including without limitation attorneys' fees and costs of appeal, and further including without limitation attorneys' fees and costs of collection. Each Party Released shall have the right to counsel such Party Released reasonably chooses. No Party Released will be required to seek recovery from any insurer, other third party, or otherwise, or to mitigate any loss and expense, to maintain and recover fully a claim under this Section 1.4. No failure to pursue such recovery or to mitigate a loss or expense will in any way reduce or alter the amounts any Party Released is entitled to recover. The obligations of [Franchisee, Principals] [Franchisee, Principals, Transferor, Transferee], and the other Releasing Parties under this Section 1.4: a) shall be joint and several; and b) shall be within the ambit of all guaranties made by [Franchisee's Principals] [Franchisee's Principals, Transferor, Transferor's Principals, Transferee, Transferee's Principals], and other guarantors, all of which shall remain in full force and effect.

BLUTACO FRANCHISING, LLC:

By: Exhibit Only: Not for Execution at This Time
Title:

FRANCHISEE:

By: Exhibit Only: Not for Execution at This Time
Title:

TRANSFEREE:

By: Exhibit Only: Not for Execution at This Time
Title:

PRINCIPAL:

Exhibit Only: Not for Execution at This Time
Individually and as Principal

PRINCIPAL:

Exhibit Only: Not for Execution at This Time
Individually and as Principal

PRINCIPAL:

Exhibit Only: Not for Execution at This Time
Individually and as Principal

EXHIBIT I

BLUTACO FRANCHISING, LLC

STATEMENT OF PROSPECTIVE FRANCHISEES

STATEMENT OF PROSPECTIVE FRANCHISEES

You are preparing to enter into a franchise agreement with BluTaco Franchising, LLC "BluTaco") for the operation of a franchised BluTaco restaurant in a Business-Within-a-Business or "BWB") location. The purpose of this Statement is to ensure that: i) no statements or promises were made to you that BluTaco has not authorized; ii) no statements were made to you that may be untrue, inaccurate, or misleading; iii) you have been properly represented in this transaction; and iv) you understand that the claims you may make related to the purchase and operation of your franchise are limited.

As used in this Statement, the term "Franchise Agreement" shall mean, collectively, the BluTaco franchise agreement between BluTaco and you, together with all schedules, exhibits, addenda, attachments, and amendments to it.

You must sign and date this Statement the same day you sign the Franchise Agreement.

A. Representations

You must review each of the following representations carefully and provide an honest response to each. **If you answer "No" to any of the representations, you must explain your answer on the "Explanations" page at the end of this Statement**.

Yes ____ No ____ 1. I received a copy of BluTaco's Franchise Disclosure Document and each exhibit and schedule to it.

Yes ____ No ____ 2. I personally reviewed BluTaco's Franchise Disclosure Document and each exhibit and schedule to it.

Yes ____ No ____ 3. I gave BluTaco a Receipt showing that I received the Franchise Disclosure Document and the date I received it.

Yes ____ No ____ 4. I received the Franchise Disclosure Document at least fourteen 14) days before I signed any agreement with BluTaco or its affiliates, or gave BluTaco or its affiliates any consideration related to the purchase of a BluTaco franchise.

Yes ____ No ____ 5. I received complete copies of BluTaco's Franchise Agreement and all other agreements BluTaco required me to sign, with all blanks filled in, at least seven 7) days before I signed them.

Yes ____ No ____ 6. I reviewed the Franchise Disclosure Document and all exhibits and schedules to it with my attorney, accountant, and other professional and business advisors.

Yes ____ No ____ 7. I am a skilled and experienced business professional with the level of education, knowledge, and understanding sufficient to permit me to evaluate accurately the risks of purchasing a BluTaco franchise and of opening and operating a BluTaco restaurant.

Yes ____ No ____ 8. I have evaluated accurately the risks of purchasing a BluTaco franchise and of opening and operating a BluTaco restaurant.

Yes ____ No ____ 9. I understand that the success or failure of my BluTaco franchise and BluTaco restaurant will depend in large part on: i) my skills, abilities, and efforts; ii) the skills, abilities, and efforts of people I employ; and iii) many factors beyond my control, like the stability of federal, state, and local governments, government policies, competition, interest rates, the economy, inflation, utilities costs, labor and supply costs, lease terms, and the marketplace.

Yes ____ No ____ 10. I understand that BluTaco has the right to establish, and to grant other franchisees the right to establish, BluTaco Restaurants or any other businesses using the BluTaco trademarks, trade names, service marks, logotypes, or other commercial symbols; the System; or any variation of the BluTaco trademarks, trade names, service marks, logotypes, or other commercial symbols and the System, in any location other than within my BluTaco Territory, on any terms and conditions BluTaco deems appropriate.

Yes ____ No ____ 11. I understand that BluTaco has the right to sell products and services identified by the BluTaco trademarks, trade names, service marks, logotypes, and other commercial symbols, and any other trademarks, trade names, service marks, logotypes, or other commercial symbols, by means of the Internet; through catalog sales; through a toll-free telephone line or any similar form of electronic commerce; in grocery stores or specialty stores; through telemarketing, other direct-marketing techniques, and radio and television advertisements and sales; and through any other distribution channels collectively, the “Alternative Distribution Channels”), inside or outside my Territory, all without payment of any compensation to me.

Yes ____ No ____ 12. I understand that the Franchise Agreement contains the entire agreement between BluTaco and me or if I operate a company, my company) concerning the BluTaco franchise and my BluTaco business, and that any prior oral or written statements that are not set out in the Franchise Agreement are not binding or enforceable.

B. Acknowledgments

1. I hereby certify that no BluTaco employee, and no other person speaking on BluTaco's behalf, has made any representation, commitment, claim, or statement to me that is different from, or that is contrary to, any of the representations, commitments, claims, or statements contained in BluTaco's Franchise Agreement, Franchise Disclosure Document, and Supplemental Financial Performance Representations if any).

   Initials: ______________, ______________, ______________, ______________

2. I hereby certify that no BluTaco employee, and no other person speaking on BluTaco's behalf, has: i) made any oral, written, visual, or other representation, commitment, claim, or statement, that stated or suggested any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise; or ii) made any oral, written, visual, or other representation, commitment, claim, or statement from which any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise might be ascertained, related to a BluTaco franchise, that is different from, contrary to, or not contained in, BluTaco's Franchise Agreement, Franchise Disclosure Document, and Supplemental Financial Performance Representations if any).

   Initials: ______________, ______________, ______________, ______________

3. I acknowledge and agree that BluTaco does not make or endorse, nor does it allow any BluTaco employee or other person speaking on BluTaco's behalf to make or endorse, any oral, written, visual, or other representation, commitment, claim, or statement that states or suggests any level or range of actual or potential sales, costs, income, expenses, profits, cash flow, or otherwise with respect to a BluTaco franchise, except as expressly set forth in BluTaco's Franchise Disclosure Document and Supplemental Financial Performance Representations if any).

   Initials: ______________, ______________, ______________, ______________

4. I acknowledge and agree that: i) BluTaco does not permit any agreements or commitments, and does not approve any changes in the Franchise Agreement, except by means of a written Amendment signed by the parties to the Franchise Agreement; and ii) if any representations or commitments, or any promises of changes in the Franchise Agreement or otherwise, have been made to me that are not in an Amendment signed by the parties to the Franchise Agreement, such representations, commitments, and promises are not binding or enforceable.

   Initials: ______________, ______________, ______________, ______________

C. **Dates**

I hereby certify that the following dates are true and correct:

1. The date on which I received BluTaco's Franchise Disclosure Document about the purchase of a BluTaco franchise was: Initials: ________________ ________________ ________________ ________________

   ______________________, 20____

2. The date on which I received copies of the Franchise Agreement and other agreements for the purchase of a BluTaco franchise was: Initials: ________________ ________________ ________________ ________________

   ______________________, 20____

3. The earliest date that I delivered cash, a check, or other consideration to BluTaco or its affiliates in connection with the purchase of a BluTaco franchise was: Initials: ________________ ________________ ________________ ________________

   ______________________, 20____

I UNDERSTAND THAT MY ANSWERS ARE IMPORTANT TO BLUTACO AND THAT BLUTACO WILL RELY ON THEM. BY SIGNING THIS STATEMENT, I AM REPRESENTING AND AGREEING THAT I HAVE CONSIDERED EACH REPRESENTATION, ACKNOWLEDGMENT, AND DATE CAREFULLY AND HAVE RESPONDED TRUTHFULLY TO EACH AND EVERY ITEM IN THIS STATEMENT.

I understand and agree to all of the foregoing and certify that all of the responses in this Statement are true, correct, and complete.

Date: ___________________, 20_____ ____________________________________
Prospective Franchisee

Date: ___________________, 20_____ ____________________________________
Prospective Franchisee

Date: ___________________, 20_____ ____________________________________
Prospective Franchisee

SPECIAL NOTE MARYLAND AND FRANCHISED BUSINESSES LOCATED IN MARYLAND: Nothing in this Statement of Prospective Franchisees shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXPLANATIONS

If you answered “No” to any of the representations in Section A of the Statement of Prospective Franchisees, you must explain your answer on this page. You may use additional pages if necessary.

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State Effective Dates

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	February 28, 2020
Maryland	Pending
Michigan	Exempt
Minnesota	Exempt
North Dakota	Pending
South Dakota	Exempt
Virginia	Pending
Washington	Pending
Wisconsin	Exempt

This Franchise Disclosure Document is exempt from the business opportunity laws regarding disclosure in the following states (notice filings were required):

State	Type of Filing	Effective Date
Florida	Annual Filing	February 6, 2021
Kentucky	One-Time Filing	February 1, 2018
Nebraska	One-Time Filing	February 1, 2018
Texas	One-Time Filing	February 5, 2018
Utah	Annual Filing	February 2, 2021

EXHIBIT J

BLUTACO FRANCHISING, LLC

DISCLOSURE DOCUMENT RECEIPTS

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 BluTaco offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BluTaco does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.

The franchisor is BluTaco Franchising, LLC, located at 170 Commerce Drive, Holts Summit, Missouri 65043. Its telephone number is 573) 896-2500.

Issuance Date: February 25, 2020

The name, principal address and telephone number of each franchise seller offer the franchise: __________
____.

BluTaco authorizes the respective state agencies identified on Exhibit D to receive service of process for it in the particular state.

I received a disclosure document dated February 25, 2020 that included the following Exhibits:

A BluTaco Franchise Agreement
B Gold and Silver Addenda to Franchise Agreement
C State Regulations and Requirements Addendum
D State Administrators and Agents for Service of Process
E Financial Statements
F List of Franchisees and Outlets
G Confidential Operations Manual Table of Contents
H Form of Release, Estoppel, Covenant Not to Sue, and Indemnification
I Statement of Prospective Franchisees
J Disclosure Document Receipts

___________________________, 20______ Date Do Not Leave Blank)	____ Signature of Prospective Franchisee
	____ Print Name
___________________________, 20______ Date Do Not Leave Blank)	____ Signature of Prospective Franchisee
	____ Print Name

Your Copy: Please Sign, Date, and Keep for your Records

2020_0402

DocID: 4851-9453-3558.3

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I Statement of Prospective Franchisees
J Disclosure Document Receipts

____________________________, 20______	______________________________________
Date Do Not Leave Blank)	Signature of Prospective Franchisee
	______________________________________
	Print Name
____________________________, 20______	______________________________________
Date Do Not Leave Blank)	Signature of Prospective Franchisee
	______________________________________

Our Copy: Please Sign, Date, and Return to Us