FRANCHISE DISCLOSURE DOCUMENT

BONEHEADS®
GRILLED FISH • PIRI PIRI CHICKEN

Boneheads Franchise LLC
a Delaware Limited Liability Company
3075 Jonquil Drive SE
Smyrna, Georgia 30080
Telephone 1-855-347-4433
feedback@eatboneheads com
www eatboneheads com

As a franchisee you will operate a fast casual restaurant offering grilled seafood dishes, Boneheads' proprietary Piri Piri Chicken entrees, other food items and beverages under the service mark "BONEHEADS®" (a **"Restaurant"**)

The total investment necessary to begin operation of a Restaurant is $334,000 to $578,000 This includes $35,000 that must be paid to the franchisor or its affiliate If you sign a Development Agreement which commits you to develop more than one Restaurant, you must pay us a development fee equal to the sum of franchise fees due for each Restaurant that you commit to develop The franchise fee due for Restaurants developed pursuant to a Development Agreement shall be $35,000 for your first Restaurant, $30,000 for your second Restaurant, $25,000 for your third Restaurant, and $15,000 for your fourth and each additional Restaurant The development fee you pay will be credited against the initial franchise fee for that Restaurant, as long as you develop and open the Restaurant(s) according to your development schedule

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

You may wish to receive your Disclosure Document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact Ron Barber at 3075 Jonquil Drive SE, Smyrna, Georgia 30080, 1-855-347-4433

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

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

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

The date of issuance of this Franchise Disclosure Document is May 20, 2016

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit A to this Disclosure Document for information about the franchisor or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO ARBITRATE WITH US ONLY IN THE OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION CLOSEST TO OUR PRINCIPAL EXECUTIVE OFFICE OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT ALSO MAY COST YOU MORE TO ARBITRATE WITH US WHERE OUR PRINCIPAL EXECUTIVE OFFICE IS LOCATED THAN IN YOUR HOME STATE

2 THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT EACH STATE THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 WE HAVE THE RIGHT TO BRING CERTAIN ACTIONS, CLAIMS AND SUITS IN THE FEDERAL OR STATE COURT FOR THE DISTRICT WHERE OUR PRINCIPAL EXECUTIVE OFFICE IS LOCATED IT MAY COST YOU MORE TO LITIGATE WITH US IN OUR DISTRICT THAN IN YOUR HOME STATE

4 THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE FEBRUARY 26, 2013 THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT THE FRANCHISOR'S PREDECESSORS, HOWEVER HAVE OFFERED BONEHEADS FRANCHISES SINCE 2005

5 YOUR RESTAURANT MAY NOT HAVE AN EXCLUSIVE TERRITORY

6 THE FRANCHISOR HAS ELECTED THE REASONABLE BUSINESS JUDGMENT STANDARD IN ITS RELATIONSHIPS WITH FRANCHISEES THIS MEANS THE FRANCHISOR IS NOT REQUIRED TO CONSIDER YOUR PARTICULAR ECONOMIC OR OTHER BUSINESS INTERESTS WHEN EXERCISING ITS JUDGMENT

7 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $334,000 TO $578,000 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF JUNE 3, 2015, WHICH IS $267,972 58

8 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A franchise broker or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should make sure to do your own investigation of the franchise

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on the following page

ATTACHMENT 1

The effective dates of registration of this Disclosure Document in the states listed below are

State	Effective Date
California	
Hawaii	not effective
Illinois	
Indiana	
Maryland	
Michigan	not effective
Minnesota	not effective
New York	
North Dakota	not effective
Rhode Island	not effective
South Dakota	not effective
Virginia	
Washington	not effective
Wisconsin	not effective

In all other states, the effective date of this Disclosure Document is the issuance date of May 20, 2016

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Exhibits

A State Agencies and Administrators and Franchisor's Agents For Service of Process
B Franchise Agreement (including State-Required Addenda)
C Development Agreement (including State-Required Addenda)
D Table of Contents of the Manuals
E Additional State-Required Disclosures
F List of Current Franchisees and Area Representatives
G List of Franchisees and Area Representatives Who Have Left The System
H Financial Statements
I Nondisclosure and Noncompete Agreement
J Compliance Questionnaire
Acknowledgement of Receipt (2 Copies)

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

Franchisor The franchisor is Boneheads Franchise, LLC This Disclosure Document will refer to Boneheads Franchise, LLC as **"we"**, **"us"**, **"our"**, **"Boneheads "** This Disclosure Document will refer to the person or entity that buys the franchise from us as **"you"** or **"your,"** and the term includes your partners if you are a partnership, your members if you are a limited liability company, or your shareholders if you are a corporation

We are a Delaware limited liability company that was formed on February 26, 2013 Our primary business address is 3075 Jonquil Drive SE, Smyrna, Georgia 30080 and our telephone number is 1-855-347-4433 Our agents for service of process are disclosed on Exhibit A to this Disclosure Document We began offering franchises to open and operate Restaurants in 2013 We currently do not operate any Restaurants, and we have not and do not operate any other type of business (franchise or otherwise)

Predecessors and Affiliates On March 31, 2013, we entered an agreement to purchase all of the assets, including intellectual property rights, of our predecessor and affiliate BH Acquisition, LLC (**BHA**"), a Georgia limited liability company formed on October 15, 2009, with a last primary business address the same as ours (the "**Agreement**") BHA began offering franchises for Restaurants substantially similar to those offered in this Disclosure Document on March 2010 and Area Businesses in February 2011 As part of the Agreement, BHA assigned to us all of BHA's rights in the Marks and franchise system and granted us the exclusive right to franchise Restaurants throughout the United States BHA also assigned to us all of its rights under existing franchise agreements and area representative agreements BHA no longer offers franchises for Restaurants or any other type of business

In November 2009, BHA purchased the assets of Bonehead's Seafood, Inc (**"BSI"**), a subsidiary of Raving Brands International, LLC As a result of the asset purchase, BHA became the sole and exclusive franchisor of the Restaurants, until we purchased BHA's assets under the Agreement When it was operating, BSI had a primary business address of 1801 Peachtree Street, Suite 160, Atlanta, Georgia 30309 BSI sold franchises under the BONEHEADS mark from April 2005 to November 2009, but did not sell franchises in any other line of business We are not affiliated with BSI, and we do not offer the same franchise program as was offered by BSI We do not have any parents

We do not operate any Restaurants, but our affiliate, Boneheads Powers Ferry LLC, operates a Restaurant

The Franchise We offer franchises to individuals and entities for fast casual Restaurants which offer grilled seafood dishes, Boneheads' proprietary Piri Piri Chicken entrees, other food products, beverages and related services In connection with our Restaurant concept, we have developed various specialty food products (e g , four flavors of our proprietary piri piri sauce), which we may sell under the Boneheads brand and also under other brands we may create and develop

The Boneheads franchise system includes the common use and promotion of the name 'BONEHEADS" and other service marks, trademarks, trade names, logos, emblems, signs, slogans, insignia and commercial symbols we may designate (collectively, the **"Marks"**), distinctive food products and the formula and quality standards therefore, procedures for inventory and management control, training, advertising and promotional programs, and ongoing assistance We may add or delete products and/or services, and you will be required to follow suit Restaurants must use the method of operation, products, concept, format, style and trade secrets developed, adopted and approved by us

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

If you wish to operate a Restaurant, you must execute a Franchise Agreement (the **"Franchise Agreement"**) Our current form of Franchise Agreement is attached to this Disclosure Document as Exhibit B Unless you sign a Development Agreement, you have no obligation, nor any right, to open any additional Restaurants Under the Franchise Agreement, you will have no right to use the Marks or the system at any location other than the site that we have accepted as the site for your Restaurant We will designate in your Franchise Agreement a territory surrounding your Restaurant (the **"Franchise Territory"**) in which we will not operate or license others to operate Restaurants

Development of Multiple Restaurants In addition, for qualified franchisees who desire the right to develop multiple Restaurants within a designated area (**"Development Area"**) that meet certain conditions, we also offer the opportunity to enter into a Development Agreement with us (the **"Development Agreement"**) to develop a mutually agreed upon number of Restaurants in accordance with a development schedule specified in the Development Agreement (the **"Development Schedule"**) The number of Restaurants to be opened by you in your Development Area will be dependent upon a number of factors such as population density, demographic data, the number of potential locations for Restaurants, and the presence of competition (the **"Development Criteria"**) We may not open, nor permit others to open, Restaurants operating under the Marks in the Development Area for as long as the Development Agreement is in effect, except in locations without general public access, such as airports, train stations, stadiums, event venues, hospitals, and military bases (**"Non-traditional Venues"**) Our current form of Development Agreement is included as Exhibit C to this Disclosure Document

As each Restaurant is opened, you will sign our then-current form of Franchise Agreement for each Restaurant If you fail to open the required number of Restaurants on the mutually agreed Development Schedule, we will have the right to terminate the Development Agreement If the Development Agreement is terminated, you will lose all of your rights to develop the Development Area and the initial fees paid for any Restaurants for which Franchise Agreements have not been signed However, the Franchise Agreement for each Restaurant which has been opened will not be terminated solely by reason of the termination of the Development Agreement

Competition Restaurants compete primarily with full service and fast casual restaurants, as well as, limited service, such as take-out, delivery and fast food restaurants that offer similar menus, including regional and national chains and franchise systems The fast casual restaurant business is very competitive and is often driven by price and product competition If you operate an Area Business, you will compete with franchisors and franchise brokers selling other franchise concepts in a wide variety of industries

Laws, Rules and Regulations In addition to laws and regulations that apply to businesses generally like workers' compensation, corporate, and tax, you are subject to various federal, state and local government regulations including those relating to construction, site location, and the preparation and sale of food that apply to restaurant operations, as well as public health, sanitation and safety codes and ordinances If you sell liquor, beer or wine at your Restaurant, you must obtain a liquor license under state and local law You may also have liability under Dram Shop laws for injuries relating to the sale and consumption of these substances You must acknowledge in the Franchise Agreement that you will keep apprised of, and will comply with, all applicable laws, including, without limitation, the Americans with Disabilities Act

It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements We do not assume any responsibility for advising you on these regulatory matters You should consult with your attorney about laws and regulations that may affect your Restaurant Before you buy a franchise, you are encouraged to investigate these regulations and other laws that may be applicable to your business You should consider their impact on your business and any increased cost of doing business

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer, Chairman of the Board – Ron Barber

Mr Barber has been our Chairman of the Board since February 2013 He has also been a Member of BHA based in Smyrna, Georgia since November 2009 and the President of Phoenix Architectural Products, Inc in Smyrna, Georgia since August 2002

Director – James Walker

Mr Walker has served as one of our Directors since February 2013 and also as a Director for BHA based in Smyrna, Georgia since February 2013 He has also served as Johnny Rockets Licensing, LLC's Chief Development Officer since December 2013 From June 2010 until December 2013, he served as the Chief Development Officer of FSC Franchise Co, LLC in Tampa, Florida and from June 2012 until December 2013, he served as the Chief Development Officer of Brass Tap Franchisor, LLC in Tampa, Florida In June 2013, Mr Walker was appointed to the Board of Advisors of Another Broken Egg of America, Inc , based in Miramar Beach, Florida

Director of Franchise Support – Bryan St George

Mr St George has served as our Director of Franchise Support since July 2013 From January 2010 until July 2013, he was the Director of Training and Franchise Development at Amrest Holdings, LLC in Atlanta, Georgia

Area Representative – Doug Groves

Mr Groves has served as our Area Representative for Texas, Oklahoma, Colorado and New Mexico since April 2013 He has also been a Partner in the Dady Insurance Agency located in Georgetown, Texas since May 2010 From April 2012 through March 2013, Mr Groves served as the Area Representative for Texas, Oklahoma, Colorado and New Mexico for BHA based in Smyrna, Georgia

Area Representative – Benton Smith

Mr Smith has served as our Area Representative for Tennessee, Mississippi, Louisiana, Kentucky, Arkansas and Alabama since April 2013 He has also served as a Member of Holly Springs Enterprises LLC since August 2008 located in Oxford, Mississippi, and of Scoops LLC since February 2000 located in Memphis, Tennessee From May 2011 through March 2013, Mr Smith served as an Area Representative for Tennessee, Mississippi, Louisiana, Kentucky, Arkansas and Alabama for BHA based in Smyrna, Georgia

ITEM 3
LITIGATION

Other than the actions listed below, no litigation must be disclosed in this Item

Hungry Ventures, LLC, HV Location 1, LLC, Morgan Smith, and Jack Demers vs BH Acquisition, LLC and Ron Barber, (C D Ca Case No SA10-CV-01519 CJC (MLGx)) On April 27, 2010, BHA filed a Demand for Arbitration with the American Arbitration Association (AAA Case No 30-114-000365-10) against Hungry Ventures, LLC, HV Location 1, LLC, Morgan Smith, and Jack Demers (collectively, the **"HV Parties"**), a franchisor and area developer of Restaurants, stating a claim for breach of contract (the **"Arbitration"**) On September 9, 2010, the HV Parties filed suit in the Superior Court of California, County of Orange (Case No 30-2010-00406502) against BHA and Ron Barber, the sole owner of BHA and our sole owner, asserting claims for breach of contract, violation of the California Franchise Relations Act, and breach of good faith and fair dealing and seeking injunctive relief (the **"Court Action"**) The Court Action was subsequently removed to the United States District Court for the Central District of California on October 8, 2010 On October 31, 2010, the parties reached a settlement to resolve all claims against each other related to the Arbitration and the Court Action (the **"Settlement"**) In the Settlement, the HV Parties agreed to pay BHA $20,000 and their Franchise Agreement and Development Agreement with BHA were terminated BHA granted the HV Parties a non-exclusive license to continue using the Marks and the System at their Restaurant location, which Restaurant location they subsequently sold In addition, both parties entered into a mutual release of all claims against each other

ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item

ITEM 5
INITIAL FEES

Franchise Fee You must pay us an initial franchise fee (the **"Franchise Fee"**) for your Restaurant upon execution of the Franchise Agreement If you do not sign a Development Agreement committing to open more than one Restaurant, the Franchise Fee shall be equal to $35,000 If you sign a Development Agreement, the Franchise Fee will be $35,000 for your first Restaurant, $25,000 for your second Restaurant, and $20,000 for your third and each additional Restaurant developed under the Development Agreement We have no intention, now or in the future, of reducing or waiving the Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case by case basis or for our affiliates, employees, and existing franchises or if we run a franchise marketing promotion Franchise Fees are not refundable under any circumstances

Development Fee If you sign a Development Agreement, you must pay us upon execution of the Development Agreement the sum of the Franchise Fees due for each Restaurant that you commit to develop pursuant to the Development Agreement (the **"Development Fee"**) The Development Fee will be credited towards the Franchise Fees due for each Franchise Agreement that you execute pursuant to the Development Agreement If a Restaurant is developed in accordance with the Development Schedule, the Development Fee attributable to that Restaurant will be credited towards the payment of the Franchise Fee due under the Franchise Agreement for that Restaurant

If a Restaurant is not established in accordance with the Development Schedule, the Development Fee that would have otherwise been credited towards payment of the initial franchise fee for that

Restaurant will be forfeited and retained by us If you and we are unable to agree upon a site for a Restaurant and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement If, for any reason, the Development Agreement terminates before all or a portion of the Development Fee has been applied to the initial franchise fees, we will retain the unapplied portion of the Development Fee to compensate us for our time, effort and foregone opportunities The Development Fee is not refundable under any circumstances

<u>**Other Initial Fees**</u> Generally, there are no additional initial fees Under the Franchise Agreement, we will provide you with assistance in opening the Restaurant and training your employees Although we do not intend to charge you for this assistance, we reserve the right to charge you for extraordinary travel and living expenses incurred by our employees in providing this assistance In the event you request additional opening assistance, which we envision will only occur in unique circumstances, and we agree to provide you with the extra assistance, you must reimburse us for all costs and expenses we incur in connection with providing you this additional assistance, including, wages, overhead and travel and living expenses of our employees providing the assistance and we have the right to charge our daily fee for additional assistance (see Item 6) It is not possible to estimate a range of these additional costs and expenses because they will vary depending upon a number of factors like the franchisee, the amount of extra assistance requested and the location of the Restaurant Any charges you incur in these circumstances will be in addition to the Franchise Fee There may be occasions when you must purchase goods and services from us or our affiliates These circumstances are described in more detail in Items 6, 7, and 8 The cost of these goods and services, if any, will be in addition to the Franchise Fee and Development Fee As of the date of this Disclosure Document, we have not charged for any other initial fees We do not offer financing for any of the initial fees

ITEM 6
OTHER FEES

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Biweekly, on every other Tuesday for the preceding two weeks' Gross Sales	We will debit your bank account for the Royalty Fee due See Note 8 For the definition of **"Gross Sales,"** see Note 2
Advertising Fund Fee	1% of Gross Sales	Same as Royalty Fee	Payable if we notify you of our intent to create an advertising fund as described in Item 11 Advertising Fee payments shall be deposited in a separate advertising account which may be held in our name or the name of a separate entity and shall be payable concurrently with the payment of Royalty Fees See Note 8
Advertising Cooperatives	If we establish cooperatives, you must contribute a percentage of Gross Sales to your cooperative, which may not exceed 2% of Gross Sales	Same As Royalty Fee or as designated by your cooperative	Currently, we have no cooperatives See Item 11 and Notes 3 and 8

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Local Advertising	A minimum of 2% of Gross Sales	As incurred	You must make local advertising expenditures as required by Section 11 3 of the Franchise Agreement You may determine the form and media, subject to our prior approval
Advertising Deficiency	Amount of Local Advertising Deficiency	Immediately upon demand	If you fail to make local advertising expenditures, we may do so on your behalf and you will reimburse us for those expenditures
Transfer/ Assignment Fee under Franchise Agreement	$10,000, plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer	Before the consummation of the transfer or sale	Payable when, and if, you transfer or sell your franchise There are other conditions to transfer (see Item 17 of this Disclosure Document)
Successor Fee	$10,000	Upon entering into a successor Franchise Agreement	Payable when, and if, you enter into a successor Franchise Agreement There are other conditions to renew (see Item 17 of this Disclosure Document)
Interest and Late Payment Fees	Up to the highest rate permitted by law but no more than 18% per annum plus $100 per occurrence	Immediately on demand	Payable on all overdue amounts Interest begins from the date of non-payment or underpayment See Note 9
Insufficient Funds Fee	$100 per occurrence	Immediately on demand	Payable if any of your payments to us are not honored by your financial institution
Late Report Fee	$100 per occurrence	Immediately on demand	Payable, at our discretion, if you fail to submit to us any required reports or information
Audit Expenses	Will vary under the circumstances	Immediately on demand	See Note 4
Additional On-Site Training and Assistance	Reasonable fee under the circumstances (e g $300 per day) plus the reimbursement of travel and living expenses and other related expenses	As incurred	Payable if you request additional training or if we assign trainers to your Restaurant as a result of your failure to maintain standards See Note 5
Counseling and Advisory Services	Will vary under the circumstances	As incurred	See Note 6
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for damages or other relief related to the operation of your franchise
Site Selection Company Fees	Will vary under the circumstances	As incurred	To assist you in selecting a site, we may choose to utilize a third party site selection company and/or software that you may be required to use and pay for
Insurance Premiums	Will vary under the circumstances	Immediately on demand	You must reimburse us if we purchase insurance for you because you failed to do so

Type of Fee (See Note 1)	Amount	Due Date	Remarks
Conferences	Reasonable fee under the circumstances sufficient to cover our actual costs and expenses	Upon demand	Payable if we require you to attend a conference or other meeting You are responsible for the travel and living expenses of you and your representatives As of the date of this Disclosure Document, we do not charge a fee
Costs and Attorneys' Fees	Will vary under the circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement or if we incur expenses related to your request to modify the Franchise Agreement
Product/Supplier Approval Costs	Our actual reasonable cost of inspecting the proposed supplier and testing the proposed item or evaluating the proposed service provider and proposed service offerings, including personnel or travel costs We anticipate that the charge typically will not exceed $500, unless travel or significant testing is required	As incurred	Payable if you wish to (i) offer products or services that we have not approved, (ii) use any supplies, equipment, or services that we have not approved, or (iii) purchase from a supplier or service provider that we have not approved, whether or not we approve the item or supplier
Management Fee	10% of Gross Sales plus our actual reasonable costs and expenses	Upon demand	If you are in default of the Franchise Agreement or fail to maintain the Restaurant in accordance with our standards, we may send in our personnel to manage the Restaurant until the default is cured or you are able to meet our standards and you must pay us the Management Fee The Management Fee is collected instead of the Royalty Fee that would otherwise be due
Liquidated Damages	Will vary under the circumstances	Immediately upon demand	See Note 7
Maintenance, Service, and Support Contract Fees	To be determined	As incurred	If you must maintain these contracts and if you must participate in any of our contracts for these services, you may have to pay us directly for the vendors' services As of the date of this Disclosure Document, these fees are not being charged See Item 8 of this Disclosure Document

Notes

1 Unless this Disclosure Document specifically provides otherwise, all fees are uniformly imposed by and payable to us or our affiliates, and we (or our affiliates) do not refund them

2 **"Gross Sales"** means the amount of sales of all products and services sold in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by you or by any other person, whether or not in accordance with the terms of the Franchise Agreement, and whether for cash or on a charge, credit, barter or time basis, including

all sales and services (i) where orders originate and/or are accepted by you in the Restaurant, but delivery or performance thereof is made from or at any place other than the Restaurant or (ii) pursuant to telephone or other similar orders received or filled at or in the Restaurant For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 5% of the Gross Sales, provided the related sales have previously been included in Gross Sales, and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority

3 Amounts paid to an advertising cooperative will be credited against your required expenditures for local advertising under Section 11 3 of the Franchise Agreement All members of an advertising cooperative (whether a franchisee-owned, company-owned or affiliate-owned Restaurant) have equal voting rights on all matters brought before the advertising cooperative for a vote, including matters relating to the amount of required contributions

4 You must pay our audit expenses only if an audit of your records reveals an understatement of 5% or more of your total amount owed to us during the audit period In addition to any unpaid amounts you may owe us, you must reimburse us for the actual costs we incur in conducting the audit, including travel, lodging, meals, and compensation of the auditing personnel that may travel to your Restaurant The cost of the audit will depend on many factors that will vary on a case-by-case basis, like the condition and accuracy of your recordkeeping, the extent of your cooperation, the number of years of your accounting records that are reviewed during the audit process, and other circumstances unique to your particular audit As a result, we are unable to estimate a range of these audit costs, however, these audit expenses will not exceed our actual costs

5 If we notify you in writing that you have failed to maintain standards at the Restaurant, and you fail to cure the failure within 10 days, we have the right to assign trainers to your Restaurant and you must reimburse us for the trainers' salaries, travel and living expenses and other related expenses and pay a reasonable training fee, which is currently $300 per day The additional training duration and content will be designed according to the specific needs of you and your Restaurant

6 Normally there is no fee for these services, which are provided by telephone or at our offices, unless you require unusual, extensive, or extraordinary assistance If so, we have the right to charge you a reasonable fee, which is currently $300 per day

7 Upon termination of the Franchise Agreement due to your breach, you must pay us, in addition to other amounts owed, liquidated damages equal to an amount determined by the formula Liquidated Damages = X times Y times 2, where

X is the greater of (i) the average annual amount of Royalty Fees payable by you to us for the two years immediately preceding the date of termination or (ii) the Royalty Fees payable by you to us for the 12 month period immediately preceding the date of termination or, if the Restaurant has not been open for at least 12 months, the average monthly amount of Royalty Fees payable by you to us for the months in which the Restaurant has been open multiplied by 12, and

Y is equal to the lesser of (i) five or (ii) the number of years remaining in the then-current term of the Franchise Agreement

8 Under the Franchise Agreement, we may require that all royalty and advertising fees and advertising cooperative contributions be paid by automated bank draft Accordingly, we have the right to require you to sign an electronic transfer of funds authorization for your bank account

9 In California, the highest current interest rate allowed by law is 10% per annum

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE RESTAURANT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (1)	$35,000 for first Restaurant	Lump Sum	Upon signing the Franchise Agreement	Us
Rent (2)	$6,500 to $12,000	As Arranged	As Arranged	Landlord
Security Deposit (3)	$7,000 to $20,000	As Arranged	As Arranged	Landlord
Architectural Design (4)	$7,500 to $15,000	As Arranged	Before Opening	Architect
Real Estate and Improvements (5)	$100,000 to $225,000	As Arranged	Before Opening	Landlord, Contractors
Travel and Living Expenses while Training (6)	$5,000 to $10,000	As Incurred	During Training	Hotels, Restaurants
Furnishings, Fixtures, Equipment and Decorating (7)	$100,000 to $120,000	As Arranged	Before Opening	Suppliers, Contractors
Signage/Decor (8)	$4,000 to $12,000	As Arranged	Before Opening	Suppliers
Opening Inventory (9)	$9,000 to $10,000	As Arranged	Before Opening	Suppliers
Computer Hardware/ Software (10)	$8,000 to $10,000	As Arranged	Before Opening	Suppliers
Grand Opening (11)	$10,000	As Arranged	As Arranged	Suppliers
Professional Fees (12)	$2,000 to $5,000	As Arranged	Before Opening and Ongoing	Your Accountants, Lawyers, Business Advisors
Insurance (13)	$10,000 to $24,000	As Arranged	As Incurred	Insurance Providers
Miscellaneous Opening Costs (14)	$10,000 to $20,000	As Arranged	As Arranged	Suppliers, Utilities, Us
Additional Funds – initial 3 months (15)	$20,000 to $50,000	As Arranged	As Arranged	Suppliers, Employees
Total Estimated Initial Investment (16)	$334,000 to $578,000			

All of the above expenditures are non-refundable We do not offer direct or indirect financing to franchisees for any of these items The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, collateral you pledge, policies of your lending institution, and economic conditions in your area

Notes

1 The initial franchise fee includes the loan of our Operations Manual and initial training for up to two individuals having responsibility for the day-to-day operations of your Restaurant The initial franchise fee is not refundable under any circumstances

2 These figures presume that you will be leasing the Restaurant premises and only represent rent for one month We are unable to estimate the total cost of purchasing suitable premises for your Restaurant or the amount of any down payment that would be required Rent will vary depending upon the size of the premises, the site's condition, its location, demand for the site, the build-out requirements and construction or other allowances from the landlord, the geographic location, and the requirements of individual landlords These figures are based upon our experience in Atlanta, Georgia and in our other operating locations These figures may vary considerably in other parts of the United States Regardless of whether you lease or purchase the Restaurant premises, a typical Restaurant occupies approximately 2,500 to 2,800 square feet of space Restaurants are generally located in an in-line retail plaza space (i e a ' strip center") The Restaurant requires ample parking, good visibility, and availability of prominent signage Because of the wide variation in lease rates for retail space, you should thoroughly investigate the costs of obtaining a location

3 Your lessor may require a security deposit before you take possession of the premises This deposit may or may not be refundable

4 You must use an architect that we designate for the initial design of your Restaurant The cost of the design will vary widely depending upon the unique features of your premises and the amount of improvements necessary

5 The cost of leasehold improvements will vary widely depending upon the size and condition of the premises, whether or not there are any existing, usable leasehold improvements in the premises, the extent and quality of improvements desired by you over and above our minimum requirements, the landlord's cash contribution to the cost of the improvements, and the like Improvements include electrical, carpentry, floor covering, painting, and contractor's fee

6 We provide initial training at no charge for up to two individuals, but you must arrange and pay for all food and lodging expenses for the people who attend the initial training program Costs vary depending on the distance traveled and the type of lodging The amount shown does not include the cost of transportation

7 You must purchase or lease certain equipment (like kitchen equipment), machinery, furniture, and decorations which comply with our specifications and standards Costs will vary depending on a number of factors, including building codes and health requirements of the state where your Restaurant is located

8 The cost of your exterior sign will vary depending upon the size, color and type of the sign and other specifications as may be required by us or the Operations Manual

9 Your opening inventory may vary depending on projected sales for your Restaurant You must purchase your inventory from approved suppliers

10 You must purchase a computerized cash collection and data processing system and related software (the **"POS System"**) that meets the standards and specifications that we provide and

from our approved vendor or vendors You must also purchase a basic computer and printer to provide easy access to reports and help you manage your restaurant In the future, you may be asked to purchase and utilize a specific "back office system" for this purpose In addition, you must install and maintain a wireless Internet network for your customers to use that is separate from the network that you use for POS data See Item 11

11 You must conduct a grand opening advertising campaign with the opening of your Restaurant You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of $15,000 during the period 30 days prior and 60 days after the opening of your Restaurant or, if you purchased an existing Restaurant, 60 days after the purchase of your Restaurant

12 This estimate is for the cost of engaging an attorney, accountant, or other business advisors to assist you in reviewing this Disclosure Document, the Franchise Agreement, the Development Agreement (if applicable), your business plan, and any other contracts that you enter related to this Franchise We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity The estimates represented in this chart are based on professional fees in the State of Georgia You may experience different rates for professional fees in your market It is best to ask your professional advisors for their fee schedule prior to engaging them to perform any services on your behalf

13 This figure is an estimate of the annual cost of maintaining the insurance required by the Franchise Agreement

14 This figure includes amounts for utility costs, business licenses, permits, opening assistance, and the cost of training your employees You are responsible for the travel and living expenses of you and your employees during initial training

15 This estimates the funds needed to cover your expenses during the first three months of operation These expenses include payroll costs (excluding any wage or salary paid to you), other miscellaneous expenses and working capital Your costs will vary depending on how rapidly your business grows These figures are estimates based on our past business experience We cannot guarantee that you will not have additional expenses starting the business Your costs will depend on factors like how closely you follow our methods and procedures, your management skill, experience and business knowledge, local economic conditions, the local market for our product, the prevailing wage rate, competition, and the sales level achieved during the initial period All of these expenses are paid to third parties

16 We relied on our management's business acumen to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise The amount shown is based upon our experience with restaurants in traditional locations such as malls or strip centers in Atlanta, Georgia (our "home market") and other areas where we operation restaurants These figures may vary considerably in other parts of the United States In addition, Restaurants located in non-traditional venues like airports, office buildings, hospitals, stadiums or university food service facilities will likely experience lower initial investment expenditures Your actual investment and expenditures may vary from the above estimates depending on many factors including where your Restaurant is situated, the size of your Restaurant, your geographic location (city/state), your ability to negotiate to your benefit with your landlord, your management capabilities and the amount contributed by your landlord In addition, your costs will depend on factors like your compliance with our methods and

procedures, your management skill, your business experience and business acumen, local economic conditions, the prevailing wage rate, and the growth of your franchise during the initial period

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from us, our designees or suppliers approved by us, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to operating your Restaurant

Authorized Products and Services To ensure a uniform image and uniform quality of products and services throughout the Boneheads franchise system, you must purchase all food products, supplies, ingredients, equipment, furnishings, merchandise, employee uniforms, goods, fixtures, inventory, paper products, packaging, and other items used, sold, displayed or distributed in your Restaurant (i) in compliance with our standards and specifications contained in the Operations Manual or otherwise communicated to you by us in writing and (ii) from suppliers and distributors required or approved in writing by us We may designate, at any time and for any reason, one or more suppliers for these items and require you to purchase exclusively from the designated supplier or suppliers, which may be us or an affiliate of ours

Currently, we do not intend to be, or to appoint any of our affiliates as, an authorized supplier of any products, supplies, equipment or other items used in the operation of the Restaurant However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier in the future, and we may even designate ourselves or an affiliate as the sole supplier of one or more items, in which case, you would have to buy the item from us or our affiliate at our or their then-current price Our Operations Manual and other communications will identify our standards and specifications and the names of approved or designated suppliers If we become a designated supplier, we may charge you a reasonable mark-up, surcharge and handling fee on any items you purchase from us Monies you pay to us will include a profit for us None of our officers own an interest in a supplier that you must use

We have negotiated supply arrangements, including price terms, with suppliers for the benefit of franchisees and may negotiate additional supply arrangements in the future We and our affiliates have the right to receive payments from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary Suppliers may pay us based upon the quantities of products the Boneheads franchise system purchases from them These fees will usually be based upon an amount per case or an amount per pound For example, you must purchase our Piri Piri sauce from our designated supplier, which is currently Sysco We own the rights to the special sauce recipe and will receive $2 22 per case from our designated supplier for the sale of the Piri Piri sauce to Boneheads restaurants to cover costs we incur related to the production of our proprietary Piri Piri sauce We have entered into an agreement with Client Rewards, which negotiates supply arrangements with certain suppliers, including, for example, Sysco, for the benefit of franchisees We have also entered into an agreement with Coca Cola North America wherein Coca Cola pays certain funds to us based on franchisee purchases Currently, all franchised Restaurants are required to purchase or lease the Coca Cola Freestyle Machine in their Restaurants In addition, we may receive fees from a supplier as a condition of our approval of that supplier

During the 2015 fiscal year, our total revenues were $358,429 and we received $3,681 20 or 1 03% of our total revenues from required purchases from Sysco, Client Rewards and Coca Cola North

America We currently retain these revenues as a profit During the 2015 fiscal year, we did not receive any monies from required leases

We have negotiated an arrangement with EMPAD Consulting to provide distribution management for the Boneheads franchise system The distributor that EMPAD Consulting has established a relationship with to distribute to the Boneheads franchise system pays EMPAD's fee for this service

There are currently no purchasing or distribution cooperatives within the Boneheads franchise system In the future, we may require you to (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by us and/or established by us for the Boneheads franchise system, (ii) remain a member in good standing of the purchasing and/or distribution cooperative(s)/association(s)/program(s), and (iii) pay all membership dues or fees on purchases that are assessed by the purchasing and/or distribution cooperative(s)/association(s)/program(s)

We estimate that purchases and leases made by you from designated or approved suppliers, or according to our standards and specifications represents 80% or more of your total cost of establishing, and approximately 90% of the total cost of operating, your Restaurant We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers

Site Development We must approve the site for your Restaurant and the site must meet our then-current site criteria If you lease the site for your Restaurant, you must have the landlord sign the Lease Addendum attached as an exhibit to the Franchise Agreement You must also collaterally assign your lease to us by signing the form of Collateral Lease Assignment Agreement attached as an exhibit to the Lease Addendum Under the Collateral Lease Assignment Agreement, we will be granted the right, but not the obligation, to take possession of your Restaurant premises if your Franchise Agreement is terminated

You must also adhere to our standards and specifications for the construction and design of the Restaurant You must use an architect designated by us for the initial design of your Restaurant We may, at any time, change, delete, add to or modify any of our standards and specifications These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you You must prepare all required construction plans and specifications and ensure they comply with building codes and ordinances If your construction plans and specifications deviate from our plans and specifications, you must obtain our approval of the changes It is your responsibility to obtain all required licenses, permits and approvals associated with constructing and operating your Restaurant

Point of Sale Computer System For your Restaurant, you must purchase the POS System that we designate We have the right to designate one or more suppliers for a particular POS system or to require you to purchase a different POS system Currently, neither our affiliates nor we derive revenue from your purchase of a POS system

We currently do not require, but may require in the future you to maintain at your expense support service contracts, ongoing software maintenance programs, and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS system, computer hardware and software, and credit card, debit card, or other non-cash payment systems We may designate the vendor(s) for these support service contracts, maintenance programs, and maintenance service contracts

You are required to install a basic computer and printer to run reports and help you manage your restaurant In the future, we may require you to purchase specific a ' back office" system, to help you manage your restaurant

Insurance You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement The types of insurance required for Restaurants include (i) comprehensive general liability insurance with coverages for products liability, contractual liability, personal and advertising injury, fire damage, medical expenses and liquor liability (combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of $300,000 for one fire and $5,000 for one person, respectively)), (ii) workers' compensation insurance (coverage as required by state law), (iii) crime and employee dishonesty insurance (adequate limits), (iv) business interruption and extra expense insurance (coverage for a minimum 6 months to cover net profits and continuing expenses), (v) non-owned automobile liability insurance and, if you own, rent or identify any vehicles with any Mark or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles (coverage with a combined single limit of $1,000,000 per occurrence), (vi) personal property insurance (coverage for full insurable valuable of the property), (vii) excess liability umbrella coverage for the general liability and automobile liability coverages (an amount of not less than $2,000,000 per occurrence and aggregate) All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation You may desire to obtain greater coverages The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history

The insurance policy or policies that you procure must protect you, us, and our respective, past, present, and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the condition, operation, use, or occupancy of your Restaurant We must be named as an additional insured under each policy that we require Upon our request or as specified in the Manuals, you must provide us with certificates of insurance evidencing the required coverage We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice

Maintenance, Service and Support Contracts We may require you to maintain maintenance contracts or service contracts on all equipment and machinery designated by us (the costs may vary based on the items and the contract you select) and we will have the right to designate the vendor(s) for those contracts We may also require you to maintain a contract(s), or participate in any of our contracts, with third-parties offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations We require you to contract with a third party offering Payment Card Industry compliance programs and to maintain a monthly maintenance program conducted by such third party We have the right to specify the third parties and the required level of participation in these programs You will be responsible for the cost of maintaining these contracts and/or participating in these programs

Request for Supplier Approval If (i) you wish to purchase any item from a supplier (manufacturer or distributor) we have not previously approved or an item that does not comply with our standards and specifications and (ii) the item has not been designated by us to be exclusively supplied by a designated supplier(s), you must first submit to us a written request for approval We will establish a procedure for submitting these requests We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved In addition, the proposed supplier must permit our representatives to inspect its facilities (e g business offices and/or manufacturing facilities, as applicable) Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements We reserve the right, at our option, and at the proposed supplier's expense, to inspect or re-inspect the facilities, equipment, and raw materials of any supplier, at any time

The proposed supplier or you must pay, in advance, a fee not to exceed the reasonable cost of any evaluation, testing, and inspections we undertake Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing, we will notify you in writing of our approval or disapproval of the proposed supplier or item Generally, we will respond to your requests for supplier approval within a reasonable time period not to exceed 60 days We are not required to approve any supplier or item not meeting our standards and specifications We may deny approval for any reason, including our determination to limit the number of approved suppliers You must not use, offer for sale or sell any of a proposed supplier's products or any other product that does not meet our standards or specifications unless you receive our written approval of the proposed supplier or item

We may revoke our approval of particular goods or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications If you receive a written notice of revocation from us, you must stop selling such products and/or stop purchasing from such supplier

Refurbishments In addition to all your other obligations in the Franchise Agreement and Operations Manual related to repairing and maintaining the Restaurant, at our request, but not more often than once every 5 years, unless sooner required by your lease, you must refurbish the premises of the Restaurant at your expense, to conform to the restaurant, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Restaurants (**"Refurbishments"**) Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements There is no contractual limitation on the cost of such Refurbishments We are unable to estimate your costs for future Refurbishments which will vary from Restaurant to Restaurant based on a number of factors like (i) the market where your franchise is located, (ii) the size of your Restaurant, (iii) when your Restaurant was last refurbished, if applicable, (iv) the amount of System changes since the last refurbishment, and (v) the overall condition of your Restaurant site and equipment

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	Section in Development Agreement	Item in Disclosure Document
a Site selection and acquisition/lease	Section 3 1 and 3 4	Not Applicable	Items 7, 11 and 12
b Pre-opening purchases/leases	Sections 3 4, 3 5, 9 and 10	Not Applicable	Items 7 and 8
c Site development and other pre-opening requirements	Sections 1, 3 1, 3 4, 3 5, 10 and 11 1	Not Applicable	Items 6, 7, 8 and 11

Obligation	Section in Franchise Agreement	Section in Development Agreement	Item in Disclosure Document
d Initial and ongoing training	Sections 1, 2, 9, 13 and 14	Not Applicable	Items 6, 7, 11 and 15
e Opening	Sections 1, 3 5 11 1 and 13	Section 3	Items 6, 7 and 11
f Fees	Sections 2 2, 4, 5, 6 2, 6 3, 10 1, 11, 14, and 22 1	Section 2	Items 5, 6, 7 and 11
g Compliance with standards and policies/Operating Manuals	Sections 7, 8 1, 9 and 24	Not Applicable	Items 8, 11, 13, 14 and 16
h Trademarks and proprietary information	Sections 8, 9, 11 5, 11 6, and 15, 19, 20 2, 20 3 and 20 4, 22 2 and Exhibit B	Not Applicable	Items 11, 13 and 14
i Restrictions on products/services offered	Sections 9 and 25	Not Applicable	Items 8 and 16
j Warranty and customer service requirements	Not Applicable	Not Applicable	Not Applicable
k Territorial development and sales quotas	Not Applicable	Section 3	Items 1, 5, 6 and 12
l Ongoing product/service purchases	Section 9	Not Applicable	Item 8
m Maintenance, appearance and remodeling requirements	Sections 2 2, 9 and 19 4	Not Applicable	Items 7, 11 and 17
n Insurance	Section 18 2	Not Applicable	Items 6, 7 and 8
o Advertising	Sections 9 and 11	Not Applicable	Items 6, 7, 11 and 12
p Indemnification	Section 18 1	Not Applicable	Item 6
q Owner's participation/management/ staffing	Sections 9, 14 1, and 26	Section 8 4	Item 15
r Records/reports	Sections 6 1 and 6 2	Not Applicable	Item 6
s Inspections/audits	Sections 6 3 and 9	Not Applicable	Item 6
t Transfer	Section 19	Section 7	Items 6 and 17
u Renewal	Section 2 2	Not Applicable	Items 6 and 17
v Post-termination obligations	Sections 20 and 22	Section 6 2 and 6 4	Items 14, 15 and 17
w Non-competition covenants	Sections 20 1, 20 3, and 20 4 and Exhibit B	Section 8	Items 14, 15 and 17
x Dispute resolution	Section 31	Section 9	Item 17

ITEM 10
FINANCING

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

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

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

<u>Services We Will Provide Before Opening a Restaurant</u> Before you open your Restaurant, we will

(a) Assist you in selecting, and then approve (if appropriate) a lease, sublease or purchase agreement for your Restaurant site We do not choose the site, but may give you support and guidance in the process We may require that you use and pay for a third party site selection company and/or software to assist you in selecting a site Prior to proceeding, we must approve your site (Franchise Agreement, Section 3 4)

(b) Provide you with a set of standard architectural plans and specifications for a prototype Restaurant and designate an architect that you must use for the initial design/layout of your Restaurant We must approve any and all changes or revisions to the site and construction plans and specifications We will also provide you with a list of approved equipment, furniture, fixtures, and finishes for the Restaurant and we must designate or approve the supplier building-out the Restaurant before the build-out begins (Franchise Agreement, Section 3 5)

(c) License you the Marks necessary to begin operating the Restaurant (Franchise Agreement, Section 1)

(d) Loan you one copy of the Operations Manual which contains both mandatory and suggested specifications, standards, and procedures The Operations Manual may be provided to you in text and/or electronic format The Operations Manual is confidential and proprietary and remains our property We have the right to modify the Operations Manual as we deem appropriate Attached to this Disclosure Document as <u>Exhibit D</u> is a copy of the Table of Contents of the Operations Manual (Franchise Agreement, Section 7)

(e) Provide you with grand opening assistance from our personnel, including supporting you in planning and developing a grand opening promotional program (Franchise Agreement, Sections 11 1 and 13)

(f) Give you periodic guidance (as we deem necessary) about the development, opening, and operation of the Restaurant, including advice regarding equipment selection and layout and employee selection, training and staffing (Franchise Agreement, Section 12)

(g) Before you commence operating the Restaurant, provide initial training for the two individuals that will (i) assume primary responsibility for managing your Restaurant and (ii) devote full time and best efforts to the management and operation of your Restaurant (the **"Managers"**) (Franchise Agreement, Section 14 1)

<u>Services We Will Provide During Operation of a Restaurant</u> During the operation of your Restaurant, we will

(a) Give you periodic guidance (as we deem necessary) about (i) the methods and procedures to be utilized at the Restaurant, (ii) advertising and promotion, (iii) recipes, food formulas and product specifications, (iv) bookkeeping and accounting, (v) purchasing and inventory control, (vi) inspections, and (vii) new developments and improvements to the Boneheads franchise system, including those which you may be required to implement (Franchise Agreement, Section 12)

(b) Notify you from time to time of changes to, or the creation of, Restaurant standards and specifications and approved or designated suppliers/distributors, or the termination of existing approved or designated suppliers We may make such changes periodically as we deem appropriate (Franchise Agreement, Sections 7 and 8)

(c) Review your requests for approval of ingredients, products, supplies, furnishings, equipment, suppliers, or service providers that we have not approved We will provide you with notice of our approval or disapproval within 60 days of our receipt of your request and our completion of our evaluation and testing (Franchise Agreement, Section 9(viii))

(d) Give you access to advertising and promotional materials we develop (Franchise Agreement, Section 11 2)

(e) Review and, in our sole discretion, approve or disapprove any advertising or promotional programs or materials that you develop within a reasonable period of time, not to exceed 30 days (Franchise Agreement, Sections 11 6)

(f) Provide additional training for your managers We may charge a reasonable training fee for additional training, which may vary based on our cost of conducting the additional training program (Franchise Agreement, Section 14 3)

Advertising for Restaurants

General You must participate in any promotional and advertising programs that we establish We do not restrict where you can conduct your advertising and other franchisees will not be precluded from advertising in your Franchise Territory just like you will not be restricted from advertising in someone else's exclusive territory We or our affiliates may advertise within your Franchise Territory for the sale of products and supplies

Advertising Fund We may provide advertising materials and services to you through a national advertising fund that we may establish and control (the **"Advertising Fund"**) Currently, we do not have an Advertising Fund If we create an Advertising Fund, we have the right to require you to participate in the Advertising Fund by contributing up to 1% of your Gross Sales to the Advertising Fund We may require you to begin paying the Advertising Fee and may change the amount of the Advertising Fee upon thirty days written notice to you The Advertising Fund will be established as a separate banking account and monies received from you will be accounted for separately from our other funds There is no fiduciary or trust relationship created by our administering the Advertising Fund We may cause the Advertising Fund to be incorporated or operated through a separate entity if we deem appropriate We anticipate all of our franchisees will contribute to the Advertising Fund, although there is no prohibition against us charging higher or lower rates for future franchisees We also may forgive, waive, settle or compromise claims by or against the Advertising Fund We may defer or reduce a franchisee's contribution If we terminate the Advertising Fund, we will distribute all unused monies to the contributors in proportion to their respective contributions during a pre-determined period If we create an Advertising Fund, to the extent we open any company owned Restaurants, they will be required to contribute to the Advertising Fund in the same manner as franchisees

We may use the Advertising Fund to create, among other things, promotional advertising, marketing programs, market research and marketing and advertising activities We have the right to direct all advertising programs developed with funds from the Advertising Fund and have sole discretion over the creative concepts, materials, media used, media placement, and allocation of these programs Any advertising program or campaign we develop may include dissemination of advertising through print, radio, television, point-of-purchase materials, or other media This coverage may be local, regional or national in scope We may employ an advertising agency or other agency to assist in the development, production and dissemination of advertising materials, or we may hire personnel to perform these functions We have no obligation to spend any amount on advertising in the area where your Restaurant is located, ensure the monies are used proportionately or equivalent to a franchisee's contributions to the Advertising Fund, or spend the Advertising Funds to benefit all franchisees During the past fiscal year, no Advertising Fund contributions were made

We may charge all costs of the formulation, development and placement of advertising and promotional materials to the Advertising Fund These costs will include the proportionate share of our employees who devote time and render services for advertising and promotion or the administration of the Advertising Fund, including administrative costs, salaries, overhead expenses related to administering the Advertising Fund and its programs In any fiscal year, we may spend more or less than the aggregate of contributions to the Advertising Fund in that year The Advertising Fund may borrow from third party lenders to cover deficits, and any lenders will receive interest on the borrowed funds Any amounts that remain in the Advertising Fund at the end of each fiscal year will be applied toward the next year's expenses We assume no liability or obligations to you or any franchisee for collecting amounts due to the Advertising Fund or to administering or maintaining the Advertising Fund If we prepare financial statements for the Advertising Fund, we will make them available to you, however, on written request to us, you may obtain an unaudited accounting of how the Advertising Fund's monies were spent We are not obligated to audit the Advertising Fund We will not use funds from the Advertising Fund for advertising that is principally a solicitation for the sale of franchises

<u>Advertising Cooperatives</u> Although we can establish a cooperative in a marketing area and require you to participate, as of the date of this Disclosure Document, we have not done so If we establish an advertising cooperative in a designated marketing area where you are located, you must participate and abide by any rules and procedures adopted by the cooperative and approved by us Each of our marketing areas will encompass a group of franchisees located in a geographically-defined local, regional or national marketing area You will contribute to your respective cooperative an amount that we specify, which shall be no more than 2% of your Gross Sales Amounts contributed by you to a cooperative will be credited against monies you are otherwise required to spend on local advertising We have the right to draft your bank account for your advertising cooperative contribution and to pass those funds on to your cooperative

The franchisee members will be responsible for administration of their respective advertising cooperative, as set forth in the by-laws and any payment agreements that may govern the cooperative The by-laws and governing agreements will be made available for review by the cooperative's franchisee members We may require a cooperative to prepare annual or periodic financial statements for review Each cooperative will maintain its own funds, however, we have the right to review the cooperative's finances, if we so choose We maintain the right to approve all of a cooperative's marketing programs and advertising materials Upon 30 days written notice to affected franchisees, we may terminate or suspend a cooperative's program or operations We may form, change, dissolve or merge any advertising cooperative We do not currently have an advertising council

<u>Electronic Advertising</u> You must obtain our prior written approval, which we may withhold in our sole discretion, before conducting any advertising or promotions on or through the Internet or other electronic transmission via computer or other electronic device You may not operate, or permit others to operate on your behalf, without our written consent (i) any Internet site or page, including pages on social

networking sites, which incorporates any of the Marks or otherwise promotes the Restaurant or (ii) any accounts or handles, such as a Twitter account, used to promote the Restaurant electronically If we approve a form of Internet advertising or promotion, you must conduct such advertising in accordance with any guidelines or specifications that we specify from time to time

We will operate a website related to the System (the **"Website"**), which will provide basic information about the Restaurant We may permit you to add content to a subpage on the Website relating to the Restaurant in accordance with guidelines and specifications described in the Operations Manual (See Franchise Agreement, Section 11 5)

Approval of Advertising Any advertising or marketing materials not prepared or previously approved by us must be submitted to us at least two weeks before any publication or run date for approval All advertising and promotion must be factually accurate and must not detrimentally affect the Marks or the Boneheads franchise system We may grant or withhold our approval of any advertising or marketing materials, in our sole discretion We will provide you with written notification of our approval or disapproval within a reasonable time, generally within 10 days of our receipt of the materials You must discontinue your use of any approved advertising within five days of your receipt of our request if we subsequently request you to do so (See Franchise Agreement, Section 11 6)

Local Advertising Obligation You must spend at least 2% of your Gross Sales each calendar quarter on local advertising for your Restaurant We have the right to require that you provide us with proof that these funds were spent If we require you to participate in an advertising cooperative, you will be able to designate a portion of the monies otherwise spent on local advertising towards the funds required by the cooperative Our Company-Owned Restaurants must spend money for local advertising on an equal percentage basis with all Franchises

Grand Opening Advertising You must conduct a grand opening advertising campaign approved by us with the opening of your Restaurant You must pay all costs of the grand opening, including publicity costs, promotional costs, plus the full cost of any price reductions or other customer inducements Costs may vary depending on your market and the type of advertising used, however, you must spend a minimum of $10,000 during the period 30 days prior and 60 days after the opening of your Restaurant or, if you purchased an existing Restaurant, 60 days after the purchase of your Restaurant

Operations Manual Attached as Exhibit D to this Disclosure Document is a table of contents of our Operations Manual The total number of pages in our Operations Manual is 117 pages

Computer Hardware and Software For your Restaurant, you must purchase an electronic POS System from our designated source or from another source designated by us As described in Item 7, the current initial cost of the POS System is approximately $15,000 The main functions of the POS System are to collect and manage information about the various sales transactions at your restaurant For example, you will likely use the POS system to post all product and service sales, keep inventory control, post sales tax, refunds and credits, and maintain customer information We have the right to electronically and manually access the information that the POS System generates, and you must cooperate with us in helping us access this information and establishing Internet access through a reputable Internet service provider There are no contractual limitations on our right to independently access this information and data You must supply the appropriate communications devices to permit the POS system to operate

We are not contractually obligated to provide any maintenance, repairs, upgrades or updates to the POS System or any other computer systems we may require Our designated vendors may do so from time to time, but you will need to contact them to determine what services (e g maintenance services) they provide and the cost of those services We estimate that the cost of a maintenance or support service contract is around $1,000 per year but you will need to contact a vendor to determine the scope of the services they offer and the actual cost of those services You are required at your expense to upgrade and update the POS System to remain in compliance with our standards and specifications There are no contractual limitations on the frequency and cost of this requirement We require you to purchase an ongoing software maintenance program that costs approximately $500 per year We may have independent access to the information generated on the POS System

In addition to the POS System, we may require that you install in your Restaurant computer systems meeting our standards and specifications Currently, we do not require you to purchase computer systems The computer systems would be used to assist you in the operation of your Restaurant You would be responsible for all costs associated with any computer systems including accessing the Internet We would have the right to access the information generated by the computer system, without limitation You must create a wireless Internet network for your customers to use for free Such network must be independent from any network used in connection with the POS System

<u>Site Selection</u> Each proposed site for a Restaurant established under your Development Agreement must be located in your Development Area Within our discretion, we may consider sites proposed by you outside your Development Area The proposed site for your Restaurant must be accepted by us along with any applicable lease, sublease or purchase agreement For example, on occasion we solicit the assistance of a real estate broker with expertise within the Development Area, with whom you will interact directly Typically, if there are any related brokerage fees, your landlord will pay such fees to the brokerage We may help you select the site for your Restaurant, although we are not obligated to do so The site for your Restaurant may be leased or owned by you Our acceptance of a site will be based on the information you give us to review, including a site plan The information we need may include (i) square footage, (ii) traffic patterns, flow, and total count, (iii) density and income level of the surrounding population, (iv) land and building costs, (v) zoning patterns, (vi) surrounding educational and recreational facilities, (vii) terms of the lease, if any, (viii) the distance from competing businesses, including other Restaurants, and (ix) other factors having a substantial bearing on the proposed site

In addition, you must submit for acceptance by us proposed site and construction plans and any modification to our prototype specifications you propose for your Restaurant The construction of the premises must be completed according to our specifications If you lease the premises, you and the landlord must enter into a lease addendum and collateral assignment of the lease in the form attached as Exhibit D to the Franchise Agreement, which includes, among other things, a provision that permits you to assign your interest in the premises to us when your Franchise Agreement expires or terminates If we do not approve a site, you must propose a new site If we and you are unable to agree upon a site for a Restaurant and, as a result, you fail to meet your Development Schedule, we may terminate your Development Agreement Approval of a location does not imply or guarantee the success or profitability of the site While there is no contractual limit on the time it takes us to approve or disapprove your proposed site and lease, once we have all the necessary documentation for review, we typically take 30-60 days to approve or disapprove the proposed site and lease

<u>Start-up Time</u> We expect that you will open your Restaurant within 9 to 12 months after you sign the Franchise Agreement The factors that affect this timing are financing, building permits, zoning, local ordinance issues, and delayed installation of equipment, fixtures, and signs If you do not commence operation of the Restaurant within 12 months after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement and will not be required to refund any portion of the Franchise Fee to you

<u>Conferences and Meetings</u> Although we are not obligated under the Franchise Agreement, we may hold periodic conferences, conventions, management meetings, or teleconferences that you and/or your managers may be required to attend to discuss sales techniques, personnel training, new programs/initiatives, bookkeeping, accounting, inventory control, and the like These conferences may be held at our Atlanta, Georgia location or another place that we may designate and may last one or two days We may charge you a reasonable fee to attend these meetings or conferences that will be sufficient to cover the costs and expenses of such conferences You must pay travel and accommodation expenses for you, your employees, and your representatives Though there is no contractual limitation on the number of conferences you or your representatives must attend or the cost of such conferences, we do not expect to require you to travel to more than one franchisee conference per year and we currently do not anticipate charging registration fees for such required conferences

<u>Training for Restaurants</u> Below is a description of our initial training program as of the date of this Disclosure Document Training programs are subject to change as procedures and processes change You must send a minimum of two Managers to become certified through the training program for each Restaurant that you operate We will train the two Managers that (i) will assume primary responsibility for managing the Restaurant and (ii) will devote full-time and best efforts to the management and operation of the Restaurant Unless you will be a Manager for the Restaurant, you do not have to attend initial training

We will not charge you a training or registration fee for the participation of the two primary Managers in the training program, however, you must pay all travel and living expenses (like transportation, lodging, meals and compensation) of each Manager who attends the training We may permit additional Managers of your Restaurant to attend the initial training program, and, if we do, you must pay all costs and expenses incurred by us in providing the training to these additional managers

Your designated Managers must successfully complete the training program to our satisfaction to become certified managers, before the Restaurant opens for business To become certified, your designated managers must satisfactorily complete all training projects and written tests with a passing score, and successfully demonstrate all on-the-job training procedures detailed in the Operations Manual and the Boneheads University Training Manual (the **"Training Manual"**) In addition, we may require you and your Managers and employees to attend additional training programs, which we have not yet developed, and you may be charged a reasonable fee for the additional training

The initial training program will last a minimum of 17 days and will be comprised of our three-day management training program known as The Boneheads School (**"TBS"**), which will be held in a classroom setting, and in-Restaurant training at a Boneheads-approved facility TBS will occur at our facility in Atlanta, Georgia or at another training or conference facility that we will designate Training will be conducted as often as we deem necessary

In addition, we will provide a total of ten days of on-site opening assistance and training at your Restaurant, the five days before and the five days after the opening of your Restaurant (**"Opening Assistance"**)

TBS consists of training modules that will be taught to you and your trainees to prepare you to operate your Restaurant Our initial training program for Restaurants is described in the following chart

RESTAURANT TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On- the-Job Training	Location
Products (overall)	1	49	Atlanta, Georgia
Shift Management	2	77	Atlanta, Georgia
Administrative	2	3	Atlanta, Georgia
Sanitation/Health	1	5	Atlanta, Georgia
POS	4	8	Atlanta, Georgia
Marketing	4	4	Atlanta, Georgia
TOTALS	**14**	**146**	

General Training Information The initial training program instructional materials for Restaurants include various training aids including detailed handouts (such as menu descriptions, recipes, and product specifications), PowerPoint presentations, training videos, vendor reference materials (such as user guides, pricing guidelines, etc), Operations forms (such as checklists and line checks) and the Operations Manual For all training, you are responsible for any travel and living expenses, wages, and other expenses incurred by you or your trainees

Our primary training instructor is Steve Polgar, who has been the General Manager of the Restaurant located at Olde Perimeter Way in Atlanta, Georgia since 2009, and was Assistant Manager of the Restaurant located at Olde Perimeter Way in Atlanta, Georgia from 2006 through 2008

ITEM 12
TERRITORY

Single Restaurant You will receive the right to operate a Restaurant only at a site we accept, in our sole discretion The site will be designated in the Franchise Agreement

Under the Franchise Agreement, you will not necessarily receive an exclusive territory Unless we grant you 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 Your Franchise Territory will be negotiated by you and us before you sign the Franchise Agreement and specifically described in the Franchise Agreement In negotiating the Franchise Territory, we may examine population, traffic flow, presence of businesses, location of competitors (including other Boneheads franchisees), demographic and other market conditions There is no minimum Franchise Territory and the size of the Franchise Territory will range from being the approved site designated for your Restaurant (in which case you will not have an exclusive territory) to an area 1 5 miles around the Restaurant (in which case you will have an exclusive territory) Restaurants located at sites we view as non-traditional locations (e g airports, malls, high-rise buildings, business and industrial complexes) will have a Franchise Territory limited to the site of the Restaurant and, thus, will have no exclusivity

If you are in compliance with the Franchise Agreement, we will not operate a Restaurant within your Franchise Territory, and we will not authorize anyone else to do so We or our affiliates may operate, or grant to other franchisees or licenses the right to operate, a Restaurant anywhere outside of your Franchise Territory You will operate your Restaurant only from the approved site, and you must receive our permission before you relocate your Restaurant We may grant or deny your request to relocate your Restaurant in our sole discretion Generally, we will grant your request if we determine that your location is no longer economically viable due to a demographic shift, if your landlord has defaulted or gone bankrupt, if a better location within the same Franchise Territory becomes available, or if your

Restaurant is transferred to a new owner who would like to move the Restaurant to a location in the Franchise Territory that he/she controls that we have approved

You may solicit customers and advertise your Restaurant anywhere you choose There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's franchise territory No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's franchise territory In addition, you may deliver products from the Restaurant within or without your Franchise Territory in connection with providing catering services within a reasonable distance from your Restaurant, but not more than 25 miles, provided the deliveries are made by ground transportation Subject to this maximum mileage requirement, you may provide catering and delivery services in another franchisee's franchise territory without compensating the other franchisee, and other Boneheads franchisees may provide the same services in your Franchise Territory without compensating you You may not ship products within or without your Franchise Territory

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere, including within your Franchised Territory, franchises and/or company-owned or affiliate-owned restaurants or outlets selling similar or different products and providing similar or different services under names and symbols other than the Marks, even if these restaurants or outlets are near your Restaurant We also reserve the right to operate, for ourselves and our affiliates, businesses using the Marks to distribute products or offer services identified by the Marks that may be similar to or different from those found in Restaurants, through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, inside and outside of the Franchise Territory, provided, however, that we may not do so through a Restaurant located in the Franchise Territory As one example, we have the right to sell Boneheads food products through a nationwide retail chain even if the chain has facilities located within your Franchise Territory

We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement We are not required to compensate you in connection with our exercising any of the above rights You may face competition from other franchisees, from Restaurants that we own, or from other channels of distribution or competitive brands that we control

You have no right to use the Marks in connection with any business other than a Restaurant or to sell any products from any location other than your Restaurant You have no right of first refusal or similar rights to acquire additional franchises or establish additional Restaurants

We have not established any minimum sales quota and do not require any certain level of market penetration in order for you to maintain your Franchise Territory We will not change the size of your Franchise Territory even if the population changes We cannot alter your Franchise Territory unless you give us your written consent

Multiple Restaurants The Development Agreement will specify a Development Area within which you may develop Restaurants in accordance with your Development Schedule You may establish a Restaurant at any location within your Development Area, provided that (i) we consent to the location, which consent may be granted or withheld in our sole discretion, (ii) the location is in a state where we are permitted to sell Boneheads franchises, and (iii) the location is not located in a Non-traditional Venue

Under the Development Agreement, you will not receive an exclusive territory You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control However, if you are in compliance with the Development Agreement and the Development Schedule, we will not operate, or license others to operate, a Restaurant within your

Development Area, unless the Restaurant will be operated in a Non-traditional Venue We and our affiliates have reserved the right to establish anywhere, including within your Development Area, franchises and/or company-owned or affiliate-owned restaurants or outlets selling similar or different products and providing similar or different services under names and symbols other than the Marks We also reserve the right to operate, for ourselves and our affiliates, businesses using the Marks to distribute products or offer services identified by the Marks that may be similar to or different from those found in Restaurants, through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, inside and outside of the Development Area, provided, however, that we may not do so through a Restaurant located in the Development Area In addition, we have the right to be acquired by or merge with other companies, including companies with similar outlets in the Development Area, without any obligation to you Finally, we have the right to open and operate, or license others to open and operate, Restaurants in Non-traditional Venues

If you fail to meet your Development Schedule, we may terminate your Development Agreement

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the non-exclusive right to operate your Restaurant under the name "BONEHEADS SEAFOOD" using the mark that appears on the cover page and to use the other Marks we authorize you to use

The following principal Marks are registered with the Principal Register of the United States Patent and Trademark Office (the **"USPTO"**) and were assigned to us by BHA as part of the Agreement, in accordance with a recorded assignment in which we obtain all right, title, and interest to the Marks

Principal Federal Registrations

Mark	Registration No	Registration Date
BONEHEADS	4009292	8/9/11
BONEHEADS FIRE GRILLED (and Design)	4878764	12/29/15
BONEHEADS GRILLED FISH PIRI PIRI CHICKEN	4855315	11/17/15

All required affidavits for the principal Marks have been filed or will be filed All required renewals have been filed There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court, nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving the Marks listed above There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise

You must follow the Franchise Agreement, the Manuals, and our specifications when you use the Marks The Marks are the only Marks you may use to identify the Restaurant You may not use any Mark as part of any corporate or trade name or as part of any domain name or electronic address you maintain on the Internet or any other similar proprietary or common carrier electronic delivery system unless we expressly authorize you to do so in writing You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks other than a license to use the Marks during the terms of the Franchise Agreement You are not permitted to make any changes of any kind to, or to the use of, the Marks unless we permit

You must notify us immediately when you learn about an infringement of or challenge to your use of a Mark We will take the action we think appropriate We have the right to exclusively control any litigation, USPTO proceeding, or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark

You must not directly or indirectly contest our right to the Marks, trade secrets or business techniques that are part of our business We have no contractual obligation to protect or indemnify you against claims of infringement regarding your use of the Marks, but we might do so when your rights require protection In that case, if you cooperate with us, we will pay all costs, including attorneys' fees and court costs, associated with any litigation required to defend or protect your authorized use of the Marks We will not, however, pay any of your attorneys' fees if you hire your own attorney

You must modify or discontinue the use of a Mark if we instruct you to do so If this happens, you must bear the tangible costs of compliance (i e changing signs), and we will not be required to reimburse you for any loss of revenue due to any modified or discontinued Mark or for your expenses related to promoting a modified or substitute Mark We may develop or acquire additional Marks and make them available for your use

We do not know of any superior rights or infringing uses that could materially affect your use of the Marks

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents, pending patent applications, or registered copyrights that are material to your Restaurant

We claim common law rights and copyright protection in a number of items you will use in the operation of your Restaurant, including our Manuals, and in certain other materials and information related to the Boneheads system, like our marketing materials, specifications, architectural drawings, Restaurant designs, recipes, 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 We also treat all of this information as trade secrets

All materials or information of any kind that are designated "confidential" orally or in writing or which, under the circumstances surrounding disclosure, ought to be treated as confidential, are deemed confidential and are loaned to you only under and during the term of the Franchise Agreement and the Development Agreement (the **"BH Agreements"**) All confidential materials and the information contained in them must be treated by you as confidential and you must use your best efforts to keep them confidential during and after the terms of the BH Agreements as provided in each agreement

This means that you cannot make copies in any medium of any confidential information or use any confidential information outside of the scope of the applicable BH Agreements or disclose any confidential information to any third party or other persons identified by us as not having authorization to receive disclosure of confidential information You may disclose confidential information contained in the Operations Manual only to your employees who have a business need to have access to the confidential information You must require anyone who may have access to the confidential information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third party beneficiary of such covenants with the independent right to enforce the agreement

All copyrighted materials and confidential information are owned exclusively by us Your right to use copyrighted materials and confidential information is derived solely from the BH Agreements and is limited to the conduct of the business under and in compliance with the BH Agreements and all applicable specifications, standards, and operating procedures we prescribe during the term of the applicable BH Agreements Any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information will constitute an infringement of our rights in and to the copyrighted materials and confidential information

We may claim copyright protection in certain techniques we create, and may patent certain processes and equipment we develop If we do, we will notify you and, if the copyrights and patents are material to your obligations under the BH Agreements, we will authorize you to use them at no additional charge Any modifications or improvements that you make to the Boneheads franchise or area representative system will be deemed a works made for hire which shall be owned exclusively by us We do not have to compensate you for your modification or improvement

You must promptly notify us of any unauthorized use of our copyrighted materials or any unauthorized use or disclosure of confidential information, including by your employees You must notify us of any challenge to your right to use or the ownership of any copyrighted materials or confidential information We are not required to protect or defend our copyrights, although we intend to do so when it is in the best interests of the Boneheads franchise system We have the exclusive right to control any copyright litigation We have the right to keep all sums obtained in settlement or as a damages award in any proceeding or litigation without any obligation to share any portion of the settlement sums or damages award with you While we are not required to participate in your defense or to indemnify you for damages or expenses you incur if you are a party to any administrative or judicial proceeding involving our confidential information or other information in which we claim common law rights and copyright protection, we may reimburse you for your liability and reasonable costs in connection with defending our confidential information and other information in which we claim common law rights and copyright protection

We will have the right at any time, on notice to you, to make additions to, deletions from, and changes in any item in which we claim common law copyright or registered copyright protection including the Operations Manual You must adopt and use all additions, deletions, and changes as we direct, at your expense

There is currently no litigation pending involving the copyrighted materials or confidential information We do not know of any effective material determinations of the U S Copyright Office or any court regarding any of the copyrighted materials or confidential information There are no agreements in effect that significantly limit our right to use or license the copyrighted materials or confidential information

We do not know of any superior rights or infringing uses that could materially affect your use of our confidential information or copyright materials

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

Participation in Operation of Restaurant You must maintain direct responsibility over the Restaurant, however, we do not require that you personally supervise the day-to-day operations of the Restaurant During operations hours, a Manager who has successfully completed the initial training program, described in Section 14 1 of the Franchise Agreement, must at all times be at your Restaurant

The Managers must directly supervise and be responsible for the day-to-day management and proper operation of your Restaurant, and the Managers may not assist in any business which competes with your Restaurant The Managers must invest their full time and attention and devote their best efforts to the on-premises management of the Restaurant The Managers cannot have an interest or business relationship with any of our business competitors The Managers need not have an ownership interest in a corporate, limited liability company, or partnership franchisee

Noncompetes, Nondisclosures, and Guarantees We may require you to cause your spouse, owners' spouses, Operating Principal, Managers, employees, and other individuals that we designate to execute a noncompetition, nonsolicitation, and/or nondisclosure agreement in a form prescribed by us Our current form of nondisclosure and noncompete agreement is attached to this Disclosure Document as Exhibit I

If you are an entity, all of your owners (but not their spouses) of a legal and/or beneficial interest in the entity must jointly and severally personally guarantee your payment and performance under the BH Agreements that you execute and must personally bind themselves to the terms of the BH Agreements that you execute pursuant to the Payment and Performance Guarantee that is attached to each of the BH Agreements (the **"Guarantee"**) We reserve the right to require any guarantor to provide personal financial statements to us periodically By signing the Guarantee, your owners bind themselves personally to all of the terms of the applicable BH Agreement

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Restrictions Related to a Restaurant You must conduct the business operated at your Restaurant as required by the Operations Manual and the Franchise Agreement You must offer and sell only those products and services approved by us Further, you must offer all goods and services that we designate as required for all franchisees These required goods and services include grilled seafood dishes, piri piri chicken entrees, other menu items and beverages, as well as other food products and beverages We have the right to add additional authorized goods and services that you must offer as required menu items or otherwise There are no limits on our right to make modifications to our approved menu, whether by a change in the Operations Manual or through an amendment to the Franchise Agreement or by another form of written directive

We will not restrict you from soliciting any customers, no matter who they are or where they are located However, you may only sell products to consumers for consumer purposes (and not for resale) You may not sell products at wholesale In addition, you may provide delivery and catering services from the Restaurant within or without your Franchise Territory in connection with providing these delivery and catering services within a reasonable distance from the site of the Restaurant not to exceed 25 miles, provided the deliveries are made by ground transportation Subject to this maximum mileage requirement, you may provide catering and delivery services in the Franchise Territories of other Boneheads franchisees, and other Boneheads franchisees may provide the same services in your Franchise Territory You may not ship products inside or outside your Franchise Territory

You may not have or use, or permit the presence or use of, video game machines or vending machines or any similar device or machine at the Restaurant unless we consent in writing

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

<u>Franchise Agreement</u>

Provision	Section in Franchise Agreement	Summary
a Length of the franchise term	Section 2 1	10 years
b Renewal or extension of the term	Section 2 2	If you meet the requirements, you can renew for one additional consecutive 10-year term, after that you will have no right to renew the Franchise Agreement
c Requirements for you to renew or extend	Section 2 2	You must provide written notice of election to renew, not be in default of the Franchise Agreement or any other agreement relating to the Restaurant, sign the then-current form of Franchise Agreement, pay the Successor Fee, refurbish the Restaurant, if required, complete any required retraining program, sign a general release, and maintain ownership or leasehold interest in the Restaurant location or secure a suitable alternative Terms of the then-current form of Franchise Agreement may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document
d Termination by you	Section 21 1 and 21 5	You may terminate the Franchise Agreement if you and we agree in writing
e Termination by us without cause	Not Applicable	Not applicable
f Termination by us with "cause"	Sections 21 2, 21 3 and 21 5	We can terminate only if you default or if certain events (described in (h) and (i) below) occur In some instances, you will have an opportunity to cure the default
g "Cause" defined – curable defaults	Section 21 3 and 21 5	Failure to comply with our standards and procedures or any term of the Franchise Agreement not covered in "i" below, including failure to submit required reports, failure to relocate, failure to comply with an of the terms and conditions of any other agreement entered into by you in connection with your Restaurant, failure to maintain required insurance, and failure to restore Restaurant to full operation if it is rendered inoperable by casualty You have 15 days (or 60 days in some instances) after we give you written notice to cure the default

Provision	Section in Franchise Agreement	Summary
h "Cause" defined – non-curable defaults	Section 21 2 and 21 5	If Franchisee engages in one of a number of enumerated defaults, including insolvency, bankruptcy, liquidation, reorganization, general assignment for benefit of creditors, failure to pay us or any creditor, supplier or lessor of the Restaurant any sums due after written notification, conviction of a felony or crime involving moral turpitude, operation of the Restaurant as a safety hazard, making of material misrepresentations, unauthorized transfer, failure to comply with non-competition and non-solicitation provisions, unauthorized use of any Mark or disclosure of confidential information, failure to comply with any applicable law, unauthorized seizures, failure to maintain possession of the Restaurant premises, knowingly maintaining false books or records, denying us access to your books or records, understatement of fees by more than 5%, receipt of three default notices within a 12 month period, or dissolution
i Your obligations on termination/non-renewal	Sections 20, 21 4 and 22	Obligations include payment of lost profits, complete de-identification of Restaurant, payment of amounts due, return confidential materials, cancel assumed name registration, transfer telephone and fax numbers and Internet listings, no investment in competitive business, no solicitation of employees, follow any procedures in the Operations Manual related to discontinuing operations of the Restaurant, and offer us the right to purchase the Restaurant We may assume the Restaurant's management
j Assignment of contract by us	Section 19 1	No restriction on our right to assign
k "Transfer" by you – defined	Section 19 2	Includes transfer of Franchise Agreement, any interest in Franchise Agreement, any assets of Restaurant, or any equity interest in you if you are an entity or any equity interest in any owners of you if they are an entity
l Our approval of transfer by you	Sections 19 2 and 19 3	We have the right to approve all transfers but will not unreasonably withhold approval
m Conditions for our approval of transfer	Section 19 4	Transferee qualifies, transferee assuming obligations under Development Agreement and/or entering into new Development Agreement and any other agreements we require, terms and conditions of transfer are satisfactory to us, you are not in default under the Development Agreement, Franchise Agreement or any other agreement between you and us, sign a general release, fee paid, we decline to exercise our right of first refusal, and the Marks not being used in any advertisement for any prohibited transfer
n Our right of first refusal to acquire your business	Section 23	We can match any offer for the transfer of your business or any ownership interest
o Our option to purchase your business	Section 22 3	Upon expiration or termination of the Franchise Agreement, you must offer us the right to purchase the Restaurant

Provision	Section in Franchise Agreement	Summary
p Death or disability of you	Section 19 3	Franchise must be assigned by estate to an approved buyer
q Non-competition covenants during the term of the franchise	Sections 20 1, 20 3, and 20 4	You and your owners may not be involved in any restaurant or food service business engaged in sale of seafood, piri piri chicken, or other main course menu items authorized for sale at Restaurants (a **"Competitive Business"**), divert customers or potential customers to any Competitive business, do acts injurious to our goodwill, use vendor relationships for any other purpose other than operation of your Restaurant, or solicit for employment individuals employed during the immediate past 12 months by us, our affiliates, or our franchisees
r Non-competition covenants after the franchise is terminated or expires	Sections 20 1, 20 3, and 20 4	For one year, no involvement in Competitive Business located within a three-mile radius of any Restaurant or the Franchised Site and no solicitation of any employee of Boneheads or employee of any other Boneheads franchisee
s Modification of the agreement	Sections 7, 8 1 and 40	Generally, no modifications unless agreed in writing We may revise the Operations Manual and you must comply with each requirement
t Integration/merger clause	Section 40	Only the terms of the Franchise Agreement are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 31 2	Except for certain claims, disputes must be settled by arbitration
v Choice of forum	Sections 31 1 and 31 2	Subject to applicable state laws, litigation must be held in the federal or state court for the district where our principal executive office is, and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office
w Choice of law	Section 31 1	Subject to applicable state laws, Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which the Restaurant is located

Development Agreement

Provision	Section in Development Agreement	Summary
a Length of the Development Agreement term	Section 5	Expires upon the deadline to open the last Restaurant to be developed pursuant to the Development Schedule
b Renewal or extension of the term	Not applicable	Not applicable
c Requirements for you to renew or extend	Not applicable	Not applicable
d Termination by you	Not applicable	Not applicable

Provision		Section in Development Agreement	Summary
e	Termination by us without cause	Not applicable	Not applicable
f	Termination by us with "cause"	Section 6 1 and 6 3	We can terminate only if you default or if certain events (described in (h) and (i) below) occur
g	"Cause" defined – curable defaults	None	Not applicable
h	"Cause" defined – non-curable defaults	Section 6 1 and 6 3	You fail to timely execute a Franchise Agreement or fail to pay an initial franchise fee owed thereunder, you fail to have open and operating the minimum number of Restaurants specified in the Development Schedule at any deadline contained therein, any Franchise Agreement is terminated as a result of your default, or you breach or otherwise fail to comply fully with any provision of the Development Agreement
i	Your obligations on termination/non-renewal	Section 6 2 and 6 4	You will lose your right to develop Restaurants
j	Assignment of contract by us	Section 7 1	No restriction on our right to assign
k	"Transfer" by you – defined	Section 7 2	Includes transfer of Development Agreement, any interest in Development Agreement, or any equity interest in you if you are an entity
l	Our approval of transfer by you	Sections 7 2	We have the right to approve or not approve all transfers in our sole discretion
m	Conditions for our approval of transfer	Section 7 2	We have no obligation to approve any transfer unless you have properly transferred all of your Franchise Agreements to the proposed transferee in accordance with those agreements
n	Our right of first refusal to acquire franchisee's business	Section 7 2(a)	We have the right of first refusal on all transfers, exercisable within 30 days of receiving all documentation that we require
o	Our option to purchase your business	Not applicable	Not applicable
p	Death or disability of you	Section 7 2	We have the right to approve or disapprove any transfer in our sole discretion
q	Non-competition covenants during the term of the Development Agreement	Section 8 1	You and your owners may not be involved in any Competitive Business, divert customers or potential customers to any Competitive business, do acts injurious to our goodwill, use vendor relationships for any other purpose other than operation of your Restaurant, or solicit for employment individuals employed during the immediate past 12 months by us, our affiliates, or our franchisees
r	Non-competition covenants after the Development Agreement is terminated or expires	Section 8 2	For one year, no involvement in Competitive Business located within a 5-mile radius of the Development Area and no solicitation of individuals employed during the immediate past 12 months by us, our affiliates, or our franchisees
s	Modification of the agreement	Section 10 2	No modifications unless agreed in writing by both parties

Provision	Section in Development Agreement	Summary
t Integration/merger clause	Section 10 1	Only the terms of the Development Agreement are binding (subject to state law) Any representations or promises outside of the Disclosure Document and Development Agreement may not be enforceable
u Dispute resolution by arbitration or mediation	Section 9 2	Except for certain claims, disputes must be settled by arbitration
v Choice of forum	Sections 9 1 and 9 2(b)	Subject to applicable state laws, litigation must be held in the federal or state court for the district where our principal executive office is located, and arbitration must occur in the office of the American Arbitration Association closest to our principal executive office
w Choice of law	Section 9 1	Subject to applicable state laws, Georgia law applies, except for federal law and with respect to covenants restricting competition which may be governed by the laws of the state in which you are located

Applicable state law may require additional disclosures related to the information in this Disclosure Document These additional disclosures appear in Exhibit E attached to this Disclosure Document

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet 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 Ron Barber, 91 West Wieuca Road, Suite A-300, Atlanta, Georgia, 1-855-347-4433, the Federal Trade Commission, and the appropriate state regulatory agencies

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1
Systemwide Restaurant Summary
For Years 2013 To 2015

Restaurant Type	Year	Restaurants at the Start of the Year	Restaurants at the End of the Year	Net Change
Franchised	2013	6	7	+1
	2014	7	8	+1
	2015	8	12	+4
Company-Owned (Note 1)	2013	0	0	0
	2014	0	0	0
	2015	0	1	+1
Total Restaurants	2013	6	7	+1
	2014	7	8	+1
	2015	8	13	+5

Notes

1 We do not own any Restaurants, but our affiliate, Boneheads Powers Ferry LLC, which is owned by Ron Barber (see Item 2), owns and operates one Restaurant in Georgia under a Franchise Agreement with us

2 As part of the Agreement, BHA assigned to us all of its rights and obligations as franchisor under the Franchise Agreements for the Restaurants disclosed in this Item 20

Table No 2
Transfers of Restaurants From Franchisees To New Owners
(Other Than Franchisor or its Affiliates)
For Years 2013 To 2015

State	Year	Number of Transfers
Georgia (Note 1)	2013	1
	2014	0
	2015	1
All other States	2013	0
	2014	0
	2015	0
Total	2013	1
	2014	0
	2015	1

Notes

1 Aside from the one (1) transfer listed in Table No 2 for 2015, there was also a transfer in Georgia in 2015 of the Restaurant that was operated by OP Boneheads 1, LLC, to an entity owned by Ron

Barber (see Item 2) That transfer is not listed in Table No 2 because it was a transfer to our affiliate

Table No 3
Status Of Franchises
For Years 2013 To 2015

State	Year	Restaurants at Start of Year	Restaurants Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Restaurants at End of the Year
Arkansas	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
California	2013	1	0	0	0	0	1	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
Florida	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
Georgia (Note 1) (Note 2)	2013	3	1	0	0	0	0	4
	2014	4	2	0	0	0	3	3
	2015	3	1	0	0	1	0	3
Louisiana	2013	0	0	0	0	0	0	0
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Mississippi	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
North Carolina (Note 2)	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Tennessee	2013	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Texas	2013	0	1	0	0	0	0	1
	2014	1	1	0	0	0	1	1
	2015	1	0	0	0	0	0	1
All other States	2013	0	0	0	0	0	0	0
	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
Total	2013	6	2	0	0	0	1	7
	2014	7	5	0	0	0	4	8
	2015	8	5	0	0	1	0	12

Notes

1 One of the Restaurants located in Atlanta, Georgia, which closed in 2014, was owned and operated by an entity owned by Ron Barber (See Item 2), who is also our owner

2 One of the Restaurants located in Atlanta, Georgia was acquired in 2015 from a former franchisee It was not acquired by us, but by an affiliate of ours that is owned by Ron Barber (see Item 2) We do not own or operate that Restaurant

3 In August 2009, before our formation, the Franchise Agreement with the North Carolina franchisee was terminated However, as of December 31, 2015, the franchisee continues to operate a Restaurant under the Marks and System pursuant to a license agreement We list the licensed Restaurant as a Franchise in this Item 20

Table No 4
Status of Company-Owned Restaurants
For Years 2013 to 2015

State	Year	Restaurants at Start of the Year	Restaurants Opened	Restaurants Reacquired From Franchisees	Restaurants Closed	Restaurants Sold to Franchisees	Restaurants at End of the Year
Georgia (Note 1)	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	1	0	0	1
All Other States	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
Total	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	1	0	0	1

Notes

1 One of the Restaurants located in Atlanta, Georgia was acquired in 2015 from a former franchisee It was not acquired by us, but by an affiliate of ours that is owned by Ron Barber (see Item 2) We do not own or operate that Restaurant

Table No 5
Projected Restaurant Openings As of December 31, 2015

State	Franchise Agreements Signed But Restaurants Not Opened	Projected New Franchises In the Next Fiscal Year	Projected New Company-Owned Restaurants In the Next Fiscal Year
Georgia	1	0	0
Texas	1	0	0
All other States	0	0	0
Total	2	0	0

Attached to this Disclosure Document as Exhibit F are the names, addresses, and telephone numbers of our current franchisees who have Restaurants open and operating

The name, city and state, and the current business telephone number (or, if known, the last known home telephone number) of every franchisee who had a Restaurant terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement with us during the most recently completed fiscal year, or who did not communicate with us within 10 weeks of the issuance date of this Disclosure Document are attached to this Disclosure Document as Exhibit G If you buy a Restaurant, your contact information may be disclosed to other buyers when you leave the franchise system

The following list includes the name, city and state, and the current business telephone number (or , if known, the last known home telephone number) of all franchisees who, as of December 31, 2015, had signed Franchise Agreements but not yet opened Restaurants

TJ Sky LLC
Lawrenceville, GA
347-489-6658

Ben's Seafood LLC
Houston, TX
281-686-9779

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Boneheads franchise system You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

There are no independent trademark-specific franchisee organizations for the Boneheads franchise system

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2015, December 31, 2014 and December 31, 2013 are attached to this Disclosure Document as Exhibit H

ITEM 22
CONTRACTS

The following sample contracts are included in this Disclosure Document

Exhibit B	Franchise Agreement (including Lease Addendum, Guaranty Agreement, and State-Required Addenda)
Exhibit C	Development Agreement (including State-Required Addenda)
Exhibit I	Nondisclosure and Noncompete Agreement
Exhibit J	Compliance Questionnaire

ITEM 23
RECEIPT

Attached as the last two pages of this Disclosure Document are detachable Receipts acknowledging your receipt of this Disclosure Document which you must sign Please return one Receipt to us and retain the other for your records

EXHIBIT A
TO THE
BONEHEADS FDD

STATE AGENCIES AND ADMINISTRATORS
AND
FRANCHISOR'S AGENTS FOR SERVICE OF PROCESS

State Administrators

We believe this information is accurate as of the date of this Disclosure Document However, the names, addresses and/or telephone numbers of these state administrators change over time You should verify this information

CALIFORNIA

California Commissioner of the Department of Business Oversight
320 West 4th Street
Suite 750
Los Angeles, California 90013-2344
(213) 576-7500 or (866) 275-2677

FLORIDA

Department of Agriculture and Consumer Services
Division of Consumer Services
City Centre Building, Suite 7200
227 N Bronough Street
Tallahassee, Florida 32301
(850) 410-3754

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Office of Attorney General Franchise Bureau
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 West Washington Street, Room E-1 11
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Attn Franchise Section
525 West Ottawa Street
Williams Building, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

MINNESOTA

Minnesota Department of Commerce
Market Assurance Division
85 7th Place, Suite 500
St Paul, Minnesota 55101
(651) 296-6328

NEBRASKA

Department of Banking and Finance
Bureau of Securities/Financial Institutions Division
Commerce Court
1230 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402) 471-2171

NEW YORK

New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

OREGON

Department of Consumer and Business Services
Division of Finance
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue
John O Pastore Complex 69-1
Cranston, Rhode Island 02920-4407
(401) 462-9500

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

TEXAS

Secretary of State
Statutory Document Section
P O Box 12887
Austin, Texas 78711
(512) 475-1769

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

Securities Administrator
Department of Financial Institutions
Securities Division 150 Israel Road
Tumwater, Washington 98501
(360) 902-8700

WISCONSIN

Department of Financial Institutions
Division of Securities
P O Box 1768
Madison, Wisconsin 53701
(608) 266-8557

Agents for Service of Process

CALIFORNIA
California Commissioner of the Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

HAWAII

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State of Indiana
302 West Washington Street, Room E-1 11
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
200 St Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
525 West Ottawa Street
Williams Building, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

MINNESOTA

Minnesota Commissioner of Commerce
Department of Commerce
85 7th Place, Suite 500
St Paul, Minnesota 55101

NEW YORK

Secretary of State of New York
99 Washington Avenue,
Albany, New York 12231

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept 414
Bismarck, North Dakota 58505-05 10

OREGON

Director
Department of Insurance and Finance
700 Summer Street, N E
Suite 120
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O Pastore Complex 69-1
Cranston, Rhode Island 02920-4407

SOUTH DAKOTA

Department of Labor and Regulation
124 S Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
804-371-9733

WASHINGTON

Securities Administrator
Washington State Department of Financial Institutions
150 Israel Road
Tumwater, Washington 98501

WISCONSIN

Wisconsin Commissioner of Securities
201 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT B
TO THE
BONEHEADS FDD

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Between

Boneheads Franchise LLC

and

____

Dated ______________________________

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EXHIBITS

A Franchisee Specific Information
B Lease Addendum
C Payment and Performance Guarantee
D State Specific Addenda

BONEHEADS®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this **"Agreement"**) is made and entered into as of the date listed in Exhibit A (the **"Effective Date"**), by and between BONEHEADS FRANCHISE LLC, a Delaware limited liability company, with its principal office at 3075 Jonquil Drive SE, Smyrna, Georgia 30080 (**"Franchisor"**), and the person or entity identified on Exhibit A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Exhibit A

WITNESSETH

WHEREAS, Franchisor has accumulated knowledge and experience in the food service industry on the basis of which Franchisor has developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the **"System"**) for the development, operation, and promotion of casual restaurants offering fresh seafood dishes, other food products, alcoholic beverages and related restaurant services under the service mark "BONEHEADS®" (**"Restaurants"**),

WHEREAS, the distinguishing characteristics of the System, include, but are not limited to, the following items designated and developed by Franchisor the name "BONEHEADS" and all such other trade names, trademarks, service marks, logos, emblems, insignia, and signs developed for use with the System from time to time (collectively, the **"Marks"**), store designs, layouts, and identification schemes, specially designed fixtures, equipment, facilities, containers, and other items used in serving and dispensing food products, products, methods, procedures, recipes, distinctive food products and the formula and quality standards, marketing techniques and instructional materials and training courses, all of which may be changed, improved and further developed by Franchisor from time to time,

WHEREAS, Boneheads Restaurants and the products sold therein have a reputation for quality that has been acquired and is being maintained by requiring all franchisees of the System to maintain high standards of quality and service, and

WHEREAS, Franchisee recognizes the value and benefits to be derived from utilizing the System and being associated with Franchisor, the Marks and other distinctive features of the System, and now desires to obtain a franchise from Franchisor to use the System and to operate a Restaurant at an approved location, and Franchisor is willing to grant Franchisee the right to operate a Restaurant, all subject to the terms and conditions hereinafter set forth

NOW, THEREFORE, for and in consideration of the covenants and agreements hereinafter set forth, it is mutually understood, agreed and covenanted as follows

1 GRANT OF FRANCHISE

1 1 During the term of this Agreement, Franchisor hereby grants to Franchisee the non-exclusive right and license, and Franchisee undertakes the obligation, to develop and operate a Restaurant and to use solely in connection therewith, the Marks and the System in accordance with the terms and conditions of this Agreement only at the address and location set forth on Exhibit A attached hereto (the **"Franchised Site"**) The rights granted to Franchisee are for the specific Franchised Site and cannot be transferred to any other location, except with Franchisor's prior written approval Franchisee agrees to use the Marks and System, as they are changed, improved and further developed by Franchisor from time to time Unless otherwise agreed to by Franchisor, Franchisee has 12 months from the Effective Date to

complete the initial training as required by Section 14 1 and to commence operation of the Restaurant Franchisee must obtain Franchisor's written approval prior to commencing operation of the Restaurant

2 TERM AND RENEWAL

2 1 Initial Term Unless terminated earlier in accordance with the terms and conditions set forth herein, this Agreement and the franchise granted hereunder shall have an initial term of 10 years commencing as of the Effective Date (the **"Initial Term"**)

2 2 Renewal Upon the expiration of the Initial Term, Franchisee shall have the right to renew the franchise granted hereunder for an additional 10 year period provided that all of the following conditions are met

(i) Franchisee gives Franchisor written notice of its election to renew the franchise not less than six months prior to the expiration of the Initial Term,

(ii) Franchisee is not, when notice is given, and does not become prior to the expiration of the Initial Term, in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates or with any other creditor or supplier of the Restaurant or lessor or sublessor of the Franchised Site, and Franchisee shall have fully and faithfully performed all of its obligations under this Agreement and all such other agreements throughout their terms,

(iii) Franchisee shall execute, at Franchisor's option, Franchisor's then-current form of Franchise Agreement, which Franchise Agreement shall supersede in all respects the terms and conditions of this Agreement and may contain terms and conditions substantially different from those set forth herein, including, without limitation, an increase in Royalty Fees or Advertising Fees (as such terms are hereinafter defined), provided, however, the renewal Franchise Agreement shall not provide for any additional renewal rights,

(iv) Franchisee shall pay us a successor fee equal to $10,000,

(v) Franchisee shall complete, at its own expense and to Franchisor's satisfaction, all maintenance, refurnishing, renovation, modernizing and remodeling of the Restaurant as Franchisor shall reasonably require so as to reflect the current image and standards of Restaurants,

(vi) Franchisee shall be current in the payment of all obligations to Franchisor and to any of its affiliates and subsidiaries as well as lessors, vendors and suppliers of the Restaurant,

(vii) Prior to renewal, Franchisee and/or Franchisee's supervisory and operational manager(s) shall at Franchisee's expense, attend and successfully complete to Franchisor's reasonable satisfaction any retraining program Franchisor may require,

(viii) Franchisee and each person or entity owning a legal and/or beneficial interest in Franchisee (each, an **"Owner"**) execute a general release, in a form satisfactory to Franchisor, of any and all claims it may have against Franchisor, including any affiliates or subsidiaries, and its and their officers, directors, shareholders, managers, members, partners, employees and agents, and

(ix) Franchisee provides Franchisor with evidence that Franchisee has the right' to remain in possession of the Franchised Site or to secure and develop a suitable alternative site acceptable to Franchisee for the renewal term

3 FRANCHISED SITE AND TERRITORY

3 1 Territorial Protection Franchisor will not establish for itself or grant a franchise to any other party to establish a Restaurant within the territory specified on Exhibit A attached hereto (the **"Franchise Territory"**) Notwithstanding anything herein to the contrary, if any disagreement arises regarding the area comprising the Franchise Territory, then Franchisor's decision as to the definition of the Franchise Territory shall be final and binding Except as expressly provided in the first sentence of this Section 3 1, Franchisee acknowledges that the franchise granted under this Agreement is non-exclusive and Franchisee has no territorial protection and Franchisee has no right to exclude, control or impose conditions on the location or development of other or future franchises under the Marks, or on any sales or distribution of products under the Marks or other business activities of Franchisor or any other party licensed to use the Marks

3 2 Reservation of Rights Franchisor retains the right, in its sole discretion, to

(i) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Restaurant or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Franchise Territory, on any terms and conditions that Franchisor deems appropriate,

(ii) Develop, use and franchise anywhere (including within the Franchise Territory) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by Franchisor as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting Franchisee any rights therein,

(iii) Offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Franchise Territory through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, irrespective of the proximity to the Restaurant without compensation to Franchisee, provided, however, that any such sales will not be made from a Restaurant located in the Franchise Territory,

(iv) Own, operate, franchise or license anywhere, even in close proximity to the Restaurant licensed hereunder, restaurants of any other type whatsoever operating under marks other than the Marks, and

(v) Engage in any other activity, action or undertaking that Franchisor is not expressly prohibited from taking under this Agreement

You waive and release any claims, demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceedings, or register a compliant with any governmental entity, directly or indirectly contending otherwise

3 3 Catering and Delivery Services Franchisor acknowledges and agrees that Franchisee may provide catering and delivery services within a reasonable distance from the Franchised Site not to exceed 25 miles, within or without the Franchise Territory, but solely in connection with providing such

catering and delivery services and provided such services are made by ground transportation Subject to the foregoing maximum mileage restriction, Franchisee may provide catering and delivery services in the exclusive territories of other Boneheads franchisees, and other Boneheads franchisees may provide the same services in the Franchise Territory

3 4 Franchised Site

(i) Site Selection Assistance Franchisee is solely responsible for locating a suitable site for the Restaurant Franchisor, in its sole discretion, may counsel and offer advice to Franchisee with respect to such site selection, provided, however, in no event shall Franchisor be liable to Franchisee in connection with providing advice or any such assistance Franchisor shall not be obligated to loan money, guarantee leases, subleases or purchase agreements, provide financing or otherwise become directly involved and/or obligated to Franchisee or to any third party in respect of such site selection or development of any Restaurant, these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Franchisee

(ii) Site Selection Acceptance Upon Franchisee's selection of a proposed site for a Restaurant, Franchisee shall promptly submit to Franchisor such site, demographic and other data and information about the proposed site as reasonably requested by Franchisor, utilizing such forms as may be required by Franchisor, and a copy of any lease, sublease or purchase agreement to be entered into in connection with the acquisition of such site Franchisor shall, in its sole discretion, either accept or reject the proposed site utilizing its then-current site selection policies and procedures Franchisee acknowledges and agrees that Franchisor may reject any proposed site for any reason in its sole discretion, in which case Franchisee may not develop a Restaurant at the rejected site and must submit a new proposed site to Franchisor As a condition to accepting a proposed site to be leased or subleased, Franchisee must execute, and cause the lessor and/or sublessor of the proposed site, to execute the Lease Addendum attached hereto as Exhibit B To be effective, any acceptance of a proposed site by Franchisor must be in writing Once accepted the site shall be added to Exhibit A as the Franchised Site FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S ACCEPTANCE OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF THE RESTAURANT

3 5 Construction Upon Franchisor's written acceptance of a proposed site, Franchisee shall proceed promptly to enter into the approved lease, sublease or purchase agreement for the accepted site and obtain all necessary zoning, building and other governmental or regulatory approvals and permits required for the establishment of the Restaurant Franchisor shall provide Franchisee with a set of standard architectural plans and specifications for a prototype Restaurant Franchisee must use, at its expense, an architect designated by Franchisor to develop the initial design of the Restaurant Before commencing with the construction of the Restaurant to be established at the approved site, Franchisee shall, at its expense, furnish to Franchisor for Franchisor's written approval, a proposed preliminary site and construction plans and specifications (which plans and specifications shall have been adopted from the prototype plans provided by Franchisor with the assistance of the designated architect) for the Restaurant which, if accepted, shall not thereafter be modified, altered or changed without Franchisor's prior written consent In addition, Franchisee shall furnish Franchisor with such information relating to the construction of the Restaurant and development of the site as Franchisor may from time to time request, which may include, without limitation, copies of all commitments and plans for construction and financing, the contact information for any lenders and contractors, and a copy of any construction or financing agreements Franchisee shall commence construction of the Restaurant in accordance with the accepted site and construction plans and specifications as soon as possible and shall complete construction thereof, including the acquisition and installation of all equipment specified by Franchisor,

and have the Restaurant ready to open for business within 12 months after Franchisor's execution of the Franchise Agreement for the Restaurant Franchisor and its agents shall have the right to inspect the construction site at any reasonable time without prior notice To the extent applicable, Franchisee agrees to give Franchisor written notice (i) at least 10 days prior to the pouring of the concrete slab for the Restaurant and (ii) immediately after completion of the electrical and mechanical rough-ins to enable Franchisor to inspect the construction site at such times Franchisee shall correct, upon Franchisor's request and at Franchisee's expense, any deviation from any approved site or construction plans or specifications Franchisor assumes no responsibility for the quality of any construction because of any inspections made by it or any reports or recommendations made as a result of such inspections Franchisor shall also provide Franchisee with a list of approved equipment, furniture fixtures and finishes for the Restaurant and Franchisor must designate or approve the supplier building-out the Restaurant before the build-out begins

4 INITIAL FRANCHISE FEE

Upon the execution of this Agreement, Franchisee shall pay to Franchisor an initial franchise fee in an amount set forth on <u>Exhibit A</u> (the **"Franchise Fee"**) The Franchise Fee is not refundable for any reason, and, will be deemed fully earned when paid solely in consideration of Franchisor's execution of this Agreement and not in exchange for any particular products, services or assistance

5 ROYALTY FEE, METHOD OF PAYMENT, LATE PAYMENT

5 1 <u>Royalty Fee</u> In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee agrees to pay to Franchisor for the rights granted hereunder a royalty fee equal to 6% of the Gross Sales (as such term is hereinafter defined) of the Restaurant (the **"Royalty Fee"**) Payment of the Royalty Fee shall be made on or before Tuesday of each week for Gross Sales of the Restaurant for the preceding week

5 2 <u>Definition of Gross Sales</u> Gross Sales shall mean the amount of sales of all products and services sold in, on, about or from the Restaurant, together with any other revenues derived from the operation of the Restaurant, whether by Franchisee or by any other person, whether or not in accordance with the terms hereof, and whether for cash or on a charge, credit, barter or time basis, including, but not limited to, all such sales and services (i) where orders originate and/or are accepted by Franchisee in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant or (ii) pursuant to telephone or other similar orders received or filled at or in the Restaurant For purposes of determining the Royalty Fee and Advertising Fee, there shall be deducted from Gross Sales (a) the amount of refunds, allowances or discounts to customers (including coupon sales) up to 5% of the Gross Sales, provided the related sales have previously been included in Gross Sales, and (b) the amount of any excise or sales tax levied upon retail sales and paid over to the appropriate governmental authority

5 3 <u>Automated Bank Draft</u> Franchisee understands and agrees that Franchisor reserves the right and may require, in its sole discretion, that all Royalty Fees, Advertising Fees, Advertising Cooperative (as defined below) contributions and other fees or contributions required to be paid to Franchisor or any Advertising Cooperative hereunder must be paid by automated bank draft or other reasonable means necessary to ensure payment of such fees are received by Franchisor or the appropriate Advertising Cooperative Franchisee agrees to comply with Franchisor's payment instructions

5 4 <u>Late Payments and Insufficient Funds</u> All overdue payments for Royalty Fees, Advertising Fees and other fees required to be paid hereunder shall bear interest from the date due at the rate specified by Franchisor from time to time, up to the highest rate permitted by the law, but in no event shall such rate exceed 18% per annum Interest shall accrue on all late payments regardless of whether

Franchisor exercises its right to terminate this Agreement as provided for herein In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a $100 00 late payment fee for all such overdue payments and a $100 00 insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution Franchisee acknowledges that Franchisor has the right to set-off amounts Franchisee owes Franchisor against any amounts Franchisor may owe Franchisee

5 5 Application of Payments Notwithstanding designation by Franchisee to the contrary, all payments made by Franchisee hereunder will be applied by Franchisor at its discretion to any of Franchisee's past due indebtedness

6 RECORDS, REPORTS AND AUDITS

6 1 Bookkeeping and Recordkeeping Franchisee agrees to establish a bookkeeping and recordkeeping system conforming to the requirements prescribed from time to time by Franchisor, relating, without limitation, to the use and retention of daily sales slips, coupons, purchase orders, purchase invoices, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, payroll records, journals and general ledgers In establishing and maintaining Franchisee's bookkeeping and record keeping system, Franchisee shall use all form documents established by Franchisor in the Operations Manual (as defined below) or otherwise Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Restaurant, including, without limitation, earnings or other financial information, Franchisor shall be entitled to disclose such information In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents, and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization or similar restructuring of Franchisor

6 2 Reporting Franchisee must provide Franchisor with those financial reports required by Franchisor from time to time All such reports shall be prepared (i) using any form documents established by Franchisor as set forth in the Operations Manual or otherwise and (ii) in accordance with the generally accepted accounting principles of the United States, to the extent applicable Franchisee's current reporting obligations include the following

(i) A statement of relevant Gross Sales in the form required by Franchisor to be delivered with each payment of the Royalty Fee and Advertising Fee no later than 5 00 p m on each Tuesday,

(ii) A monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's business for the prior month and fiscal year to date, all of which shall be certified by Franchisee as true and correct and delivered to Franchisor no later than the 21st day of each month,

(iii) Annual financial statements compiled or reviewed by an independent certified public accountant in a form satisfactory to Franchisor, which shall include a statement of income and retained earnings, a statement of cash flows, and a balance sheet of Franchisee, all for the fiscal year then ended If Franchisee does not, in the ordinary course, obtain financial statements compiled or reviewed by an independent certified public accountant, then Franchisee may provide internally prepared financial statements which shall be certified as true and correct by Franchisee or Franchisee's principal executive officer or chief financial officer if Franchisee is a partnership, corporation or limited liability company Franchisor shall have the right at any time to require audited annual statements to be provided to it, at Franchisee's expense,

(iv) An annual copy of Franchisee's signed 1120 or 1120S tax form (including all supporting schedules) as filed with the Internal Revenue Service (or any forms which take the place of those forms), and all other federal, state and local sales and use and income tax reports Franchisee is required to file, all to be delivered within 30 day after filing,

(v) A statement of local advertising expenditures made pursuant to Section 11 3 below for each calendar quarter and fiscal year to date, in a form satisfactory to Franchisor, along with invoices documenting such expenditures (if required by Franchisor), to be delivered within 15 days after the end of each calendar quarter,

(vi) Insurance certificates upon the annual renewal of the policies and all health and safety inspection reports, and

(vii) Any other data, information and supporting records reasonably requested by Franchisor

All reports or other information required to be submitted under this Section 6 2 shall be submitted to the attention of Franchisor's franchise department If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to $100 00

6 3 Audit Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify Gross Sales that Franchisee reports as well as to verify Franchisee's advertising expenditures required by Section 11 3 below and any other matters relating to this Agreement and the operation of the Restaurant Franchisor may require Franchisee to submit to Franchisor, or Franchisor's representatives, copies of Franchisee's books and records for any offsite inspection that Franchisor or Franchisor's representatives conduct to audit the Restaurant If an inspection reveals that Gross Sales of Franchisee have been understated, Franchisee shall immediately pay to Franchisor the amount of Royalty Fees and Advertising Fees overdue, unreported or understated, together with interest as prescribed in Section 5 4 above All inspections shall be at the expense of Franchisor, provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Franchisee of 5% or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection, including, but not limited to, attorneys' and accounting fees and travel expenses, room and board and compensation of Franchisor's employees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due

7 OPERATIONS MANUAL

During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, Franchisor's confidential operation manual (the **"Operations Manual"**), which may consist of printed manuals, computerized documents or software, information provided on the internet or an extranet, CDs, DVDs, or any other medium Franchisor adopts periodically for use with the System and designates as part of the Operations Manual The Operations Manual will contain information and specifications concerning the standards and specifications of the System, the development and operation of the Restaurant and any other information and advice Franchisor may periodically provide to its franchisees Franchisor may update and change the Operations Manual periodically to reflect changes in the System and the operating requirements applicable to Restaurants, and Franchisee expressly agrees to comply with each requirement within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the requirement Franchisee shall at all times ensure that its copy of the Operations Manual and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date Franchisee must keep any printed Operations Manual in a secure location at the Restaurant, and must restrict employee access to the Operations Manual on a need to know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manual If Franchisor and Franchisee have any disagreement about the most current contents of the Operations Manual, Franchisor's master copy of the Operations Manual will control Upon the expiration or termination of this Agreement for any reason, Franchisee must return all copies of the Operations Manual to Franchisor, and upon Franchisor's request, certify to Franchisor that Franchisee has not kept any copies in any medium The Operations Manual is confidential, copyrighted and Franchisor's exclusive property

8 MODIFICATION AND IMPROVEMENTS TO THE SYSTEM

8 1 Modification by Franchisor Franchisee recognizes and agrees that from time to time hereafter, Franchisor may change, modify or improve the System, including, without limitation, modifications to the Operations Manual, the menu and format, the processes and systems to support the business, the menu items and other product ingredients, the products offered for sale, the required equipment, the signage, the presentation and usage of the Marks, and the adoption and use of new, modified or substituted Marks or other proprietary materials Franchisee agrees to accept, use and/or display for the purposes of this Agreement any such changes, modifications or improvements to the System, including, without limitation the adoption of new, modified or substituted Marks, as if they were part of the System as of the Effective Date, and Franchisee agrees to make such expenditures as such changes, modifications or improvements to the System may require For purposes of this Agreement, all references to the System shall include such future changes, modifications and improvements

8 2 Modification by Franchisee If Franchisee develops any new modification, concept, process, improvement or slogan in the operation or promotion of the Restaurant or to the System, the same shall be deemed a work made for hire, and Franchisee shall promptly notify Franchisor of, and provide Franchisor with all necessary information, regarding such modification, concept, process, improvement or slogan, without compensation to Franchisee Franchisee acknowledges that any such modification, concept, process, improvement or slogan shall become Franchisor's sole and exclusive property and that Franchisor may use or allow other franchisees to use the same in connection with the System or the operation of Restaurants, without compensation to Franchisee

9 OBLIGATIONS OF FRANCHISEE

Franchisee recognizes the mutual benefit to Franchisee, Franchisor and other franchisees of the System of the uniformity of the appearance, services, products and advertising of the System and acknowledges and agrees that such uniformities are necessary for the successful operation of Restaurants Franchisee also acknowledges and agrees that products and services sold under the Marks and at Restaurants have a reputation for excellence This reputation has been developed and maintained by Franchisor, and Franchisee acknowledges and agrees that it is of the utmost importance to Franchisor, Franchisee, and all other franchisees of the System that such reputation be maintained To this end, Franchisee covenants and warrants with respect to the operation of the Restaurant that Franchisee and its employees and agents will comply with all of the requirements of the System and the Operations Manual and will throughout the term of this Agreement

(i) Operate the Restaurant and prepare and sell all products and services sold therein in accordance with the specifications, standards, business practices and policies of Franchisor now in effect or hereafter promulgated, and comply with all requirements of Franchisor, the System and the Operations Manual as they are now or hereafter established, including, without limitation, any health, sanitation and cleanliness standards and specifications Franchisor and its duly authorized representatives shall have the right, if they so elect, at all reasonable times, to enter and inspect the Restaurant to ensure that Franchisee is complying with such specifications, standards, business practices, policies and requirements and to test any and all equipment, systems, products and ingredients used in connection with the operation of the Restaurant If Franchisee in any way shall fail to maintain the standards of quality for the products and services as established by Franchisor from time to time, Franchisor shall notify Franchisee in writing of the failure and give Franchisee 10 days in which to cure such failure If Franchisee fails to cure such failure within such 10 day period, Franchisor shall, in addition to any other remedy available to it, have the right to assign to the Restaurant such persons as it deems necessary for the training of Franchisee's employees to ensure that the standards of quality for the products and services are maintained Franchisee shall reimburse Franchisor for all costs associated with providing such personnel, including costs of transportation, meals, lodging, salaries, wages and other compensation (including fringe benefits)

(ii) Maintain at all times, at its expense, the Restaurant and its machinery, equipment, fixtures, furnishings, furniture, decor, premises, parking areas, landscape areas, if any, and interior and exterior signs in an excellent, clean, attractive and safe condition in conformity with the Operations Manual and Franchisor's high standards and public image Franchisee shall promptly make all repairs and replacements thereto as may be required to keep the Restaurant in the highest degree of sanitation, repair and condition and to maintain maximum efficiency and productivity However, Franchisee shall not undertake any alterations or additions (but may perform maintenance and make repairs) to the buildings, equipment, premises or parking areas associated with the Restaurant without the prior written approval of Franchisor If Franchisor changes its image or standards of operation with respect to the Restaurant, Franchisee expressly agrees to comply with each change within such reasonable time as Franchisor may require, or if no time is specified, within 30 days after receiving notification of the change Franchisee shall also maintain maintenance contracts and/or service contracts on all equipment and machinery designated by Franchisor and Franchisor shall have the right to designate the vendor(s) for such contracts and the requirements for the contracts

(iii) Comply with all applicable laws, rules, ordinances and regulations that affect or otherwise concern the Restaurant or the Franchised Site, including, without limitation, zoning, disability access, signage, fire and safety, fictitious name registrations, sales tax registration, and health and sanitation Franchisee will be solely responsible for obtaining any and all licenses and permits required to operate the Restaurant Franchisee must keep copies of all health, fire, building occupancy and similar inspection reports on file and available for Franchisor to review Franchisee must immediately forward to Franchisor any inspection reports or correspondence stating that Franchisee is not in compliance with any such laws, rules, ordinances and regulations

(iv) Maintain sufficient inventories and employ sufficient employees to operate the Restaurant at its maximum capacity and efficiency at such hours or days as Franchisor shall designate or approve in the Operations Manual or otherwise, and operate the Restaurant for such hours or days so designated or approved by Franchisor

(v) Require all employees of the Restaurant to wear uniforms and abide by the dress guidelines conforming to the specification and standards Franchisor may from time to time designate in the Operations Manual or otherwise

(vi) Require all employees of the Restaurant to conduct themselves at all times in a competent and courteous manner and use best efforts to ensure that its employees maintain a neat and clean appearance and render competent, sober and courteous service to patrons of the Restaurant Franchisor shall have no control over Franchisee's employees, including, without limitation, work hours, wages, hiring or firing

(vii) Use and purchase only those ingredients, products, supplies, furnishings and equipment that (a) conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise, and (b) are purchased from suppliers designated or approved in writing by Franchisor Franchisor may designate, at any time and for any reason, a single or multiple suppliers for ingredients, products, supplies, furnishings and equipment and require Franchisee to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s), may be Franchisor or an affiliate of Franchisor If Franchisor designates itself as a supplier, Franchisor has the right to earn a profit on any items it supplies Franchisor and its affiliates may receive payments, discounts or other consideration from suppliers in consideration of such suppliers' dealings with Franchisee and/or the system of Boneheads franchisees, and may use all amounts received by it without restriction Franchisor is not required to give Franchisee an accounting of supplier payments or to share the benefit of supplier payments with Franchisee or other Boneheads franchisees

(viii) If Franchisee desires to purchase any ingredients, products, supplies, furnishings and equipment from suppliers other than those previously approved by Franchisor and such items have not been designated by Franchisor to be exclusively supplied by a designated supplier(s), Franchisee shall first submit to Franchisor a written request for authorization to purchase such items, together with such information and samples as Franchisor may require Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and/or supplies' facilities, and that samples from the proposed suppliers, or of the proposed items, be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor Permission for such inspections shall be a condition of the initial and continuing approval of such supplier, manufacturer or distributor A charge not to exceed the reasonable cost of the evaluation and testing, including any reasonable travel expenses and personnel costs, shall be paid by Franchisee Franchisor shall, within 60 days after its receipt of such request and completion of such evaluation and testing (if required by Franchisor), notify Franchisee in writing of its approval or disapproval Franchisor may deny such approval for any reason, including its determination to limit the number of approved suppliers The provisions above shall only apply if Franchisor has not designated a supplier or suppliers

(ix) Prominently display at the Restaurant and the Franchised Site signs using the name "BONEHEADS®", and/or other signs, of such nature, form, color, number, location and size, and containing such material as Franchisor may from time to time reasonably direct or approve in writing, and not display in the Restaurant or on the Franchised Site or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects Franchisor or its authorized representatives may at any time during normal business hours enter the Restaurant or the Franchised Site and remove any objectionable signs or advertising media

(x) Use Franchisee's best and continuing efforts to fully promote and develop the Restaurant and use the Franchised Site only for the purposes designated in this Agreement and avoid any activities that would conflict or interfere with or be detrimental to such purposes

(xi) Sell only those products and services from the Restaurant specified by Franchisor from time to time in the Operations Manual or otherwise, and refrain from maintaining or using vending machines, video game machines, telephone booths, or entertainment devices not included in the System, unless approved in writing by Franchisor

(xii) Refrain from deviating from the formulas, recipes or specifications of materials and ingredients of food as specified by Franchisor, without the prior written consent of Franchisor, and adhere to the menu and all changes, alterations, additions and subtractions thereof, thereto or therefrom as specified by Franchisor from time to time and follow all specifications of Franchisor as to the uniformity of products and weight, quality and quantity of unit products served and sold, and serve and sell only such menu items as are designated by Franchisor Franchisee shall not sell any additional food and/or drink items or any other merchandise of any kind without the prior written approval of Franchisor

(xiii) For carry-out orders, serve all products in such printed paper containers, boxes, wrappers, trays, soft drink cups and carry-out bags the conform to the standards and specifications designated by Franchisor in the Operations Manual or otherwise

(xiv) Make no physical changes from blueprint specifications or approved remodeling plans in connection with the premises constituting the Restaurant on the Franchised Site, or the design thereof, or any of the materials used therein, or their colors, without the express written approval of Franchisor, except that Franchisee will, upon request of the Franchisor, make such reasonable alterations to the Restaurant or premises as may be necessary to conform to the then-current marketing and operating standards and specifications of the System Franchisee will paint the Restaurant (interior or exterior) at such intervals as Franchisor may reasonably determine to be advisable, which determination shall in no event be more than once in any calendar year, using paints which will be in accordance with specifications given by Franchisor

(xv) Ensure that an individual who has completed the initial training program described in Section 14 1 below is at the Restaurant at all times during normal business hours as established by Franchisor from time to time

(xvi) Participate in all national, regional or local advertising and promotional activities Franchisor requires Franchisee understands that Franchisor implements promotions such as discount coupons, certificates, frequent customer cards, special menu promotions, gift cards and other activities intended to enhance customer awareness and build traffic at Restaurants on a national, regional or local level Franchisor may establish procedures and regulations related to those promotions in the Operations Manual and Franchisee agrees to honor and participate in these programs in accordance with such procedures and regulations specified by Franchisor in the Operations Manual or otherwise in writing Franchisee understands that its participation in these programs is essential to its success and that its participation may entail some cost to Franchisee Franchisee agrees that Franchisor has no obligation to reimburse Franchisee for any costs it incurs due to its mandatory participation in these promotional programs

(xvii) Without limiting any of Franchisee's other obligations under this Agreement, at the request of Franchisor, but not more often than once every 5 years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the premises of the Restaurant at its expense, to conform to the restaurant, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for new Restaurants (**"Refurbishments"**) Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements Refurbishments are intended to be large-scale re-equipping, refurbishing and remodeling of the Restaurant, and nothing contained in this Subsection (xvii) of this Agreement will affect Franchisee's other obligations under this Agreement or the Manual

(xviii) Become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by Franchisor and/or established by Franchisor for the System, remain a member in good standing thereof throughout the term of this Agreement and pay all membership dues or fees on purchases that are assessed by such purchasing and/or distribution cooperative(s)/association(s)/ program(s)

(xix) As required by Franchisor, maintain a contract(s) with, or participate in any Franchisor contract(s), with any third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey or inspect business operations Franchisee understands that Franchisor has the right to specify the third party(ies) and the required level of participation in such programs and Franchisee will bear the cost

(xx) Comply with Payment Card Industry (**"PCI"**) data security standards Franchisee must contract, at its expense, with a third party that Franchisor has approved in writing to administer a PCI compliance program and a monthly maintenance program

10 TECHNOLOGY SYSTEMS

10 1 Point of Sale System Franchisee, at its expense, must purchase and use a computerized cash collection and data processing system and related software (the **"POS System"**) that meets the standards and specifications provided by Franchisor from time to time in the Operations Manual or otherwise Franchisee must enter all sales and other information Franchisor requires in the POS System Franchisor may periodically require Franchisee, at its expense, to upgrade or update the POS System to remain in compliance with the standards and specifications required by Franchisor Franchisor may require Franchisee to pay reasonable fees to Franchisor to support and upgrade the POS System Franchisee, at its expense, must maintain the POS System in good working order and connected to any telephone system or computer network that Franchisor requires Franchisor may require Franchisee, at its expense, to configure and connect the POS System to Franchisor's systems to provide Franchisor with continuous real-time access to all information and data stored on the POS System Franchisor may require Franchisee to pay Franchisor or its designated third parties a reasonable fee for polling or collecting data from the POS System

10 2 Computer Systems In addition to the POS System, Franchisee, at its expense, must equip the Restaurant with the computer hardware and software that Franchisor specifies periodically and maintain access to the Internet or other computer network(s) that Franchisor specifies Franchisee must maintain a wireless Internet network for customers to use for free, which must be separate from any computer networks that Franchisee uses to collect POS data or sensitive customer data In addition, Franchisee, at its expense, must also apply for and maintain other credit card, debit card or other non-cash payment systems that Franchisor periodically requires

10 3 Maintenance and Service Contracts Franchisor may require Franchisee at Franchisee's expense to maintain support service contracts, ongoing software maintenance programs, and/or maintenance service contracts and implement and periodically make upgrades and changes to the POS

System, computer hardware and software, and credit card, debit card or other non-cash payment systems Franchisor shall have the right to designate the vendor(s) for such support service contracts, maintenance programs, and maintenance service contracts

11 ADVERTISING

11 1 Grand Opening Franchisee, at its sole expense, must develop and implement a grand opening promotion approved by Franchisor to introduce or (if Franchisee is purchasing an existing Restaurant) to re-introduce the Restaurant to the public during the period that is 30 days prior and 60 days after the opening of the Restaurant or 60 days after the transfer of the Restaurant (if Franchisee is purchasing an existing Restaurant) Franchisee is required to spend a minimum of $10,000 for the grand opening promotion To the extent Franchisor has developed or approved marketing or advertising programs and materials for the Restaurant's grand opening, Franchisee must use such programs and materials

11 2 Advertising Fund In addition to all other amounts required to be paid hereunder, during the term hereof, Franchisee must pay to Franchisor, or such other entity designated by Franchisor, an amount based upon Gross Sales to be designated by Franchisor from time to time, in its sole discretion, provided such amount shall not exceed 1% of Gross Sales (the **"Advertising Fee"**), which amount shall be used by the Advertising Fund (as such term is hereinafter defined) Franchisor may initiate or change the Advertising Fee upon thirty days written notice to Franchisee The Advertising Fee shall be the same for all Boneheads franchisees Payment of the Advertising Fee shall be made on or before Tuesday of each week and be based upon Gross Sales of the Restaurant for the preceding week Advertising Fees shall be paid concurrently with the payment of the Royalty Fees

The Advertising Fee will be expended for the benefit of Franchisor, Franchisee and all other franchisees or users of the System for the production or purchase of such radio, television, print and/or other advertising materials or services as Franchisor deems necessary or appropriate, in its sole discretion, on a national, regional or local basis (the **"Advertising Fund"**) The expenditure of such funds for advertising is to be under the control of, and in the discretion of, Franchisor at all times, or such other entities designated by Franchisor Franchisee understands and acknowledges that the Advertising Fund is intended to maximize and support general public recognition, brand identity, sales and patronage of Restaurants for the benefit of all Restaurants and that Franchisor undertakes no obligation to ensure that the Advertising Fund benefits each Restaurant in proportion to its respective contributions Franchisor agrees that all funds contributed to the Advertising Fund may be used to meet any and all costs (including, without limitation, reasonable salaries and overhead incurred by Franchisor) of maintaining, administering, directing and preparing national, regional or local advertising materials, programs and public relations activities including, without limitation, the costs of preparing and conducting television, radio, magazine, billboard, newspaper, direct response literature, direct mailings, brochures, collateral advertising material, implementing websites for Franchisor and/or its franchises, surveys of advertising effectiveness and other media programs and activities, employing advertising agencies to assist therewith and providing promotional brochures, decals and other marketing materials

The Advertising Fund shall be established as a separate banking account and monies received shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the Advertising Fund and its advertising programs (including, without limitation, conducting market research, preparing advertising and promotional materials, collecting and accounting for contributions to the Advertising Fund, paying for the preparation and distribution of financial statements, legal and accounting fees and expenses, taxes, and other reasonable direct and indirect expenses incurred by

Franchisor or its authorized representatives in connection with programs funded by the Advertising Fund) The Advertising Fund will not be Franchisor's asset A financial statement of the operations of the Advertising Fund shall be prepared annually, and shall be made available to Franchisee upon request Franchisor may spend in any fiscal year more or less than the aggregate contribution of all Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use Any lender loaning money to the Advertising Fund shall receive interest at a reasonable rate All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended Franchisor may cause the Advertising Fund to be incorporated or operated through a separate entity at such time as Franchisor may deem appropriate, and such successor entity, if established, will have all rights and duties specified in this Section Franchisor will not be liable for any act or omission with respect to the Advertising Fund that is consistent with this Agreement and done in good faith Except as expressly provided in this Section 11 2, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund Franchisee acknowledges and agrees that Franchisor is not operating or acting as a trustee or fiduciary with respect to the Advertising Fees collected Franchisee agrees to participate in any promotion, marketing or advertising campaigns created by the Advertising Fund Franchisor may reduce contributions of franchises to the Advertising Fund and upon notice to Franchisee, reduce the Advertising Fund's operation or terminate the Advertising Fund and distribute unspent monies to those contributing franchisees in proportion to their contributions in the past

11 3 Local Advertising Franchisee agrees that, in addition to the payment of the Advertising Fee and any amounts required under Section 11 1 hereof, it will spend a reasonable amount each calendar quarter for local market advertising but in no event less than 2% of Gross Sales per calendar quarter The amount of advertising funds expended by Franchisee for individual local market advertising shall be determined by Franchisee, subject to the foregoing minimum requirement Local advertising expenditures shall not include incentive programs, including, without limitation, costs of honoring coupons, food costs incurred in honoring sales promotions, salaries, contributions, donations, press parties, in-store fixtures or equipment, menus, serving guides and nutritional facts, yellow page advertising and exterior or interior signage If Franchisee fails to make advertising expenditures in accordance with this Section, Franchisor shall have the right to spend an amount not to exceed 2% of the Gross Sales of the Restaurant on local advertising on behalf of Franchisee, and Franchisee must reimburse Franchisor for such expenses Failure to comply with this Section shall be deemed a material breach of this Agreement

11 4 Advertising Cooperatives In connection with the Restaurant and any and all other Boneheads Restaurants owned or operated by Franchisee, Franchisee shall participate, if required by Franchisor, in any local, regional or national cooperative advertising group, consisting of other franchisees of Restaurants, when and if any such groups are created (each, an "**Advertising Cooperative**") The particular Advertising Cooperative(s) in which Franchisee may be required to participate shall be designated by Franchisor in its sole discretion (which designations may be based upon, without limitation, the particular Designated Market Area or the Area of Dominant Influence, as those terms are used in the advertising industry, where the Restaurants operated by Franchisee are located) Franchisee's payments to any Advertising Cooperative shall be determined by Franchisee and those other franchisees of the System and/or Franchisor, as the case may be, who are participants in such Advertising Cooperative, as set forth in the by-laws of that Advertising Cooperative or membership, dues, participation or other payment agreements of such Advertising Cooperative Franchisee, however, may not be required to spend more than 2% of Gross Sales per annum in connection with any Advertising Cooperative Amounts paid to an Advertising Cooperative shall be credited against payments Franchisee is otherwise required to make for local advertising as required by Section 11 3 above Any payments to an Advertising Cooperative shall be in addition to the amounts required to be paid or spent under Sections

11 1 and 11 2 hereof Franchisee shall enter into such formal agreements with such other franchisees of the System and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing and Franchisee shall abide by such formal agreements and decisions that the Advertising Cooperative is authorized by Franchisor to make related to advertising and marketing in the area covered by the Advertising Cooperative If Franchisee becomes delinquent in its dues or other payments to the Advertising Cooperative or fails to abide by any formal agreements or authorized decisions of the Advertising Cooperative, such delinquency or failure shall be deemed a failure to participate in the Advertising Cooperative and a material breach of this Agreement Franchisor may upon 30 days' written notice to Franchisee suspend or terminate an Advertising Cooperative's program or operations As a member, officer or director of an Advertising Cooperative, at the request of Franchisor, Franchisee shall provide to Franchisor all information requested by Franchisor related to such Advertising Cooperative and Franchisee shall have the obligation to provide such information within 10 days after Franchisor's request to Franchisee

11 5 Internet Advertising Franchisee must obtain Franchisor's prior written approval, which Franchisor may withhold in its sole discretion, before conducting any advertising or promotions on or through the Internet or other electronic transmission via computer or other electronic device Without limiting the generality of the foregoing, Franchisee, without the express prior written approval of Franchisor, shall not operate, or permit to be operated on its behalf, (i) any Internet site or page, including pages on social networking sites, which incorporates any of the Marks or otherwise promotes the Restaurant or (ii) any accounts or handles, such as a Twitter account, used to promote the Restaurant electronically If Franchisor approves a form of Internet advertising or promotion, Franchisee must conduct such advertising in accordance with any guidelines or specifications specified by Franchisor from time to time Franchisor shall operate a website related to the System (the **"Website"**), which will provide basic information about the Restaurant Franchisor may, in its sole discretion and subject to its written approval, permit Franchisee to add content to a subpage on the Website relating to the Restaurant in accordance with guidelines and specifications described in the Operations Manual

11 6 Approval of Advertising Any and all advertising and marketing materials (whether developed in connection with an Advertising Cooperative or otherwise) not prepared or previously approved by Franchisor shall be submitted to Franchisor at least two weeks prior to any publication or run date for approval, which may be arbitrarily withheld Franchisor may grant or withhold its approval, in its sole discretion Franchisor will provide Franchisee with written notification of its approval or disapproval within a reasonable time Franchisee must discontinue the use of any approved advertising within five days of Franchisee's receipt of Franchisor's request to do so All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the System, as determined in Franchisor's sole discretion Under this Agreement, the term "advertising" is defined to mean any and all advertising, identification and promotional materials and programs of any type or nature whatsoever including print and broadcast advertisements, direct mail materials, brochures, advertising specialties, electronic commerce communications and "bulletin boards", any advertising on the internet/worldwide web, public relations and brand awareness programs, direct mail, door hangers, freestanding inserts and coupons, sponsorships, point of sale materials, press releases, business cards, displays, leaflets, telephone and computer greetings, messages and voice-mail/e-mail sent to or accessible by customers or other third parties, promotional material captured in any electronic medium, and, any other material or communication which we denominate as "advertising" in our Manual or otherwise

12 COUNSELING AND ADVISORY SERVICES AND ONSITE ASSISTANCE

During the term of this Agreement, Franchisor may, in its sole discretion, upon the request of Franchisee, furnish counseling and advisory services to Franchisee with respect to the opening and operation of the Restaurant, including consultation and advice regarding the following (i) equipment selection and layout, (ii) employee selection, training and staffing, (iii) advertising and promotion, (iv) recipes, food, formulas and specifications, (v) bookkeeping and accounting, (vi) purchasing and inventory control, (vii) operational problems and procedures, (viii) periodic inspections, and (ix) new developments and improvements to the System, including those that you may be required to implement These counseling and advisory services shall occur at Franchisor's offices or via telephone or e-mail Franchisor shall provide such assistance at no expense to Franchisee, provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee a reasonable fee for unusual, extensive or extraordinary assistance requested by Franchisee and/or require Franchisee to reimburse Franchisor for expenses incurred by it in connection with providing such counseling and advisory services In addition, if requested by Franchisee and Franchisor's personnel are available, Franchisor may provide onsite assistance and training at the Restaurant, however, Franchisor reserves the right to charge a reasonable fee for this onsite assistance plus expenses and costs incurred by Franchisor in rendering such assistance In no event shall Franchisor be liable to Franchisee in connection with providing or failing to provide such services

13 OPENING ASSISTANCE

Prior to opening the Restaurant Franchisee shall comply with (i) all of Franchisor's pre-opening, development, construction and training requirements and checklists, and (ii) all other opening requirements set forth in this Agreement, the Operations Manual and/or elsewhere in writing by Franchisor (**"Opening Requirements"**) Upon satisfactory completion of the Opening Requirements, Franchisor shall provide Franchisee with an opening person(s) to assist in the opening of the Restaurant and the training of Franchisee's employees The opening person(s) will remain at the Restaurant for such length of time as Franchisor shall deem necessary Franchisor shall provide such opening person(s) at no charge to Franchisee, provided, however, Franchisor reserves the right, in its sole discretion, to charge Franchisee for extraordinary travel and living expenses incurred by such opening person(s) in connection with providing such opening assistance In the event Franchisee needs and requests additional opening assistance from Franchisor's personnel, and Franchisor approves such request, Franchisee will pay all costs and expenses of such personnel, for as long as any such additional personnel assist at the Restaurant The costs and expenses associated with this assistance include, but are not limited to, wages, salary, transportation, meals, lodging and fringe benefits All personnel provided under this Section shall be selected by Franchisor and is subject to change or removal by Franchisor in its sole discretion Franchisee must obtain written approval by Franchisor prior to opening the Restaurant Franchisor shall have no obligation to approve the opening of the Restaurant if (a) Franchisee has not satisfied, as determined by Franchisor, all the Opening Requirements, and other requirements under this Agreement, or (b) Franchisee or any of its affiliates are in default under any agreement with Franchisor

14 TRAINING

14 1 <u>Initial Training</u> The Restaurant must have two persons that (i) are designated by Franchisee to assume primary responsibility for managing the Restaurant and (ii) will devote full time and best efforts to the management and operation of the Restaurant (the **"Managers"**) Franchisee will inform Franchisor in writing as to the identity of the two Managers, including all additions to and successors As and when required by Franchisor, the Managers must attend and successfully complete to the satisfaction of Franchisor an initial management training program specified by Franchisor or a comparable training program approved in advance by Franchisor in its sole discretion Each Manager required to complete the initial training program must successfully complete it before the Restaurant may open for business No fee will be charged by Franchisor for the participation of the two Managers in the training program, however, the Franchisee shall be responsible for the costs and expenses (such as transportation, lodging, meals and compensation) of each person who attends the training During operating hours, a Manager who has successfully completed the initial training program must at all times

be at the Restaurant In the event that a Manager ceases active employment at the Restaurant, Franchisee must notify Franchisor with 5 days of cessation of the Manager's employment at the Restaurant and enroll a qualified replacement in the initial management training program within 30 days of cessation of such Manager's employment Franchisor, in its sole discretion, reserves the right to waive all or a portion of the training program required under this Section

14 2 Training of Employees Franchisee shall implement a training program approved by Franchisor for employees of the Restaurant and shall be responsible for the proper training of its employees Franchisee agrees not to employ any person who fails or refuses to complete Franchisee's training program or is unqualified to perform his or her duties at the Restaurant in accordance with the requirements established for the operation of a Restaurant

14 3 Additional Training Franchisee and its Managers and employees shall attend and conduct such additional training programs as Franchisor may from time to time reasonably require relating to the operation of the Restaurant and the System Franchisee also may be required to purchase training films or other instructional materials as specified by Franchisor from time to time in the Operations Manual or otherwise In the event that Franchisor provides additional training, Franchisee must pay Franchisor a reasonable fee under the circumstances (e g , $300 per day) plus the reimbursement of travel and living expenses and other related expenses relating to the additional training

14 4 Conferences Franchisor may require Franchisee and/or one or more of the operating managers of the Restaurant to attend conferences which may be offered by Franchisor from time to time Franchisee will be responsible for the travel and living expenses of such persons, and Franchisor may charge a reasonable fee sufficient to cover the costs and expenses of such conferences

14 5 Requirements to Attend Training All individuals participating in training programs offered by Franchisor must (i) behave in a professional, non-disruptive, non-harassing and non-discriminatory manner, (ii) not be under the influence of any stimulant during training, and (iii) satisfy any other training pre-requisites set forth in the Manual Franchisor has a right to terminate training for any individual that, in Franchisor's judgment, does not satisfy the requirements in this Section and Franchisee must immediately designate a replacement

15 MARKS

15 1 Ownership of the Marks Franchisee acknowledges and agrees that nothing herein contained shall give Franchisee any right, title or interest in and to the Marks, except the non-exclusive right to use the Marks in connection with the operation of the Restaurant under the System in accordance with the terms of this Agreement Franchisee also acknowledges and agrees that the Marks and all goodwill now or in the future pertaining to the Marks are the sole and exclusive property of Franchisor and that it shall not raise or cause to be raised any questions concerning, or objections to, the validity or ownership of such Marks on any grounds whatsoever Franchisee will not seek to register, reregister or assert claim to or ownership of, or otherwise appropriate to itself, any of the Marks or any marks or names confusingly similar to the Marks, or the goodwill symbolized by the Marks except insofar as such action inures to the benefit of and has the prior written approval of Franchisor Upon the expiration, termination or cancellation of this Agreement, whether by lapse of time, default or otherwise, Franchisee agrees immediately to discontinue all use of the Marks and to remove all copies, replicas, reproductions or simulations thereof from the Restaurant and to take all necessary steps to assign, transfer or surrender to Franchisor or otherwise place in Franchisor or its designee title to all such names or marks (other than the Marks) which Franchisee may have used during the term of this Agreement or any renewal or extension thereof in connection with the operation of the Restaurant Franchisee hereby acknowledges that Franchisor owns and controls the System and all of its components

15 2 Use of the Marks In order to protect the Marks, the System, and the goodwill associated therewith, Franchisee shall, unless Franchisor otherwise consents in writing

(i) Only use the Marks designated by Franchisor, and only in the manner authorized and permitted by Franchisor Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights

(ii) Only use the Marks for the operation of the Restaurant and only at the Franchised Site, or in advertising for the business conducted at or from the Franchised Site Franchisee may not use any of the Marks in any part of any domain name or electronic address or any similar proprietary or common carrier electronic delivery system Franchisee will not seek to register, or assert any claim of ownership or usage rights to, any domain name or electronic address incorporating any of the Marks or any names confusingly similar to the Marks Franchisee agrees, at the request of Franchisor, to take all necessary steps to assign to Franchisor all rights in or to such domain names and electronic addresses (and any registrations for the foregoing) that Franchisee may acquire

(iii) Operate and advertise the Restaurant only under the name ' BONEHEADS" or such other Marks as Franchisor may designate from time to time, without prefix or suffix, except to describe the location of the Restaurant

(iv) If Franchisee is a corporation, limited liability company, partnership or other type of entity, not use any of the Marks, including, without limitation, the name "BONEHEADS" in its corporate or other legal name without the prior express written consent of Franchisor

(v) Not permit the use of any trade names, trademarks or service marks at the Restaurant or the Franchised Site other than the Marks

(vi) If state or local laws or ordinances require that Franchisee file an affidavit of doing business under an assumed name or otherwise file a report or other certificate indicating that BONEHEADS or any similar name is being used as a fictitious or assumed name as a franchisee of Franchisor

(vii) Have the symbol TM, SM or ® or such other symbols or words as Franchisor may designate to protect the Marks on all surfaces where the Marks appear

15 3 Infringement Franchisee shall promptly inform Franchisor in writing of any infringement or imitations of any Marks, the System, or any act of unfair competition against Franchisor or Franchisee as to which Franchisee has knowledge Franchisee shall not make any demand or serve any notice, orally or in writing, or institute any legal action or negotiate, compromise or settle any controversy with respect to any such infringement or unfair competition without first obtaining Franchisor's written consent Franchisor shall have the exclusive right to institute, negotiate, compromise, settle, dismiss, appeal or otherwise handle any such action and take such steps as it may deem advisable to prevent any such action and to join Franchisee and any other franchisees as a party to any such action to which Franchisor may be a party and to which Franchisee is or would be a necessary or proper party, but nothing herein shall be construed to obligate Franchisor to seek recovery of costs or damages of any kind in any such litigation, the assertion or waiver of such claims being within the sole discretion of Franchisor The costs of any such action shall be paid by Franchisor and any recovery obtained from such infringers shall be paid to Franchisor

15 4 Substitute Marks If Franchisor decides to change, add or discontinue use of any Mark, or to introduce additional or substitute Marks, Franchisee, upon a reasonable period of time after receipt of written notice, shall take such action, at its sole expense, as is necessary to comply with such changes, alteration, discontinuation, addition or substitution Franchisor shall have no liability for any loss of revenue or goodwill due to any new Mark or discontinued Mark

16 RELATIONSHIP OF THE PARTIES

It is the express intention of the parties hereto that Franchisee is and shall be an independent contractor under this Agreement, and no partnership, joint venture, fiduciary relationship or other special relationship shall exist between Franchisee and Franchisor This Agreement does not constitute Franchisee as the agent, legal representative or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, Franchisor or in any way to bind Franchisor Franchisee agrees not to incur or contract for any debt or obligation on behalf of the Franchisor, or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor, or be detrimental to the good name and reputation of Franchisor or any other franchisees of Franchisor

Franchisee is the sole and exclusive employer of its employees Franchisee hereby irrevocably affirms, attests and covenants its understanding that Franchisee's employees are employed exclusively by Franchisee and in no fashion is any such employee either employed, jointly employed or co-employed by Franchisor Franchisee further affirms and attests that each of its employees is under the exclusive dominion and control of Franchisee and never under the direct or indirect control of Franchisor in any fashion whatsoever Franchisee alone hires each of its employees, sets their schedules, establishes their compensation rates, and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/Affordable Care Act contributions/unemployment insurance premiums) Franchisee alone has the ability to discipline or terminate its employees to the exclusion of Franchisor, which has no such authority or ability Franchisee further attests and affirms that any minimum staffing requirements established by Franchisor are solely for the purpose of ensuring that Franchisee's Restaurant is at all times staffed at those levels necessary to operate Franchisee's Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other Boneheads brand attributes known to and desired by the consuming public and associated with the Proprietary Marks Franchisee affirms, warrants and understands that it may staff its Restaurant with as many employees as it desires at any time so long as Franchisor's minimal staffing levels are achieved Franchisee also affirms and attests that any recommendations it may receive from Franchisor regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist Franchisee to efficiently operate its Restaurant, and that Franchisee is entirely free to disregard Franchisor's recommendations regarding such employee compensation Moreover, Franchisee affirms and attests that any training provided by Franchisor for Franchisee's employees is geared to impart to those employees, with ultimate authority, the various procedures, protocols, systems and operations of a franchised Restaurant and in no fashion reflects any employment relationship between Franchisor and such employees Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on Franchisor's behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees) To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, then should any such appearance by Franchisee be required or requested by Franchisor will recompense Franchisee the reasonable costs associated with Franchisee appearing at any such venue (including travel, lodging, meals and per diem salary)

17 MAINTENANCE OF CREDIT STANDING

The failure or repeated delay in making prompt payments in accordance with the terms of invoices and statements rendered to Franchisee for purchases of supplies, equipment and other items, whether purchased from Franchisor or others, or defaults in making payments due hereunder or under any other agreement entered into in connection with the operation of the Restaurant, will result in a loss of credit rating and standing which will be detrimental to Franchisor and other franchisees of the System Franchisee agrees to pay when due all amounts which it owes to anyone for supplies, equipment and other items used in connection with the Restaurant and all payments owed hereunder or under any other agreement entered into in connection with the operation of the Restaurant Franchisee must notify Franchisor immediately when and if Franchisee becomes more than 90 days delinquent in the payment of any of the obligations mentioned above

18 INDEMNIFICATION, INSURANCE AND TAXES

18 1 Indemnification Franchisee agrees that it will, at its sole cost, at all times, indemnify, defend and hold harmless Franchisor, any affiliate of Franchisor, the affiliates, subsidiaries, successors, assigns and designees of each, and, the officers, directors, managers, employees, agents, attorneys, shareholders, owners, members, designees and representatives of all of the foregoing (Franchisor and all others referenced above being the **"Indemnified Parties"**) against, and to reimburse any one or more of the Indemnified Parties to the fullest extent permitted by law for, all claims, losses, liabilities and costs described in this Section, any taxes described in Section 18 3 below and any claims, obligations or liabilities directly or indirectly arising out of the Restaurant's establishment, construction, opening and operation or Franchisee's breach of this Agreement, except to the extent they arise as a result of Franchisor's own gross negligence or willful misconduct As used above, the phrase "claims, losses, liabilities and costs" includes all claims, causes of action, fines, penalties, liabilities, losses, compensatory, exemplary, statutory or punitive damages or liabilities, costs of investigation, lost profits, court costs and expenses, reasonable attorneys' and experts' fees and disbursements, settlement amounts, judgments, compensation for damage to Franchisor's reputation and goodwill, costs of or resulting from delays, travel, food, lodging and other living expenses necessitated by the need or desire to appear before (or witness the proceedings of) courts or tribunals (including arbitration tribunals), or government or quasi-governmental entities (including those incurred by Indemnified Parties' attorneys and/or experts), all expenses of recall, refunds, compensation and public notices, and, other such amounts incurred in connection with the matters described All such losses and expenses incurred under this indemnification provision will be chargeable to and paid by you pursuant hereto, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of the actions, activity or defense Franchisee agrees to give Franchisor written notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification under this Section within 3 days of Franchisee's actual or constructive knowledge of it At Franchisee's expense and risk, Franchisor may elect to assume (but under no circumstance will Franchisor be obligated to undertake) the defense and/or settlement of the action, suit, proceeding, claim, demand, inquiry or investigation However, Franchisor will seek Franchisee's advice and counsel and keep Franchisee informed with regard to the defense or contemplated settlements Franchisor undertaking of defense and/or settlement will in no way diminish Franchisee's obligation to indemnify Franchisor and the other Indemnified Parties and to hold Franchisor and them harmless Franchisor will have the right, at any time Franchisor considers appropriate, to offer, order, consent or agree to settlements or take any other remedial or corrective actions Franchisor considers expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to do so Under no

circumstance will Franchisor or the other Indemnified Parties be required to seek recovery from third parties or otherwise mitigate Franchisor's or their losses to maintain a claim against Franchisee Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor or the Indemnified Parties from you The indemnification obligations of this Section survive the expiration or sooner termination of this Agreement

18 2 Insurance Franchisee agrees to secure and maintain during the term of this Agreement, at its own cost, the following insurance policies by carriers approved by Franchisor

(i) Such insurance as may be required by the terms of any lease for the Franchised Site or, if there is no such lease, Franchisee agrees to carry fire and extended coverage insurance covering the building and all equipment, supplies, products, inventory, furniture, fixtures and other tangible property located in the Restaurant or on the Franchised Site in the amount of the full insurable value of such property

(ii) Commercial General Liability Insurance, including coverages for products-completed operations, contractual liability personal and advertising injury, fire damage, medical expenses, and liquor liability, having a combined single limit for bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of $300,000 for one fire and $5,000 for one person, respectively), plus (ii) non-owned automobile liability insurance and, if Franchisee owns, rents or identifies any vehicles with any Mark or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having a combined single limit of $1,000,000 per occurrence, plus (iii) excess liability umbrella coverage for the general liability and automobile liability coverages in an amount of not less than $2,000,000 per occurrence and aggregate All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation

(iii) Workers' compensation insurance, or a similar policy if the Restaurant is located in a non-subscriber state, covering all of its employees as is required by law

(iv) Adequate limits for comprehensive crime and blanket employee dishonesty insurance

(v) Business interruption and extra expense insurance for a minimum of six (6) months to cover net profits and continuing expenses (including Royalty Fees)

Franchisee agrees that Franchisor shall be named as an additional insured under each of the foregoing insurance policies Prior to the opening of the Restaurant and, thereafter, at least 30 days prior to the expiration of any such policy or policies, Franchisee shall deliver to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and all such certificates shall expressly contain endorsements requiring the insurance company to give Franchisor at least 30 days written notice in the event of material alteration to termination, non-renewal, or cancellation of, the coverages evidenced by such certificates and notice of any claim filed under such policy within 30 days after the filing of such claim Franchisor may, from time to time, during the term of this Agreement, at its sole option, require that the minimum limits and types of insurance coverage, as specified above, be increased or changed as determined solely by Franchisor If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor or to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may, but need not, obtain such insurance coverage on behalf of Franchisee, and Franchisee shall pay to Franchisor on demand any premiums incurred by Franchisor in connection therewith Franchisee's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 18 1 hereof Notwithstanding the existence of such insurance, Franchisee, as agreed above, is and shall be responsible for all loss or damage and contractual liability to third persons originating from or in connection with the operation of the franchised business and for all claims or demands for damages to property or for injury, illness or death of persons directly or indirectly resulting therefrom

18 3 Taxes Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation and performance under this Agreement including, but not limited to, if applicable, state employment tax, state sales tax (including any sales or use tax on equipment purchased or leased) and all other taxes and expenses of operating the Restaurant In no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant to occur against the Restaurant, the Franchised Site or any tangible personal property used in connection with the operation of the Restaurant

19 ASSIGNMENT

19 1 Assignment by Franchisor This Agreement may be unilaterally assigned by the Franchisor and shall inure to the benefit of its successors and assigns Franchisee agrees and affirms that Franchisor may sell itself, its assets, the Marks and/or the System to a third-party, may go public, may engage in private placement of some or all of its securities, may merge, acquire other corporations, or be acquired by another corporation, and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring Franchisee further agrees and affirms that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Restaurants operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which Franchisee acknowledges may be proximate to any of its Restaurants With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of Franchisor under this Agreement If Franchisor assigns its rights in this Agreement, nothing in this Agreement shall be deemed to require Franchisor to remain in the Boneheads business or to offer or sell any products or services to Franchisee

19 2 Assignment by Franchisee Franchisee shall not subfranchise, sell, assign, transfer, merge, convey or encumber (each, a **"Transfer"**), the Restaurant, the Franchised Site, this Agreement or any of its rights or obligations hereunder, or suffer or permit any such Transfer of the Restaurant, the Franchised Site, this Agreement or its rights or obligations hereunder to occur by operation of law or otherwise without the prior express written consent of Franchisor In addition, if Franchisee is a corporation, limited liability company, partnership, business trust, or similar association or entity, the shareholders members, partners, beneficiaries, investors or other equity holders, as the case may be, may not Transfer their equity interests in such corporation, limited liability company, partnership, business trust, or similar association or entity, without the prior written consent of Franchisor Furthermore, in the event that any shareholder, member, partner, investor or other equity holder of Franchisee (the **"Equity Holder"**) is a corporation, limited liability company, partnership, business trust, or similar association or entity, the interests of the shareholders, members, partners, beneficiaries, investors or other equity holders, as the case may be, in such Equity Holder, may not be Transferred, without the prior written consent of Franchisor Franchisor will not unreasonably withhold consent to a Transfer provided the requirements of Section 19 4 have been satisfied Any Transfer in violation of this Section shall be void

and of no force and effect In the event Franchisee or an Equity Holder is a corporation, limited liability company, partnership, business trust, all stock or equity certificates of Franchisee or Equity Holder, as the case may be, shall have conspicuously endorsed upon them a legend in substantially the following form

> "A transfer of this stock is subject to the terms and conditions of a BONEHEADS FRANCHISE AGREEMENT dated the ____ day of ______________, ____"

19 3 Death or Disability of Franchisee Upon Franchisee's death or Disability (as such term is hereinafter defined), this Agreement or the ownership interest of any deceased or disabled shareholder, partner, member or other equity holder of the Franchisee or an Equity Holder must be Transferred to a party approved by Franchisor Any Transfer, including, without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for Transfers set forth in Section 19 4 Franchisor shall not unreasonably withhold its consent to the Transfer of this Agreement or any ownership interest to the deceased or disabled Franchisee's or Equity Holder's spouse, heirs or members of his or her immediate family, provided all requirements of Section 19 4 have been complied with (except payment of the transfer fee, which shall not apply to such Transfers) A **"Disability"** shall have occurred with respect to Franchisee if Franchisee, or, if Franchisee is a corporation, partnership or limited liability company, its controlling shareholder, partner, member or other equity holder, is unable to actively participate in its activities as Franchisee hereunder for any reason for a continuous period of six months As used in this Section 19 3, "Franchisee" may include a disabled or deceased controlling shareholder, partner or member where the context so requires

19 4 Approval of Assignment Franchisor's approval of any Transfer is, in all cases, contingent upon the following

(i) the purchaser and/or the controlling persons of the purchaser having a satisfactory credit rating, being of good moral character, having business qualifications satisfactory to Franchisor, being willing to comply with Franchisor's training requirements and being willing to enter into an agreement in writing to assume and perform all of Franchisee's duties and obligations hereunder and/or enter into a new Franchise Agreement, if so requested by Franchisor, and agreeing to enter into any and all agreements with Franchisor that are being required of all new franchisees, including a guaranty agreement, or any other agreement which may require payment of different or increased fees from those paid under this Agreement, provided, however, the amount of the Royalty Fees paid hereunder shall not be increased upon an assignment,

(ii) the terms and conditions of the proposed transfer (including, without limitation, the purchase price) being satisfactory to Franchisor,

(iii) all monetary obligations (whether hereunder or not) of Franchisee to Franchisor or Franchisor's affiliates or subsidiaries being paid in full,

(iv) Franchisee not being in default hereunder or any other agreement between Franchisee and Franchisor, including, without limitation, any development agreements or area representative agreements,

(v) Franchisee and its Owners executing a general release of any and all claims against Franchisor and its affiliates, subsidiaries, members, managers, officers, directors, employees and agents, in a form satisfactory to Franchisor,

(vi) Franchisee paying to Franchisor a transfer fee of $10,000, plus reimbursement for all legal, training and other expenses incurred by Franchisor in connection with the Transfer,

(vii) Franchisee first offering to sell such interest to Franchisor pursuant to Section 22 3 of this Agreement and the same having been declined in the manner therein set forth,

(viii) the Marks not being used in any advertising for any Transfer prohibited by Sections 19 2 and 19 3 hereof, and

(ix) at Franchisor's request, the proposed transferee or assignee refurbishes the Restaurant in the manner and subject to the provisions described in Section 2 2(v) hereof

19 5 Removal of General Partner If Franchisee is a limited partnership, Franchisee may not remove or appoint, or permit the limited partners to remove or appoint, a new or successor general partner without the prior written consent of Franchisor (even if such appointment is due to the resignation, death or disability of the General Partner)

20 RESTRICTIVE COVENANTS

20 1 Covenants Not to Compete

(i) Non-Competition during Term In addition to and not in limitation of any other restrictions on Franchisee contained herein, unless Franchisor agrees otherwise in writing, Franchisee and its Owners, agree that they will not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, during the term of this Agreement

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any restaurant or other food service business engaged in the retail or wholesale production or sale of seafood, piri piri chicken, or other main course menu items Franchisor authorized for sale at Restaurants at any location or by any means, including, without limitation, sales via the Internet or through catalogs (a **"Competitive Business"**),

(b) divert or attempt to divert any business or customer or potential business or customer of a Restaurant to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through Franchisee's association with Franchisor for any purpose other than to purchase products for use or retail sale in a Restaurant, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by Franchisor, Franchisor's affiliates, or any of Franchisor's franchisees

(ii) Post-Term Non-Competition In addition to and not in limitation of any other restrictions on Franchisee contained herein, Franchisee and its Owners agree that they will not, for one year following the effective date of termination or expiration of this Agreement for any reason, or following the date of a Transfer by Franchisee, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (a) directly or indirectly own, manage, engage in, be employed in any managerial capacity by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located in or within a three-mile radius of any Restaurant or the Franchised Site or (b) solicit for employment any person who at any time within the immediate past 12 months has been employed by Franchisor, Franchisor's affiliates, or any of Franchisor's franchisees

(iii) General Neither Franchisee nor its Owners will be prohibited from owning securities in a Competitive Business if they are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding The parties acknowledge that the covenants contained in Section 20 1 are based on the reason and understanding that Franchisee and the Owners will possess knowledge of Franchisor's business and operating methods and confidential information, disclosure and use of which would prejudice the interest of Franchisor and its franchisees Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants Franchisor shall, as a matter of course, receive injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity Franchisor shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived

20 2 Trade Secrets and Proprietary Information

(i) Receipt of Proprietary Information Franchisor acknowledges that prior to or during the Term, Franchisee may disclose in confidence to Franchisor, either orally or in writing, certain trade secrets, recipes, know-how, and other confidential information relating to the System, Franchisor's business, or the construction, management, operation, or promotion of Restaurants (collectively, **"Proprietary Information"**) **"Proprietary Information"** does not include (i) information that is part of the public domain or becomes part of the public domain through no fault of Franchisee, (ii) information disclosed to Franchisee by a third party having legitimate and unrestricted possession of such information, or (iii) information that Franchisee can demonstrate by clear and convincing evidence was within its legitimate and unrestricted possession when the parties began discussing the sale of the Restaurant to Franchisee

(ii) Nondisclosure of Proprietary Information Franchisee may not, nor may Franchisee permit any person to, directly or indirectly use or disclose to any other person any Proprietary Information (including without limitation all or any portion of the Operations Manual), except to the extent necessary for Franchisee, its Owners, its professional advisors, and its employees to perform their functions in the operation of the Restaurants Franchisee agrees that the restriction contained in the preceding sentence will remain in effect with respect to the Proprietary Information for five years following termination or expiration of this Agreement for any reason, provided, however, if the Proprietary Information rises to the level of a trade secret, then such restriction shall remain in effect until such time as the information does not constitute a trade secret Franchisee will be liable to Franchisor for any unauthorized use or disclosure of Proprietary Information by any of its Owners, employees, or any other person to whom it discloses Proprietary Information Franchisee must take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that Franchisor requires Franchisee must require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to Franchisor that identifies Franchisor as a third party beneficiary of such covenants with the independent right to enforce the agreement At any time upon Franchisor's request, Franchisee must immediately return any copies of documents containing Proprietary Information and must take appropriate steps to permanently delete and render unusable any Proprietary Information stored electronically

20 3 Agreements by Other Third Parties As a condition to Franchisor's execution of this Agreement, Franchisee, if requested by Franchisor, shall cause its spouse, its Owners, its Owners' spouses, its managers, and other employees or individuals that Franchisor designates to execute a noncompetition, non-solicitation, and nondisclosure agreement in a form satisfactory to Franchisor that identifies Franchisor as a third party beneficiary of such covenants with the independent right to enforce the agreement Franchisee shall use reasonable efforts to enforce such agreements

20 4 Reasonable Restrictive Covenants Franchisee acknowledges and agrees that (i) the covenants and restrictions in this Section 20 are reasonable, appropriate and necessary to protect the System, other Boneheads franchisees and the legitimate interest of the Franchisor, and (ii) do not cause undue hardship on Franchisee or any of the other individuals required by this Section 20 to comply with the covenants and restrictions If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court to that deemed reasonable

21 TERMINATION

21 1 Termination by Franchisee and Franchisor Franchisee and Franchisor may agree in writing to mutually terminate this Agreement In the event of such mutual termination, all post-termination obligations of Franchisee described herein shall not be waived but shall be strictly adhered to by Franchisee

21 2 Termination by Franchisor without a Cure Period Franchisor may immediately terminate this Agreement upon written notice to Franchisee, without opportunity to cure, if

(i) Franchisee files a petition under any bankruptcy or reorganization law, becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of its property,

(ii) Following commencement of the operation of the Restaurant, Franchisee ceases to operate the Restaurant at the Franchised Site,

(iii) Franchisee seeks to effect a plan of liquidation, reorganization, composition or arrangement of its affairs, whether or not the same shall be subsequently approved by a court of competent jurisdiction, it being understood that in no event shall this Agreement or any right or interest hereunder be deemed an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding,

(iv) Franchisee has an involuntary proceeding filed against it under any bankruptcy, reorganization, or similar law and such proceeding is not dismissed within 60 days thereafter,

(v) Franchisee makes a general assignment for the benefit of its creditors,

(vi) Franchisee fails to pay when due any amount owed to Franchisor or its affiliates or subsidiaries, whether under this Agreement or not, and Franchisee does not correct such failure within 10 calendar days after written notice thereof is delivered to Franchisee,

(vii) Franchisee fails to pay when due any amount owed to any creditor, supplier or lessor of the Restaurant or the Franchised Site or any taxing authority for federal, state or local taxes (other than amounts being bona fide disputed through appropriate proceedings) and

Franchisee does not correct such failure within 10 calendar days after written notice is delivered thereof to Franchisee,

(viii) Franchisee fails to commence operation of the Restaurant at the Franchised Site within 14 months after execution of this Agreement, except for any delay that is agreed to in writing by the Franchisor, in its sole discretion,

(ix) Franchisee or any of its Owners are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the System and the goodwill associated with the Marks,

(x) Franchisee operates the Restaurant or any phase of the franchised business in a manner that presents a health or safety hazard to Franchisee's customers, employees or the public,

(xi) Franchisee omits or misrepresents any material fact to Franchisor before or after being granted the franchise under this Agreement,

(xii) Franchisee makes an unauthorized Transfer of this Agreement, the franchise, the Restaurant, or an ownership interest in Franchisee,

(xiii) Franchisee or any Owner breaches or fails to comply fully with Section 20 above,

(xiv) Franchisee (a) misuses or makes an unauthorized use of or misappropriates any Mark, (b) commits any act which materially impairs the goodwill associated with any Mark, (c) challenges Franchisor's ownership of the Marks, (d) files a lawsuit involving the Marks without Franchisor's consent, or (e) fails to cooperate with Franchisor in the defense of any Mark,

(xv) Franchisee makes or permits a third party to make any unauthorized use or disclosure of any Proprietary Information of Franchisor,

(xvi) Franchisee fails to comply with any federal, state or local law or regulation applicable to the operation of the franchise (including any failure to comply with the Anti-Terrorism Laws (as defined below) as set forth in Section 42 2 below),

(xvii) The franchised business or the Franchised Site is seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against Franchisor remains unsatisfied for 30 days (unless a supersedes or other appeal bond has been filed), or a levy of execution has been made upon the license granted by this Agreement or any property used in the franchised business, and it is not discharged within five days of such levy,

(xviii) Franchisee loses for any cause whatsoever right of possession as owner or lessee of the real property on which the Restaurant is located (However, if all or a substantial part of the real property on which the Restaurant is located is taken by eminent domain proceedings so as to make the Restaurant not in compliance with Franchisor's construction specifications or so as to make the Restaurant inoperable for the purpose of carrying out the requirements of this, Agreement, then Franchisor and Franchisee will agree upon a new location for the Restaurant and Franchisee will construct and equip the new Restaurant in accordance with the then current construction specifications of Franchisor within 180 days after the designation of such location

All of the terms of this Agreement not specifically modified herein shall apply to the construction, maintenance and operation of such new Restaurant),

(xix) Franchisee knowingly maintains false books or records or denies Franchisor's authorized representatives immediate access to Franchisee's books and records during an audit or inspection,

(xx) Franchisee submits to Franchisor a financial report or other data, information or supporting records which understate by more than 5% the Royalty Fees and/or Advertising Fees due for any reporting period and is unable to demonstrate that such understatements resulted from an inadvertent error,

(xxi) Franchisee has received at least 3 default notices from Franchisor within a 12 month period, even if such default is subject to a right to cure or is cured after notice is delivered to Franchisee,

(xxii) Franchisee is dissolved either voluntarily or involuntarily,

(xxiii) Franchisee fails to operate the Restaurant for 2 consecutive days during which Franchisee is required to operate it under this Agreement, unless Franchisee's failure to operate is due to fire, flood, other acts of God or similar causes beyond Franchisee's control,

(xxiv) After curing a default which, is subject to cure under Section 21 3, Franchisee commits the same act of default again within 12 months of curing the initial default,

(xxv) Franchisee interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, employees, advertising agencies, vendors or any third parties,

(xxvi) Franchisee repeatedly fails to comply with one or more requirements of this Agreement, whether or not corrected after notice,

(xxvii) Franchisee does not devote the amount of time and attention and/or best efforts to the performance of Franchisee's duties under this Agreement necessary for the proper and effective operation of the Restaurant,

(xxviii) Franchisee or its Restaurant commits any violation of law, rule or regulation and/or engagement in any act or practice which subjects Franchisee and/or Franchisor to widespread publicity and ridicule,

(xxix) Franchisee breaches the provisions of this Agreement relating to advertising and does not cure such breach within 3 days following written notice from Franchisor, or

(xxx) Franchisee makes any use of the Proprietary Information not specifically authorized by this Agreement, or Franchisee directly or indirectly utilizes or devotes same for the benefit of any individual, entity or business other than the Restaurant

21 3 <u>Termination by Franchisor with a Cure Period</u> Franchisor shall have the right to terminate this Agreement upon 15 days written notice if defaults remain uncured in Franchisor's sole discretion for the following reasons Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such 15 day period and Franchisee has commenced and is

continuing to make good faith efforts to cure such breach, Franchisee shall be given an additional 15 day period to cure the same, and this Agreement shall not terminate

(i) Franchisee fails or refuses to submit financial statements, reports or other operating data, information or supporting records when due,

(ii) Franchisee fails to relocate or commits a default (other than a monetary default which shall be subject to Section 21 2(vii) above) under the lease, sublease, purchase contract or other contract for the Franchised, Site, the Restaurant or any equipment or supplies utilized in the operation thereof,

(iii) Franchisee fails to provide or maintain required insurance coverage,

(iv) Franchisee fails to restore the Restaurant to full operation within a reasonable period of time (not to exceed 60 days) after the Restaurant is rendered inoperable by any casualty, or

(v) Franchisee fails to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by Franchisor,

(vi) Franchisee's Restaurant offers and sells any products or services that Franchisor does not authorize under this Agreement or Operations Manual,

(vii) Franchisee fails to pay any taxes due and owning by your Restaurant,

(viii) Franchisee does not indemnify Franchisor and the Indemnified Parties as required by this Agreement,

(ix) Franchisee fails to operate the Restaurant during the days and hours specified without Franchisor's written approval, or

(x) Franchisee does not comply with any other lawful provision or requirement of this Agreement or any specification, standard or operating procedure prescribed by Franchisor pursuant to this Agreement, in the Operations Manual or otherwise

21 4 Management of Restaurant by Franchisor In addition to Franchisor's right to terminate this Agreement, and not in lieu thereof, Franchisor may enter into the Restaurant and exercise complete authority with respect to the management thereof until such time as Franchisor shall determine that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement Franchisee specifically agrees that a designated representative of Franchisor may take control and manage the Restaurant in the event of any such default If Franchisor assumes the management of the Restaurant, Franchisee must pay Franchisor (in lieu of the Royalty Fee) a management fee equal to ten percent (10%) of the Restaurant's Gross Sales (the **"Management Fee"**) plus reimburse Franchisor for the full compensation paid to such representative, including the cost of all fringe benefits plus any and all expenses reasonably incurred by such representative so long as such representative shall be necessary and in any event until the default has been cured and Franchisee is complying with the terms of this Agreement Franchisee acknowledges that the Management Fee shall be in addition to the Advertising Fee and any other fees (except the Royalty Fee) required under this Agreement and shall be paid in accordance with the methods of payment set forth in Section 5 If Franchisor assumes the Restaurant's management, Franchisee acknowledges that Franchisor will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any debts,

losses, or obligations the Restaurant incurs, or to any of Franchisee's creditors for any supplies or services the Restaurant purchases, while Fianchisor manages it

21 5 Cross-Default Any default or breach by Franchisee, Franchisee's affiliates and/or any guarantor of Franchisee of any other agreement between Franchisor or Franchisor's affiliates and Franchisee and/or such other parties will be deemed a default under this Agreement, and any default or breach of this Agreement by Franchisee and/or such other parties will be deemed a default or breach under any and all such other agreements between Franchisor or Franchisor's affiliates and Franchisee, Franchisee's affiliates and/or any guarantor of Franchisor If the nature of the default under any other agreement would have permitted Franchisor (or Franchisor's affiliate) to terminate this Agreement if the default had occurred under this Agreement, then Franchisor will have the right to terminate all such other agreements in the same manner provided for in this Agreement for termination hereof Franchisee's "affiliates" means any persons or entities controlling, controlled by or under common control with Franchisee

21 6 Your Failure to Pay Constitutes Termination of This Agreement Franchisee's failure to timely cure any breach of Franchisee's obligation to make payments due and owing to Franchisor or Franchisor's affiliates under this Agreement, or to timely cure any other material breach of this Agreement committed by Franchisee, in either instance following Franchisor's notice to Franchisee that Franchisee has committed a breach of this Agreement and granting Franchisee an opportunity to cure said breach, will be irrevocably deemed to constitute Franchisee's unilateral rejection and termination of this Agreement and all related agreements between Franchisee and Franchisor or Franchisor's affiliates, notwithstanding that a formal notice of such termination(s) ultimately issues from Franchisor, and Franchisee shall never contend or complain otherwise

22 EFFECT OF AND OBLIGATIONS UPON TERMINATION

22 1 Liquidated Damages Franchisee acknowledges and confirms that by granting Franchisee the license to operate the Restaurant in the Franchise Territory, Franchisor lost the opportunity to grant a franchise for the Franchise Territory to another person or entity or to itself to own and operate a Restaurant within the Franchise Territory Additionally, Franchisee confirms that Franchisor will suffer substantial damages by virtue of the termination of this Agreement, including, without limitation, lost Royalty Fees, lost market penetration and goodwill in the Franchise Territory, lost opportunity costs and the expense Franchisor will incur in developing another franchise for the Franchise Territory, which damages are impractical and extremely difficult to ascertain and/or calculate accurately, and the proof of which would be burdensome and costly, although such damages are real and meaningful to Franchisor and the System Accordingly, in the event that Franchisor terminates this Agreement for Franchisee's default hereunder, Franchisee agrees to pay to Franchisor in a lump sum on the effective date of termination, liquidated damages, which represents a fair and reasonable estimate of Franchisor's foreseeable losses as a result of such termination, and which are not in any way intended to be a penalty, in an amount determined as follows

(i) the greater of (a) the average annual amount of Royalty Fees payable by Franchisee to Franchisor for the two years immediately preceding the date of termination or (b) the Royalty Fees payable by Franchisee to Franchisor for the 12 month period immediately preceding the date of termination, provided, however, if the Restaurant has not been open for at least 12 months, the average monthly amount of Royalty Fees payable by Franchisee to Franchisor for the months in which the Restaurant has been open multiplied by 12,

(ii) multiplied by two, then

(iii) multiplied by (a) five or (b) the number of years remaining in the then-current term of this Agreement, whichever is less

Franchisee acknowledges that its obligation to pay Franchisor liquidated damages is in addition to, not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement up to the date of termination and to strictly comply with any other post-termination obligations required hereunder Should any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement limit Franchisee's ability to pay, and Franchisor's ability to receive, such liquidated damages, Franchisee shall be liable to Franchisor for any and all damages which it incurs, now or in the future, as a result of Franchisee's default under this Agreement

22 2 Obligations upon Termination or Expiration Upon the termination or expiration of this Agreement, whether by reason of lapse of time, default in performance, abandonment of the Restaurant or other cause or contingency, Franchisee shall

(i) Immediately pay all Royalty Fees, Advertising Fees and other sums due and owing to Franchisor or Franchisor's affiliates, plus interest, and all sums due and owing to any landlord, suppliers, employees, taxing authorities, advertising agencies, lenders and all other third parties

(ii) forthwith return to Franchisor all material furnished by Franchisor containing Proprietary Information, operating instructions, business practices, or methods or procedures, including, without limitation, the Operations Manual,

(iii) discontinue at the Franchised Site all use of the Marks, and the use of any and all signs, products, paper goods and other items bearing the Marks Any signs containing the Marks which Franchisee is unable to remove within one day of the termination or expiration of this Agreement shall be completely covered by Franchisee until the time of their removal which shall be within 10 days of termination or expiration of this Agreement,

(iv) if Franchisee retains possession of the Franchised Site, at Franchisee's expense, make such reasonable modifications to the exterior and interior decor of the Restaurant and the Franchised Site as Franchisor requires to eliminate its identification as a Restaurant and to avoid violation of the non-compete provision,

(v) refrain from operating or doing business under any name or in any manner that may give the general public the impression that this Agreement is still in force or that Franchisee is connected in any way with Franchisor or that Franchisee has the right to use the System or the Marks,

(vi) refrain from making use of or availing itself to any of the Proprietary Information, confidential information, Operations Manual or other information received from Franchisor or disclosing or revealing any the same in violation of Section 20 2 hereof,

(vii) take such action as may be required to cancel all assumed names or equivalent registrations relating to the use of any Mark,

(viii) cancel or transfer to Franchisor or its designee, at Franchisor's option, all telephone numbers, post office boxes, telephone directory listings, classified listings, website URLs (whether acquired by Franchisee in accordance with or in violation of Section 15 2 hereof), e-mail addresses, Internet listings, and other directory listings (collectively, **"Locators"**) relating to the Restaurant Franchisee acknowledges that as between Franchisee and Franchisor, Franchisor has the sole rights to and interest in all Locators associated with any of the Marks If Franchisee fails to comply with this Section 22 2(vii), Franchisee hereby authorizes Franchisor and irrevocably appoints Franchisor and its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, and all listing agencies to transfer such Locators to Franchisor Franchisee agrees that the telephone company, the postal service, and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Locators and Franchisor's authority to direct their transfer,

(ix) assign to Franchisor all of Franchisee's rights, title, and interest store leases and governmental licenses or permits used for the operation of the Restaurant,

(x) strictly comply with the terms and conditions of Section 20 above and any other procedures in the Operations Manual that are established by Franchisor related to discontinuing operations of the Restaurant,

(xi) immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner,

(xii) immediately refrain from engaging in any contacts with customers, suppliers, employees and vendors of the Restaurant

If Franchisee fails to modify the exterior and interior decor of the Restaurant and the Franchised Site as Franchisor requires to eliminate its identification as a Restaurant (including the removal of all signs bearing the Marks), Franchisor may take such action to modify the exterior and interior decor of the Restaurant and the Franchised Site and charge Franchisee for the cost of such action, which Franchisee must immediately pay to Franchisor The expiration or termination of this Agreement will be without prejudice to Franchisor's rights against Franchisee, and will not relieve Franchisee of any of Franchisee's obligations to Franchisor at the time of expiration or termination, or termination Franchisee's obligations which by their nature survive the expiration or termination of this Agreement

22 3 <u>Sale upon Expiration or Termination</u>

(i) Except in the case of a renewal under Section 2, if this Agreement expires or is terminated or canceled for any reason, Franchisor shall have the option to purchase the Restaurant, or a portion of the assets of the Restaurant (including fixtures, furniture, equipment and improvements), which may include at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Restaurant is located, but not including real property (collectively, the **"Assets"**) If Franchisor desires to purchase the Assets but the parties are unable to agree as to a purchase price and terms of such sale, the fair market value of the Assets (to be determined without goodwill or going concern value) shall be determined by three appraisers Franchisee and Franchisor shall each select one appraiser, and the two appraisers so chosen shall select the third appraiser The three appraisals shall be averaged to determine the purchase price Franchisor shall have the right, at any time within 15 days after being advised in writing of the decision of the appraisers as aforesaid, to purchase the Assets at the purchase price as determined above Each party shall be responsible for the costs and expenses of the appraiser it selected and the cost of the third appraiser shall be shared equally by the parties Nothing contained in this Section shall be deemed to be a waiver by Franchisor of any default by Franchisee under this Agreement nor shall the exercise of the option to purchase the Assets contained in this Section affect any other rights or remedies granted to Franchisor hereunder or otherwise available to it

(ii) Notwithstanding the provisions set forth in Section 22 3(i) above, if, within 45 days following the expiration of this Agreement, Franchisee shall receive a bona fide offer for the purchase of the Assets, Franchisee shall offer the same in writing to Franchisor at the same price and on the same terms or the monetary equivalent, which offer Franchisor may accept at any time within 15 days after receipt thereof If Franchisor declines, or does not within such 15 day period accept, such offer, then Franchisee may sell the Assets to such purchaser, but not at a lower price nor on more favorable terms than have been offered to Franchisor

(iii) Any sale of the Assets hereunder shall close no later than 60 days after delivery of written notice of Franchisor's exercise of its option is given to Franchisee Franchisor has the right to assign its option hereunder and Franchisee must sign all documents of transfer reasonably necessary for the purchase of the Assets All Assets transferred shall be free and clear of all liens and encumbrances, with all sales and transfer taxes paid by the Franchisee At the closing, Franchisee and its Owners shall execute general releases, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owner, officers, employees, directors, agents, successors and assigns

22 4 Effect of Expiration or Termination Upon the expiration or termination of this Agreement for any reason, any and all rights granted to Franchisee hereunder shall be extinguished immediately, and Franchisee shall not be relieved of any of its obligations, debts or liabilities hereunder The expiration or termination of this Agreement for any reason will be without prejudice to the rights of Franchisor against Franchisee and will not destroy or diminish the binding force and effect of any of the provisions of this Agreement that expressly, or by reasonable implication, come into or continue in effect on or after the expiration or termination hereof

23 RIGHT OF FIRST REFUSAL

If during the term of this Agreement, Franchisee shall receive a bona fide offer from a prospective purchaser for any interest in Franchisee or the Restaurant (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent, which offer Franchisor may accept at any time within 30 days after receipt thereof If the parties cannot agree on a reasonable monetary equivalent, an independent appraiser designated by Franchisor shall determine the monetary equivalent and the appraiser's determination will be final If Franchisor declines, or does not within such 30 day period accept, such offer, then Franchisee may make such Transfer to such purchaser (provided Franchisor approves of such purchaser in accordance with Section 19 2 and subject to compliance with Section 19 4), but not at a lower price nor on more favorable terms than have been offered to Franchisor If Franchisee fails to complete such Transfer within 90 days following the refusal or failure to act by Franchisor, then Franchisee may not complete such Transfer without first offering the same to Franchisor again as provided above The parties recognize that the terms of this Section 23 do not apply to a sale and subsequent leaseback of the Franchised Site or any furnishings or equipment used thereon, or any other Transfer of the Franchised Site or the furnishings or equipment thereon in connection with any bona fide financing plan In no event shall Franchisee offer any interest in this Agreement, or such premises or any interest therein, or any interest in the business conducted thereon, or in the equipment or furnishings located thereon, or in any interest of Franchisee or an Equity Holder for Transfer at public auction, nor at any time shall an offer be made to the public to Transfer the same, through the medium of advertisement, either in the newspapers or otherwise, without having first obtained the written consent of Franchisor to such advertisement or publication

24 RESTAURANT CLASSIFICATION

Franchisee shall operate and maintain the Restaurant in a manner which will ensure that the Restaurant will obtain the highest classification possible for restaurants of like kind from the governmental authorities that inspect restaurants in the area where the Restaurant is operated If Franchisee is not able to obtain such classification, or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by Franchisor, then Franchisor may, at its option, place such trained personnel in the Restaurant as Franchisor deems necessary to train the managerial and operating personnel of the Restaurant until the Restaurant can obtain the highest classification or meet such general standards Franchisor's personnel shall remain at the Restaurant until the required classification is obtained or until Franchisor, in its sole discretion, decides to remove them Franchisee shall pay all costs associated with providing such personnel, including costs of transportation, meals, lodging, wages or other compensation, including fringe benefits

25 OTHER BUSINESS

Franchisee agrees not to carry on or conduct or permit others to carry on or conduct any other business, activity or operation at the Restaurant (other than the operation of the Restaurant in conformity with this Agreement and the Operations Manual) without first obtaining the written consent of Franchisor

26 OWNERSHIP OF FRANCHISEE

A description of the legal organization of Franchisee (whether a corporation, limited, liability company, partnership or otherwise), the names and addresses of each Owner and the percentage of such interest owned by such person or entity is included in Exhibit A Franchisee certifies that the information contained in Exhibit A is accurate and complete and agrees to notify Franchisor in writing whenever there is any change in the organizational structure or ownership interest of Franchisee as set forth on Exhibit A At Franchisor's request at any time, Franchisee shall provide to Franchisor a copy of all Franchisee's governing and/or organizational documents and any amendments thereto Each Owner must execute the "Payment and Performance Guarantee" attached to this Agreement as Exhibit C By executing the Guarantee, each Owners shall be individually bound by the provisions contained in this Agreement, including, without limitation, all payment obligations and the provisions in Sections 15 (Marks), 18 1 (Indemnification), and 20 (Restrictive Covenants) A violation of any of the provisions of this Agreement by an Owner will also constitute a violation by Franchisee of its obligations under this Agreement

27 SUCCESSORS AND THIRD PARTY BENEFICIARIES

This Agreement and the covenants, restrictions and limitations contained herein shall be binding upon and shall inure to the benefit of Franchisor and its successors and assigns and shall be binding upon and shall inure to the benefit of Franchisee and its permitted heirs, successors and assigns Except as contemplated by Section 18 1, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto

28 CONSTRUCTION

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named Except where this Agreement expressly obligates Franchisor not to unreasonably withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right, in its sole and arbitrary discretion, to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed or effected actions that require Franchisor's approval

29 INTERPRETATION AND HEADINGS

The parties agree that this Agreement should be interpreted according to its fair meaning Franchisee waives to the fullest extent possible the application of any rule which would construe ambiguous language against Franchisor as the drafter of this Agreement The words "include," "includes" and ' including" when used in this Agreement will be interpreted as if they were followed by the woids "without limitation" References to section numbers and headings will refer to sections of this Agreement unless the context indicates otherwise Captions and section headings are used herein for convenience only They are not part of this Agreement and shall not be used in construing it

30 NOTICES

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, by certified, express or registered mail, or by an overnight delivery service (e g , Federal or Airborne Express), postage prepaid, addressed to the party to be notified at the respective address first above written for Franchisor and at the address listed in Exhibit A for Franchisee, or at such other address or addresses as the parties may from time to time designate in writing Notices shall be deemed delivered on the date shown on the return receipt or in the delivery service's records as the date of delivery or on the date of first attempted delivery, if actual delivery cannot for any reason be made

31 GOVERNING LAW AND ENFORCEMENT

31 1 Governing Law All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U S C §§ et seq) Except to the extent provided by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U S C § 1051 et seq) or other applicable federal law, the terms of this Agreement shall be interpreted and construed in accordance with the laws of the State of Georgia without regard to its conflicts of laws provisions, provided, however, that the law of the state in which the Restaurant is located shall apply to the construction and enforcement of the obligations set forth in Sections 20 1, without regard to its conflicts of laws For actions that are not subject to mandatory arbitration under Section 31 2, Franchisee hereby submits and irrevocably consents to the exclusive jurisdiction of the Federal and state courts for the district where Franchisor's principal executive office is located on the date of the filing of the action, and agrees not to raise and hereby irrevocably waives, to the fullest extent permitted by law, any objection based upon *forum non conveniens* or any other objection it may now have or hereafter have to such jurisdiction or venue Further, nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause irreparable harm, under the usual equity rules including the applicable rules for obtaining specific performance, restraining orders and preliminary injunctions

31 2 Arbitration Except to the extent Franchisor seeks injunctive or other equitable relief to enforce provisions of this Agreement, and except for controversies, claims or disputes based on Franchisee's failure to pay any fees due hereunder when due, Franchisee's violation of any health or safety law, or Franchisee's use of the Marks, all controversies, claims or disputes between Franchisor and Franchisee arising out of or relating to (i) this Agreement or any other agreement between Franchisor and Franchisee, (ii) the relationship between Franchisee and Franchisor, or (iii) the scope and validity of this Agreement or any other agreement between Franchisor and Franchisee (including the scope and validity

of the arbitration under this Section, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator and not a court) shall be determined by arbitration with the American Arbitration Association ("**AAA**") at the office of the AAA closest to Franchisor's principal executive office on the date of submission of the matter to the AAA Such arbitration shall be conducted before three arbitrators (unless the parties agree to one arbitrator) chosen as follows Franchisor and Franchisee shall each select one arbitrator These two arbitrators shall mutually agree on one other arbitrator to act as the third arbitrator The decision of the arbitrators shall be final and binding upon all parties concerned Such decision shall be rendered within 30 days of the close of the arbitration hearing record The arbitration proceeding shall be conducted at the office of the AAA closest to Franchisor's principal executive office on the date of submission of the matter to the AAA In any arbitration proceeding, Franchisor and Franchisee agree that each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates Any claim not submitted or filed as required is forever barred The arbitrator may not consider any settlement discussions or offers that might have been made by either party Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceedings to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Section 32 The arbitration will be conducted on an individual, not a class-wide basis, and the arbitration proceeding may not be consolidated with any other arbitration proceeding between Franchisor and any other person Notwithstanding the foregoing or anything to the contrary in this Section or Section 34, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 31 2, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Section 31 (excluding this Section 31 2) The Federal Rules of Civil Procedure, as they relate to pretrial discovery, and the Federal Rules of Evidence shall apply to the arbitration In all other respects, the rules of the AAA and the United States Arbitration Act shall control Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof

31 3 <u>DAMAGES AND TIMING OF CLAIMS</u> THE PARTIES AGREE THAT NEITHER PARTY SHALL HAVE THE RIGHT TO RECEIVE OR COLLECT PUNITIVE OR EXEMPLARY DAMAGES FROM THE OTHER PARTY ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR, OR THE OPERATION OF THE FRANCHISE AND THE RESTAURANT BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST ANOTHER PARTY TO THIS AGREEMENT, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE DISCOVERY OF THE FACTS GIVING RISE TO ANY SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED, EXCEPT NO SUCH LIMITATIONS SHALL APPLY TO FINANCIAL OBLIGATIONS OF FRANCHISEE TO FRANCHISOR THE PARTIES UNDERSTAND THAT SUCH TIME LIMIT MAY BE SHORTER THAN OTHERWISE ALLOWED BY LAW FRANCHISEE AND THE OWNERS AGREE THAT THEIR SOLE RECOURSE FOR CLAIMS ARISING BETWEEN THE PARTIES SHALL BE AGAINST FRANCHISOR AND ITS SUCCESSORS AND ASSIGNS FRANCHISEE AND THE OWNERS AGREE THAT THE OWNERS, DIRECTORS, OFFICERS, EMPLOYEES AND AGENT OF FRANCHISOR AND ITS AFFILIATES SHALL NOT BE PERSONALLY LIABLE NOR NAMED AS A PARTY IN ANY ACTION BETWEEN FRANCHISOR AND FRANCHISEE AND ANY OWNER

32 COSTS AND ATTORNEYS' FEES

If Franchisor incurs any expenses in connection with Franchisee's failure to pay any amounts it owes when due, submit any required reports when due or otherwise comply with this Agreement, Franchisee agrees to reimburse Franchisor for any of the costs and expenses which Franchisor incurs, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees

33 WAIVER

No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or a different kind, nor shall any delay or omission of Franchisor to exercise any right arising from any such default affect or impair Franchisor's rights as to such default or any future default

34 SEVERABILITY

If any term, restriction or covenant of this Agreement is deemed invalid or unenforceable, all other terms, restrictions and covenants and the application thereof to all persons and circumstances subject hereto shall remain unaffected to the extent permitted by law, and if any application of any term, restriction or covenant to any person or circumstance is deemed invalid or unenforceable, the application of such terms, restriction or covenant to other persons and circumstances shall remain unaffected to the extent permitted by law

35 FORCE MAJEURE

Neither Franchisor nor Franchisee will be liable for loss or damage or deemed to be in breach of this Agreement if Franchisor's or Franchisee's failure to perform any obligation results from (i) transportation shortages, inadequate supply of equipment, products, supplies, labor, material or energy or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof, (ii) acts of God, (iii) fires, strikes, embargoes, wars or riots, or (iv) any other similar event or cause beyond the control of the affected party Any delay resulting from any of said causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed by Franchisee to Franchisor hereunder

36 DELEGATION BY FRANCHISOR

Franchisor shall have the right to delegate performance of any or all of its obligations and duties hereunder Franchisor may engage an area representative to provide certain services to Franchisee under this Agreement pursuant to an Area Representative Agreement Franchisor may, without Franchisee's consent, appoint, substitute, or cease using an area representative at any time upon written notice to Franchisee Franchisee hereby agrees to such delegation and/or appointment of an area representative

37 REVIEW OF AGREEMENT

Franchisee acknowledges that it has had a copy of the Franchisor's franchise disclosure document for not less than 14 calendar days Franchisee has had the opportunity to have this Agreement and the business offered hereunder reviewed by professionals of Franchisee's choosing prior to executing this Agreement

38 NO RIGHT TO SET OFF

Franchisee agrees that it will not set off or withhold payment of any amounts it owes Franchisor on the grounds of Franchisor's alleged nonperformance of any of Franchisor's obligations under this Agreement or for any other reason Franchisee agrees that all such claims will, if not otherwise resolved, be submitted to arbitration as provided in Section 31 2

39 CUMULATIVE RIGHTS

The rights granted hereunder are cumulative, and no exercise or enforcement by either party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy to which either Franchisor or Franchisee are entitled

40 ENTIRE AGREEMENT

This Agreement and any addendum, schedule or exhibit attached hereto contains the entire agreement between the parties hereto relating to the operation of the Restaurant and the franchised business and no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, have been made or relied upon by the parties other than those set forth herein No agreement altering, changing, waiving or modifying any of the terms and conditions of this Agreement shall be binding upon either party unless and until the same is made in writing and executed by all interested parties Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in Franchisee's most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative

41 COUNTERPARTS

This Agreement may be signed in multiple counterpart copies, each of which will be deemed an original

42 OUR BUSINESS JUDGMENT

Whenever this Agreement or any related agreement grants, confers or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold Franchisor's consent or grant or withhold Franchisor approval, unless the provision specifically states otherwise, Franchisor will have the right to engage in such activity at Franchisor's option taking into consideration Franchisor's assessment of the long term interests of the System overall Franchisee and Franchisor recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by Franchisor's business judgment, neither said court, said judge nor any other person reviewing those activities or decisions will substitute his, her or its judgment for Franchisor's judgment When the terms of this Agreement specifically require that Franchisor not unreasonably withhold Franchisor's approval or consent, if Franchisee is in default or breach under this Agreement, any withholding of Franchisor's approval or consent will be considered reasonable

43 FRANCHISEE'S ACKNOWLEDGMENTS

43 1 Success Depends on Franchisee and No Warranties Franchisee assumes sole responsibility for the operation of the business franchised hereunder and acknowledges that, while Franchisor may furnish advice and assistance to Franchisee from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so except as specifically set forth herein In

addition, Franchisee acknowledges that Franchisor does not guarantee the success or profitability of the business franchised hereunder in any manner whatsoever and shall not be liable therefor, in particular, Franchisee understands and acknowledges that the success and profitability of the business franchised hereunder depend on many factors outside the control of either Franchisor or Franchisee (such as interest rates, unemployment rates, demographic trends and the general economic climate) and there are significant risks in any business venture, but principally depend on Franchisee's efforts in the operation of the business and the primary factor in Franchisee's success or failure in the business franchised hereunder will be Franchisee's own efforts IN ADDITION, FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS OR WARRANTIES TO FRANCHISEE OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THIS AGREEMENT, AND THAT FRANCHISEE HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH HEREIN AND FRANCHISEE'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE

43 2 Anti-Terrorism Laws Franchisee and its Owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws In connection with such compliance, Franchisee and its Owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its Owners are not otherwise in violation of any of the Anti-Terrorism Laws

(i) **"Anti-Terrorism Laws"** means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulation (Title 31, Part 595 of the U S Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U S Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war

(ii) Franchisee and its Owners certify that none of them, their respective employees, agents, bankers, affiliates or anyone associated with them is listed in the Annex to Executive Order 13224 Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex (A copy of the Annex can be accessed on the internet at the following address

http //www treasury gov/offices/enforcement/ofac/sanctions/terrorism html)

(iii) Franchisee certifies that it has no knowledge or information that, if generally known, would result in (a) Franchisee, (b) Franchisee's Owners, employees, agents, bankers or affiliates or (c) anyone associated with Franchisee to be listed in the Annex to Executive Order 13224

(iv) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in Section 18 above of this Agreement pertain to Franchisee's obligations under this Section 42 2

(v) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's Owners, agents, bankers, employees and affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with Section 21 2(xvi) above

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

IF FRANCHISEE IS AN INDIVIDUAL PLEASE SIGN BELOW

BONEHEADS FRANCHISE LLC

By ______________________	______________________ [NAME OF FRANCHISEE]
Title ______________________	
Date ______________________	Date ______________________

IF FRANCHISEE IS A CORPORATION OR LIMITED LIABILITY COMPANY THE OPERATING PRINCIPAL MUST SIGN THIS AGREEMENT ON BEHALF OF THE CORPORATION OR LLC IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY THE OPERATING PRINCIPAL AND ALL OTHER OWNERS OF AN EQUITY INTEREST IN THE COMPANY, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT

BONEHEADS FRANCHISE LLC	______________________ [INSERT CORPORATE NAME]	
By ______________________	By ______________________	(Corporate or LLC Seal)
Title ______________________	Title ______________________	
Date ______________________	Date ______________________	

IF FRANCHISEE IS A PARTNERSHIP ALL PARTNERS MUST SIGN THIS AGREEMENT IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY ALL PARTNERS, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT

BONEHEADS FRANCHISE LLC	______________________ [INSERT PARTNERSHIP NAME]	
By ______________________	By ______________________	
Title ______________________	Title ______________________	(Partnership Seal)
Date ______________________	Date ______________________	
	By ______________________	
	Title ______________________	(Partnership Seal)
	Date ______________________	

Exhibit A

Franchisee Specific Information

1 **Effective Date** ____________________

2 **Franchisee's Name** ____

3 **Franchisee's legal organization (circle one)** (a) sole proprietorship, (b) partnership, (c) corporation, (d) limited liability company, or (e) other

4 **Franchisee's state of organization (if applicable)** ______________________________

5 **Franchisee's Address for Notices (Section 30)** ______________________________

____

____

E-mail ______________________________________

6 **Ownership of Franchisee** ______________________________________

If Franchisee is not a sole proprietor, the following persons constitute all of the partners, members or shareholders, or others owners of a legal and/or beneficial interest in Franchisee

	Name and Address	Percentage Ownership	Active in Operation of Business? (yes/no)
(a)	______________________	_______	_______
	______________________		
	______________________		
(b)	______________________	_______	_______
	______________________		
	______________________		
(c)	______________________	_______	_______
	______________________		
	______________________		

7 **Franchise Fee (Section 4)** $______________

8 **Franchise Territory (Section 3 1)**

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____

____

____

____

9 **Franchised Site (to be added when site is accepted by Franchisor) (Section 1 1)**

____

____

Exhibit B

Lease Addendum

LEASE ADDENDUM

THIS LEASE ADDENDUM (this "**Addendum**") is made and entered into as of the ____ day of_ ____________, 20___ by and among ____ ("**Landlord**"), ________________________________ ("**Tenant**"), and Boneheads Franchise LLC, a Delaware limited liability company ("**Assignee**")

WITNESSETH

WHEREAS, Landlord and Tenant are parties to that certain ____________________________ ____________ dated __________________, 2010 (the "Lease"), for the premises located at (the "**Premises**"), and

WHEREAS, Tenant and Assignee are or will be parties to a Boneheads Franchise LLC Franchise Agreement (the "**Franchise Agreement**"), pursuant to which Assignee granted or will grant Tenant a license to operate a Boneheads restaurant (the "**Restaurant**") at the Premises, and

WHEREAS, Landlord, Tenant and Assignee desire to provide Assignee the opportunity to preserve the Premises as a Restaurant, and to assure Landlord that, if Assignee exercises the option herein contained, any defaults of Tenant under the Lease will be cured by Assignee before it takes possession of the Premises, and

WHEREAS, Tenant and Landlord desire to amend the Lease for the mutual benefit of both parties, as more specifically set forth herein,

NOW, THEREFORE, for and in consideration of the mutual promises and representations contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows

1 Use of Premises During the term of the Franchise Agreement, the Premises may only be used for the operation of the Restaurant Tenant shall be permitted to use all equipment typical of other Restaurants, and shall be permitted to sell all authorized Restaurant products as required by Assignee Landlord hereby consents to the installation by Tenant of such designs, interior decorations and trade fixtures as are customary in connection with the operation of a Restaurant, provided the same are permitted by law

2 Renovations Tenant may make all non-structural, cosmetic renovations under $10,000 00 without Landlord's consent Landlord agrees not to unreasonably withhold or delay its consent to any other alteration or renovation

3 Collateral Assignment Upon the execution hereof, Landlord, Tenant and Assignee shall enter in to the Collateral Lease Assignment Agreement (the "**Assignment**") attached hereto as Schedule A and incorporated herein by this reference This Assignment is for collateral purposes only and, except as specified therein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with the Assignment or the Lease unless Assignee takes possession of the Premises pursuant to the terms of the Assignment and assumes the obligations of Tenant under the Lease, it being the intent of the parties that Assignee may, but is not required to take possession of the Premises

4 Renewal of Lease Throughout the term of the Franchise Agreement and any renewals thereto, Tenant agrees that it shall elect and exercise all options to extend the term of or renew the Lease

not less than 30 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing If Assignee does not otherwise agree in writing, and upon failure of Tenant to so elect to extend or renew the Lease as aforesaid, Tenant hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Tenant for the purpose of effecting such extension or renewal, provided, however, that Assignee shall have no obligation to renew the lease, or liability for renewing or failing to renew the Lease except as may provided for in the Assignment

5 <u>No Further Modification of Lease</u> Except as otherwise provided for in this Addendum, Tenant and Landlord agree that neither party shall renew or extend the term of the Lease or make any other modifications or alterations to the Lease without the prior written consent of Assignee

6 <u>Entry into Premises</u> Tenant and Landlord agree that Assignee shall have the right to enter the Premises to make any reasonable modifications or alterations necessary to protect Assignee's interest in the Restaurant and proprietary marks or to cure any default under the Franchise Agreement or under the Lease, and Tenant and Landlord agree that Assignee shall not be liable for trespass or any other crime or tort

7 <u>Interference</u> Notwithstanding the provisions of any part of the Lease, Landlord shall not (i) interfere with the visibility, ingress or egress of the Premises, (ii) disrupt Tenant's business, (iii) reduce the usable area of the Premises, (iv) reduce the number of parking spaces that currently exist for the Premises, or (v) expose any pipes, conduits, utility lines or wires on the Premises

8 <u>Force Majeure</u> Landlord and Tenant shall be excused for the period of delay in the performance of any of their respective obligations hereunder or under the Lease, excepting monetary obligations, and shall not be considered in default, when prevented from so performing due to a labor strike, riot, war, fire, flood or other casualty, or Acts of God so extensive as to prevent Tenant from conducting business or preventing Tenant or Landlord from complying with their obligations hereunder or under the Lease

9 <u>Landlord Indemnity</u> Except for the act, omission or negligence of Tenant or its agents, Landlord shall indemnify and hold harmless Tenant, its shareholders, officers, directors, members, agents, contractors, employees, and invitees (the "**Tenant Indemnitees**"), from and against any and all claims arising from Landlord's use or ownership of the Premises, or from activity, work or things done permitted or suffered by Landlord in or about the common areas of the Premises and shall further indemnify and hold harmless the Tenant Indemnitees from and against any an all claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of the Lease, or arising from any act, omission or negligence of the Landlord, or any of Landlord's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon, and in case of action or proceeding be brought against Tenant by reason of any such claim, Landlord, upon written notice from Tenant, shall defend the same at Landlord's expense

10 <u>Notices</u> Notwithstanding anything contained in the Lease to the contrary, all notices and demands required to be delivered hereunder will be deemed so delivered (i) at the time delivered, if delivered by hand, (ii) one business day after being placed on the hands of a commercial courier service for next business day delivery, or (iii) three business days after placement in the United States Mail by registered or certified mail, return receipt request, postage prepaid and must be addressed to the party to be notified at the following addresses unless and until a diffeient address has been designated by written notice to the other parties

If directed to Tenant, the notice shall be addressed to

____

____

____

Attention ________________________________

If directed to Landlord, the notice shall be addressed to

____

____

____

Attention ________________________________

If directed to Assignee, the notice shall be addressed to

3075 Jonquil Drive SE
Smyrna, Georgia 30080
Attention President

11 Third Party Beneficiary Landlord and Tenant each agree that Assignee is an express third party beneficiary of this Addendum, and that Assignee may enforce its rights as third party beneficiary hereunder against Landlord and Tenant

12 Full Force and Effect Except as otherwise provided for herein, the terms and conditions of the Lease remain in full force and effect

13 Binding on Successors The covenants, agreements, terms, provisions and conditions contained in the Lease, as modified by this Addendum, shall bind and inure to the benefit of all parties hereto, and their respective successors and assigns

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Addendum the day and year first written above

LANDLORD
If an Individual

Signature ______________________

Printed Name ______________________

If other than an Individual

____
[ENTITY NAME]

By ______________________

Name ______________________

Title ______________________

TENANT
If an Individual

Signature ______________________

Printed Name ______________________

If other than an Individual

____
[ENTITY NAME]

By ______________________

Name ______________________

Title ______________________

ASSIGNEE
BONEHEADS FRANCHISE LLC

By ______________________

Name ______________________

Title ______________________

Schedule A

Collateral Lease Assignment Agreement

(See Attached)

COLLATERAL LEASE ASSIGNMENT AGREEMENT

THIS COLLATERAL LEASE ASSIGNMENT AGREEMENT (this "**Agreement**") is made and entered into as of ________________, 20___, by and among ____________________________________ ____________ ("**Landlord**"), ______________________________________ ("**Tenant**"), and **BONEHEADS FRANCHISE LLC** a Delaware limited liability company ("**Assignee**")

WITNESSETH

Landlord has leased to Tenant certain premises located at ______________________________ __________________ (the "**Premises**"), under the terms of that certain __________________, dated ______, 20___ as amended by that certain Lease Addendum, dated __________, 20___, by and among Landlord, Tenant and Assignee (collectively, the "**Lease**") Tenant intends to use the Premises as a Boneheads restaurant, under a Boneheads Franchise LLC Franchise Agreement between Assignee, as franchisor, and Tenant, as franchisee (the "**Franchise Agreement**") This Agreement is entered into in connection with Assignee's approval of the Premises as a Boneheads restaurant and grant of a franchise to Tenant It is intended to provide Assignee the opportunity to preserve the Premises as a Boneheads restaurant under circumstances hereinafter set forth, and to assure Landlord that, if Assignee exercises the option herein contained, any defaults of Tenant under the Lease will be cured by Assignee before it takes possession of the Premises

NOW, THEREFORE, for and in consideration of the mutual promises and representations contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows

1 GRANT OF OPTION

1 1 Landlord grants to Assignee an option to lease the Premises on the terms, covenants and conditions hereinafter set forth (the "**Option**") upon the occurrence of any or all of the following (i) the default of Tenant under the Lease, (ii) the termination or expiration of the Franchise Agreement for any reason, and (iii) the non-renewal of the term of the Lease

1 2 Landlord agrees to furnish Assignee with copies of any and all letters and notices sent to Tenant pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Tenant Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Assignee 30 days advance written notice of such intent, specifying in such notice all defaults that are the cause of the proposed termination Assignee shall have, after the expiration of the period during which Tenant may cure such default, an additional 15 days (or if there is no cure period, at least 15 days) to cure, at its sole option, any such default If Tenant fails to cure any defaults within the period specified in the Lease, Landlord shall promptly give Assignee written notice thereof, specifying the defaults Tenant has failed to cure and shall offer Assignee the Option to assume the Tenant's interests in the Lease (the "**Offer**") Landlord shall attach to the Offer a complete copy of the Lease, including any amendments thereto

1 3 If the Franchise Agreement expires or is terminated for any reason during the term of the Lease, or any extension thereof, and if Assignee shall desire to exercise the Option, Assignee shall promptly give Landlord written notice thereof Within 30 days after receipt thereof, Landlord shall give Assignee written notice specifying any defaults of Tenant under the Lease and shall provide Assignee with the Offer as provided in Section 1 2 above

1 4 If the Lease contains term renewal or extension rights which are allowed to expire by Tenant without exercising said rights, Landlord shall promptly give written notice thereof to Assignee, but in no event later than 30 days following expiration of the term or the renewal deadline provided in the Lease, whichever is sooner, and Assignee shall have the option, for an additional 30 days after receipt thereof, to exercise the Tenant's renewal or extension rights on the same terms and conditions as contained in the Lease If Assignee elects to exercise such right to renew or extend the term of the Lease, Assignee shall so notify Landlord in writing, whereupon Landlord shall promptly execute and deliver to Assignee an acceptance of Assignee as assignee of Tenant and shall deliver possession of the Premises to Assignee at the commencement of the extended or renewed term of the Lease

1 5 In the event Landlord delivers the Offer to Assignee in the manner provided for herein, Assignee shall exercise the Option, if at all, by written notice to Landlord and Tenant (the '**Acceptance**") within 30 days after receipt of the Offer from Landlord, provided, however, that Assignee shall have no duty or obligation to exercise the Option, and shall have no liability for failing to exercise the Option If neither Tenant nor Assignee cures all defaults within said time periods (or such longer cure period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and exercise all of its other post- termination rights as set forth in the Lease, and the Offer shall be null and void, and Assignee shall have no right to succeed to Tenant's interest in the Lease

2 TENANT'S COVENANTS

2 1 If Tenant fails to timely cure any defaults under the Lease, or in the event of the expiration or termination of the Franchise Agreement for any reason, Tenant shall, within 10 days after written demand by Assignee, assign all of its right, title and interest in and to the Lease to Assignee If Tenant fails to do so within said 10 day period, Tenant hereby designates Assignee as its agent to execute any and all documents, agreements and to take all action as may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's rights thereunder Landlord hereby consents to such assignment, without the imposition of any assignment fee or similar charge, and agrees that if Assignee takes possession of the Premises and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, subject to Assignee executing an assumption of the Lease and curing all defaults of Tenant under the Lease before taking possession of the Premises Tenant further agrees to promptly and peaceably vacate the Premises and remove its personal property, at the written request of Assignee Any property not so removed by Tenant within 10 days following receipt of such written notice shall be deemed abandoned by Tenant

2 2 Tenant agrees that expiration or termination of the Franchise Agreement and failure of Tenant to assign its interests in the Lease to Assignee as set forth herein shall be a default under the Lease which will entitle, but not obligate, Landlord to employ legal remedies available in summary process or otherwise, to evict Tenant from the Premises

2 3 Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment thereof to Assignee Assignee shall be entitled to recover from Tenant all amounts it has paid to Landlord to cure Tenant's defaults under the Lease, including interest and the reasonable costs of collection

3 DELIVERY OF POSSESSION OF THE PREMISES

3 1 Upon receipt of the Acceptance from Assignee, or as soon as possible thereafter, Landlord shall evict Tenant from the Premises by diligent pursuit of summary process or by other and

appropriate legal remedies, and shall deliver possession of the Premises to Assignee free and clear of the possessory rights of Tenant or any third party ("**Possession**")

3 2 Assignee shall not be required to cure defaults and/or to begin paying rent until Landlord delivers Possession of the Premises to Assignee If it becomes necessary for Landlord to pursue legal remedies in order to remove Tenant and deliver Possession of the Premises to Assignee, Assignee shall, upon written request of Landlord, pay into an escrow account with Landlord's attorney, bearing interest at the passbook rate, such amounts as are necessary to cure Tenant's defaults If Landlord is unable to deliver Possession of the Premises to Assignee within six months after the date Landlord receives the Acceptance, Assignee shall thereupon have the right at any time until Landlord delivers Possession of the Premises to rescind the Acceptance by written notice to Landlord and its attorney, whereupon all amounts in escrow, including accrued interest, shall be returned to Assignee

4 ASSIGNEE'S RIGHTS AND OBLIGATIONS UNDER THE LEASE

4 1 Assignee, upon taking possession of the Premises, shall concurrently cure the defaults specified by Landlord in the Offer and shall execute and deliver to Landlord its assumption of the Tenant's rights and obligations under the Lease Assignee shall pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, except that Assignee shall not be required to assume or be bound by the terms of any amendment or modification to the Lease executed by Tenant without Assignee's prior written approval thereof

4 2 Assignee, upon assuming Tenant's interests under the Lease may, simultaneously or thereafter, assign such interests to a leasehold corporation and/or sublet the Premises to a Boneheads franchisee, provided that Assignee shall remain liable for the payment of rent and performance of the Tenant's duties and obligations under the Lease only to the date of such assignment or sublease, except as set forth in <u>Section 3 2</u>

4 3 Notwithstanding any provision of Section 4 2 above, Assignee may, at any time after Assignee assumes the Tenant's interests under the Lease, but only with the prior written consent of Landlord, which will not be unreasonably withheld, conditioned or delayed, assign without recourse its rights as tenant under the Lease to a creditworthy Boneheads franchisee who meets Assignee's then-current standards and requirements for franchisees Upon receipt by Landlord of the assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions and agreements on the part of Tenant to be performed under the Lease, Assignee shall thereupon be released from all liability as tenant under the Lease, from and after the date of assignment thereof, without any need of a written acknowledgment by Landlord of such release

4 4 Assignee or its assignee may only use the Premises for the purpose(s) permitted under the terms of the Lease

4 5 In the event Assignee shall elect to assume Tenant's rights and obligations under the Lease, Assignee shall have the right to terminate the Lease at any time after three years as tenant, by giving Landlord at least 120 days written notice If Assignee shall exercise this right of termination, Assignee shall remove its equipment, trade fixtures and signs from the Premises and shall return the Premises to Landlord, allowing to remain thereon all of Tenant's and/or Assignee's improvements to the Premises

5 DE-IDENTIFICATION

If the Lease or Franchise Agreement expires or is terminated for any reason and Assignee fails to exercise the Option herein contained, Tenant agrees to de-identify the Premises as a Boneheads restaurant and to promptly remove Boneheads trademarks and trade dress from the Premises including but not limited to, signs, decor and other items which Assignee reasonably requests be removed as being distinctive and indicative of a Boneheads restaurant Assignee may enter upon the Premises without being guilty of trespass or tort to effect such de- identification if Tenant fails to effect de-identification within 10 days after receipt of written demand from Assignee, following termination or expiration of the Franchise Agreement or Lease Tenant shall reimburse Assignee for its reasonable costs and expenses in effecting de- identification Landlord and Tenant shall jointly and severally be obligated to pay Assignee for such costs, if Landlord shares with Tenant, one or more common owners, beneficiaries or shareholders (as the case may be), the costs of de-identification under the Lease

6 ADDITIONAL PROVISIONS

6 1 This Agreement shall run with the land and be binding upon the parties hereto, and their successors, assigns, executors and administrators and representatives The rights and obligations herein contained shall continue, notwithstanding changes in the persons or entity that may hold any leasehold or ownership in the land, building or Premises

6 2 At the request of Landlord or Tenant, Assignee's rights hereunder may be subordinated to the lien of any mortgage or deed of trust hereinafter placed upon the Premises, provided that the mortgagee or trustee shall agree in writing not to disturb Assignee's right to exercise the Option and assume the Lease as set forth herein

6 3 Any party hereto may record this Agreement or a memorandum hereof Any

party hereto may seek equitable relief or injunctive relief including, without limitation, specific performance for the actual or threatened violation or non-performance of this Agreement by any other party Such remedies shall be in addition to all other rights provided for in this Agreement or by law

6 4 Notwithstanding anything contained in the Lease to the contrary, all notices and demands required to be delivered hereunder will be deemed so delivered (i) at the time delivered, if delivered by hand, (ii) one business day after being placed on the hands of a commercial courier service for next business day delivery, or (iii) three business days after placement in the United States Mail by registered or certified mail, return receipt request, postage prepaid and must be addressed to the party to be notified at the following addresses unless and until a different address has been designated by written notice to the other parties

If directed to Tenant, the notice shall be addressed to

____

____

____

Attention ________________________

If directed to Landlord, the notice shall be addressed to

____

____

____

Attention ________________________

If directed to Assignee, the notice shall be addressed to

3075 Jonquil Drive SE

Smyrna, Georgia 30080
Attention President

6 5 **LANDLORD ACKNOWLEDGES BEING INFORMED OF THE FOLLOWING FACTS (i) ASSIGNEE MAY AFTER ASSIGNMENT OF THE LEASE TO ASSIGNEE AS PROVIDED HEREIN, SUBLEASE OR ASSIGN THE PREMISES OR THE LEASE TO A BONEHEADS FRANCHISEE/LICENSEE OR AN AFFILIATED ENTITY THAT MAY IN TURN SUBLEASE OR ASSIGN THE PREMISES OR THE LEASE TO A BONEHEADS FRANCHISEE/LICENSEE THE SUBLEASE OR ASSIGNMENT ISSUED BY ASSIGNEE AUTHORIZES ITS SUBLESSEES TO PAY RENT, ADDITIONAL RENT AND ANY OTHER CHARGES PAYABLE UNDER THE LEASE DIRECTLY TO LANDLORD SO THAT RENTAL PAYMENTS FROM SUCH SUBLESSEE WILL NORMALLY NOT BE RECEIVED OR HELD BY ASSIGNEE, (ii) THERE HAVE BEEN NO REPRESENTATIONS OF ANY KIND WITH REGARD TO THE ABILITY OF ASSIGNEE TO PERFORM ASSIGNEE'S OBLIGATIONS HEREUNDER OR ABOUT ANY OTHER ENTITY PERFORMING OR GUARANTYING ASSIGNEE'S OBLIGATIONS HEREUNDER, AND (iii) THAT THE SOLE AND EXCLUSIVE PERSON OR ENTITY AGAINST WHICH LANDLORD MAY SEEK DAMAGES OR ANY REMEDIES UNDER THIS OR ANY OTHER DOCUMENT IN WHICH LANDLORD AND TENANT OR ASSIGNEE OR LANDLORD AND SUBLESSEE ARE PARTIES, WHETHER FOR UNPAID RENT AND ASSOCIATED DAMAGES, CLAIMS OF UNJUST ENRICHMENT, CLAIMS OF UNFAIR TRADE PRACTICES, OR ANY OTHER THEORY OF RECOVERY OF ANY KIND, OR NATURE, IS TENANT, ASSIGNEE AND/OR, IF APPROPRIATE, THE SUBLESSEE AND ANY GUARANTOR**

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written

LANDLORD

Signed, sealed and delivered
in the presence of

If an individual
Signature ____________________
Printed Name ______________

____
Unofficial Witness

If other than an individual
[INSERT ENTITY NAME]
By ____________________
Name ____________________
Title ____________________

____
Notary Public

Commission Expiration Date

[CORPORATE SEAL]

____
[NOTARIAL SEAL]

TENANT

Signed, sealed and delivered
in the presence of

If an individual
Signature ____________________
Printed Name ______________

____
Unofficial Witness

If other than an individual
[INSERT ENTITY NAME]
By ____________________
Name ____________________
Title ____________________

____
Notary Public

Commission Expiration Date

[CORPORATE SEAL]

____
[NOTARIAL SEAL]

Signed, sealed and delivered
in the presence of

ASSIGNEE
BONEHEADS FRANCHISE LLC
By ____________________
Name ____________________
Title ____________________

____
Unofficial Witness

[CORPORATE SEAL]

____
Notary Public

Commission Expiration Date

____
[NOTARIAL SEAL]

Exhibit C

Payment and Performance Guarantee

PAYMENT AND PERFORMANCE GUARANTEE

In order to induce BONEHEADS FRANCHISE LLC (**"Franchisor"**) to enter into a Boneheads Franchise Agreement (the **"Franchise Agreement"**) with ____________________ (**"Franchisee"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree to the following terms of this Payment and Performance Guarantee (the **"Guarantee"**)

1 **<u>Guarantee of Payment and Performance</u>** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor or any of its affiliates direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**) The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee

2 **<u>Waivers by Guarantors</u>** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee

3 **<u>Term No Waiver</u>** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy

4 **<u>Other Covenants</u>** Each of the Guarantors agrees to comply with the provisions of Sections 15 (Marks), 18 1 (Indemnification), and 20 (Restrictive Covenants) and all other provisions of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement, and each agrees that he or she will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement

5 **<u>Dispute Resolution</u>** Sections 31 (Governing Law and Enforcement) and 32 (Costs and Attorneys' Fees) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement

6 **<u>Miscellaneous</u>** This Agreement will be binding upon the Guarantors and their

respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the Effective Date specified in the Franchise Agreement

____

Print Name ____________________________

____

Print Name ____________________________

____

Print Name ____________________________

____

Print Name ____________________________

Exhibit D

State Specific Addenda

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Illinois

1 The provisions of the Franchise Agreement concerning governing law, jurisdiction venue and choice of law will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act Illinois law will govern the Franchise Agreement with respect to Illinois franchisees

2 The following sentence is added to the end of Section 2 2 of the Franchise Agreement 'The parties rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20

3 The following sentence is added to the end of Section 21 of the Franchise Agreement The conditions under which the franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19 and 705/20

4 The following sentence is added to Section 40 to the Franchise Agreement Nothing contained in the Agreement waives any of the Franchisee's rights the Franchisee has under the Illinois Act "

5 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

6 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________ FRANCHISEE

____
(Name of Entity)

By _______________________________

Its_______________________________
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By _______________________________

Its_______________________________
(Title)

____
(Print Name)

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Indiana

1 The laws of the State of Indiana supersede any provisions of the Franchise Agreement or Georgia law if such provisions are in conflict with Indiana law

2 The prohibition by Indiana Code 23-2-2 7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as a material breach of the franchise agreement, will supersede the provisions of Section 21 of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition

3 No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana

4 The following sentence is added to the end of Section 31 1 of the Franchise Agreement "Notwithstanding the foregoing, you may bring a lawsuit in Indiana for claims arising under the Indiana Deceptive Franchise Practices Act "

5 The following sentence is added to the end of Section 31 1 of the Franchise Agreement "Notwithstanding the foregoing, the Indiana Deceptive Franchise Practices Law shall govern any claim arising under that law "

6 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____
(Name of Entity)

By ______________________________________

Its ______________________________________
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By ______________________________________

Its ______________________________________
(Title)

____
(Print Name)

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Maryland

1 The following sentence is added to the end of Section 2 2(viii) and 19 4(v) of the Franchise Agreement This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law "

2 The following sentence is added to the end of Section 4 of the Franchise Agreement 'Payment of the Franchise Fee and all other fees paid to us by you, including payments for goods and services received from us before the business opens, are deferred until such time as all material pre-opening obligations owed to you under the Franchise Agreement or other documents have been fulfilled by us '

3 Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three years after the grant of the Franchise

4 The following sentence is added to the end of Section 31 1 of the Franchise Agreement Notwithstanding the foregoing you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law '

5 The following sentence is added to the end of Section 31 1 of the Franchise Agreement Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law '

6 The following sentence is added to the end of Section 31 1 of the Franchise Agreement Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law "

7 The following sentence is added at the end of Section 40 of the Franchise Agreement 'Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition to purchasing a franchise Representations in this Agreement are not intended to, nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law "

8 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____

(Name of Entity)

By ________________________________

Its________________________________
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By ________________________________

Its________________________________
(Title)

____
(Print Name)

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Minnesota

1 The following sentence is added to the end of Sections 2 2(viii) and 19 4(v) Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 - 80C 22 "

2 The following sentence is added to the end of Section 2 2 With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C 14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non renewal of the franchise agreement

3 The following sentence is added to the end of Section 15 "Notwithstanding the foregoing we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party, provided that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of this Agreement and the System "

4 The following sentence is added to the end of Sections 22 1 Any provision that requires you to consent to liquidated damages, termination penalties, or judgment notes may not be enforceable under Minnesota law "

5 The following sentences are added to the end of Sections 31 1 Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction '

6 No release language set forth in the Franchise Agreement will relieve the Franchisor or any other person directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota

7 Except as expressly modified by this Addendum the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____

(Name of Entity)

By ______________________________

Its ______________________________

(Title)

____

(Print Name)

Dated ______________

Boneheads Franchise LLC

By ______________________________

Its ______________________________

(Title)

____

(Print Name)

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of New York

1 Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable

2 The following sentence is added to the end of Sections 2 2(viii) and 19 4(v) 'Any provision in this Agreement requiring you to sign a general release of claims against us does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695 '

3 The following sentence is added to Section 19 1 We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement '

4 The following sentence is added to the end of Sections 20 1 and 31 1 ' Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief"

5 The following sentence is added to the end of Section 31 1 Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law '

6 The following is added as the final sentence of Section 7 of the Franchise Agreement 'The Operations Manual and any additions, deletions, revisions or supplements to the Operations Manual are material in that they will affect the operation of the Restaurant, but they will not conflict with or materially alter your rights and obligations under this Agreement or place an excessive economic burden on your operations '

7 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ______________

FRANCHISEE

____
(Name of Entity)

By ______________________________

Its______________________________
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By ______________________________

Its______________________________
(Title)

____
(Print Name)

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of North Dakota

1 The following sentence is added to the end of 2 2(viii) and 19 4(v) The release required by this Section will not apply to any claim you may have under the North Dakota Franchise Investment Law "

2 The following sentence is added to the end of Section 20 If any of the above provisions in this Section 20 concerning restrictions on competition are inconsistent with the North Dakota Franchise Investment Law or the Rules and Regulations promulgated thereunder, then the North Dakota laws shall apply '

3 The following sentence is added to the end of Sections 22 1 North Dakota law prohibits us from requiring you to consent to pay liquidated damages "

4 The following sentence is added to the end of Section 31 Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to arbitration outside of North Dakota, consent to jurisdiction of courts outside North Dakota, consent to the application of laws of a state other than North Dakota, or consent to a waiver of trial by jury is void "

5 The following sentence is added to the end of Section 31 3 Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to a waiver of exemplary and punitive damages is void '

6 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____
(Name of Entity)

By ______________________________

Its______________________________
(Title)

____
(Print Name)

Dated ________________

Boneheads Franchise LLC

By ______________________________

Its______________________________
(Title)

____
(Print Name)

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Rhode Island

1 Any provision in the Franchise Agreement which designates the governing law as that of any state other than the State of Rhode Island is deleted from Franchise Agreements issued in the State of Rhode Island

2 The following paragraph is added to the end of Sections 2 2 and 21

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days notice of termination, cancellation, non-renewal or substantial change in competitive circumstances The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements If the deficiency is rectified within 60 days the notice shall be void The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy If the reason for termination, cancellation nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice

3 The following language is added to Sections 31 1 §19-28 1 -14 of the Rhode Island Franchise Investment Act provides that A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act

4 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____
(Name of Entity)

By ____

Its____
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By ____

Its____
(Title)

____
(Print Name)

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Washington

1 If any of the provisions in the franchise offering circular or franchise agreement are inconsistent with the relationship provisions of RCW 19 100 180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise offering circular and franchise agreement with regard to any franchise sold in Washington

2 In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator

3 A release or waiver of rights executed by a Franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable

4 The state of Washington has a statute, RCW 19 100 180 which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor including the areas of termination and renewal of your franchise

5 In the event of a conflict of laws the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW will prevail

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

9 Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____

(Name of Entity)

By ______________________________________

Its______________________________________

(Title)

____

(Print Name)

Dated ________________

Boneheads Franchise LLC

By ______________________________________

Its______________________________________

(Title)

____

(Print Name)

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions shall supersede and apply to all franchises offered and sold under the laws of the State of Wisconsin

1 The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 will apply to and govern the provisions of the Franchise Agreement

2 The Wisconsin Fair Dealership Act's requirement, including the requirements that, in certain circumstances, a franchisee receives 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and 60 days to remedy claimed deficiencies, will supersede the requirements of Article 17 of the Franchise Agreement to the extent they may be inconsistent with the Wisconsin Fair Dealership Act's requirements

3 Except as expressly modified by this Addendum the Franchise Agreement remains in full force and effect

Dated ________________

FRANCHISEE

____
(Name of Entity)

By ______________________________

Its______________________________
(Title)

____
(Print Name)

Dated ______________

Boneheads Franchise LLC

By ______________________________

Its______________________________
(Title)

____
(Print Name)

EXHIBIT C
TO THE
BONEHEADS FDD

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

Between

BONEHEADS FRANCHISE LLC

and

____

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BONEHEADS®
DEVELOPMENT AGREEMENT

THIS AGREEMENT is made and entered into as of the effective date designated on Exhibit A (the **"Effective Date"**) by and between BONEHEADS FRANCHISE LLC, a Delaware limited liability company with its principal place of business at 3075 Jonquil Drive SE, Smyrna, Georgia 30080 (**"Franchisor"**), and the person or entity identified on Exhibit A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on the Summary Page In this Agreement, **"we," "us,"** and **"our"** refers to Franchisor **"You"** and **"your"** refers to Franchisee

RECITALS

A We and you have entered into a certain Franchise Agreement dated the same date as this Agreement (the **"Initial Franchise Agreement"**)

B We desire to grant to you the exclusive right to establish and operate a specified number of franchised BONEHEADS restaurants (**"Restaurants"**) within a specified geographical area

C If you are a corporation, limited liability company, partnership, or other entity (collectively, an **"Entity"**), all of your owners of a legal and/or beneficial interest in the Entity (the **"Owners"**) are listed on Exhibit A of this Agreement (Exhibit A and all other exhibits hereto being hereby incorporated herein by reference)

D You desire to establish and operate additional Restaurants upon the terms and conditions contained in our then-current standard franchise agreements (a **"Franchise Agreement,"** the current form of which is attached hereto as Exhibit B)

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows

1 **Grant of Development Rights and Development Area**

Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish and operate in the area designated on **Exhibit A** to this Agreement (the **"Development Area"**) the number of Restaurants specified in the development schedule in Exhibit A (the **"Schedule"**) This Agreement does not grant you any right to use the Marks (as defined in your Initial Franchise Agreement) Rights to use the Marks are granted only by the Franchise Agreements

2 **Fees**

The total amount of your Development Fee is specified on Exhibit A (the **"Development Fee"**) All or a portion of your Development Fee may be applied toward payment of the initial franchise fees as defined in each Franchise Agreement, as specified on Exhibit A You will pay the balance of the initial franchise fee due for each Restaurant at the time the Franchise Agreement for each Restaurant is executed The Development Fee is paid in consideration of the rights granted in Section 1, and will be deemed fully earned at the time paid The Development Fee will not be refundable, notwithstanding anything to the contrary in this Agreement or any Franchise Agreement

3 **Development Schedule**

3 1 **Deadlines** You must enter into Franchise Agreements and open and operate Restaurants in accordance with the deadlines set forth in the Schedule By each **"Fee Deadline"** specified in the Schedule, you must have delivered to us an initial franchise fee and a signed copy of our then-current standard form of Franchise Agreement for the number of Restaurants specified on the Schedule By each **"Opening Deadline"** specified in the Schedule, you must have the specified number of Restaurants open and operating You must locate the Restaurants only at sites that we have accepted in accordance with the terms of the applicable Franchise Agreement

3 2 **Damaged Restaurants** If a Restaurant is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you must immediately give us notice of such destruction or damage (**"Destruction Event"**) You must diligently work to repair and restore the Restaurant to our approved plans and specifications as soon as possible at the same location or at a substitute site that we accept within the Development Area If a Restaurant is closed due to a Destruction Event, the Restaurant will continue to be deemed a "Restaurant in operation" for the purpose of this Agreement for up to 180 days after the Destruction Event occurs If a Restaurant (i) is closed in a manner other than those described in this Section 3 2 or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then we may exercise our rights under Section 6 2 (Our Remedies)

4 **Development Area**

4 1 **Exclusivity** Except as provided in this Section 4 1, while this Agreement is in effect, provided that you open and operate the Restaurants in accordance with the Schedule and the minimum number of Restaurants that you have open and operating in the Development Area at any given time is not less than the minimum required pursuant to the Schedule, we will not operate, or license any person other than you to operate, a Restaurant under the Marks and the System (as defined in your Initial Franchise Agreement) within the Development Area We reserve the exclusive right to open and operate, or license others to open and operate, Restaurants in the Development Area in locations without general public access, such as airports, train stations, stadiums, event venues, hospitals, and military bases (**"Non-traditional Venues"**)

4 2 **No Other Restriction On Us** Except as expressly provided in Section 4 1, we and our affiliates retain the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Restaurants For example, subject to Section 4 1, we have the right to

(a) Establish and operate, and grant to other franchisees or licensees the right to establish and operate, a Restaurant or any other business using the Marks or the System or any variation of the Marks or the System, in any location outside the Development Area, on any terms and conditions that we deem appropriate,

(b) Develop, use and franchise anywhere (including within the Development Area) the rights to any trade names, trademarks, service marks, commercial symbols, emblems, signs, slogans, insignia, patents or copyrights not designated by us as Marks, for use with similar or different franchise systems for the sale of similar or different products or services than those constituting a part of the System, without granting you any rights therein,

(c) Offer, ship, sell and provide products or services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the

Development Area through any distribution channel or method, including grocery stores, convenience stores, Internet (or any other existing or future form of electronic commerce), and delivery services, irrespective of the proximity to the Restaurant without compensation to Franchisee, provided, however, that any such sales will not be made from a Restaurant located in the Development Area,

(d) Own, operate, franchise or license anywhere, even in close proximity to any Restaurants developed under this Agreement and within the Development Area, restaurants of any other type whatsoever operating under marks other than the Marks,

(e) Develop, establish, or license Restaurants in Non-traditional Venues anywhere inside or outside the Development Area,

(f) Be acquired by or merge with other companies, including companies with similar outlets in the Development Area, without any obligation to you, and

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

5 Term

This Agreement expires at midnight on the last Opening Deadline date listed on the Schedule, unless this Agreement is terminated sooner as provided in other sections of this Agreement

6 Termination

6 1 Events of Default Any one or more of the following constitutes an "Event of Default" hereunder

(a) You fail to pay any initial franchise fee or execute any Franchise Agreement by any Fee Deadline specified in the Schedule,

(b) You fail to have open and operating the minimum number of Restaurants specified in the Schedule by any Opening Deadline specified in the Schedule,

(c) An Event of Default occurs under any Franchise Agreement, resulting in the termination of such Franchise Agreement, or

(d) You breach or otherwise fail to comply fully with any other provision contained in this Agreement, including Section 8

6 2 Our Remedies If any Event of Default occurs under Section 6 1, we may declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect, as follows

(a) Upon termination due solely to an Event of Default listed in Section 6 1(a) or 6 1(b), our sole remedies under this Agreement will be retention of the Development Fee and termination of this Agreement Your failure to open and thereafter operate Restaurants in accordance with the Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement

(b) Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination The right of termination granted by this Section 6 2(b) is in addition to, and not in lieu of, any and all other rights and remedies available to us at law, in equity, or otherwise, including without limitation the right to injunctive relief, all of which are cumulative

6 3 **Cross Default** Any default or breach by you (or any of your affiliates) of any other agreement between us or our affiliates and you (or any of your affiliates) will be considered a default under this Agreement, and any default or breach of this Agreement by you will be considered a default or breach under any and all other agreements between us (or any of our affiliates) and you (or any of your affiliates) If the nature of the default under any other agreement would have permitted us to terminate this Agreement if the default had occurred under this Agreement, then we (or our Affiliate) will have the right to terminate all the other agreements between us (or any of our Affiliates) and you (or any of your affiliates) in the same manner provided for in this Agreement for termination of this Agreement Your "affiliates" include any persons or entities controlling, controlled by, or under common control with you Our ' affiliates" include any persons or entities controlling, controlled by, or under common control with us

6 4 **Other Obligations and Rights on Termination or Expiration** Upon expiration or earlier termination of this Agreement for whatever reason, you agree to

1 Immediately pay all sums due and owing to us or our affiliates, plus interest, and all sums due and owing to any landlord, employees, taxing authorities, advertising agencies and all other third parties

2 If we terminate because of your default, pay us all losses and expenses we incur as a result of the default or termination, including all damages, costs, and expenses, and reasonable attorneys' and experts' fees directly or indirectly related thereto, such as (without limitation) lost profits, lost opportunities, damage inuring to our Marks and reputation, travel and personnel costs and the cost of securing a new area franchisee for the Development Area This obligation will give rise to and remain, until paid in full, a lien in our favor against any and all of assets, property, furnishings, equipment, signs, fixtures and inventory owned by you and any of the Restaurants at the time of termination and against any of your money which we are holding or which is otherwise in our possession

3 Immediately execute all agreements necessary to effectuate the termination in a prompt and timely manner

4 Strictly comply with the post-termination/post-expiration covenants not to compete set forth in Article **Error' Reference source not found** of this Agreement

7 **Assignment**

7 1 **By Us** This Agreement is fully assignable by us and will inure to the benefit of any assignee or other legal successor to our interest

7 2 **By You** This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you hereunder nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you Without limiting the foregoing, we will have no obligation to approve any assignment unless you have assigned all

of your rights in all Franchise Agreements relating to your Restaurants located within the Development Area to the proposed assignee in accordance with the provisions of the applicable Franchise Agreements

(a) If (i) you would like to accept a bona fide offer from a third party to purchase your interest in this Agreement, (ii) any of your Owners desires to accept an offer from a third party to purchase all or a portion of their equity interests in you that would result in the transfer of control of you (as we determine), or (iii) if you or such Owners desire to sell such interests and have found a willing buyer of such interests, you or such Owners will (i) notify us in writing of such offer, (ii) offer to sell the same interests to us upon the same terms and conditions, and (iii) provide such information and documentation relating to such offer as we require We have the right, exercisable within 30 days after receipt of such offer, information, and documentation, to send written notice to you or such Owners that we intend to purchase the offered interests on the same economic terms and conditions offered by or to the third party or, at our option, the cash equivalent thereof If we elect to purchase such interests, closing will occur within 90 days after the date of our notice to the seller electing to purchase the interest If we do not elect to purchase such interest within the 30-day period, you or such Owners may sell or transfer their offered interests to a third party, provided that such sale or transfer (i) is completed within 90 days of our election, (ii) is made at a price and on the same material terms as those offered to us, and (iii) is made in full compliance with all applicable requirements of this Section 7 2

(b) The right of first refusal set forth in Section 7 2(a) will not be applicable to assignments, transfers, or sales of your interest in this Agreement or any equity interest in you, made to your spouse or child or any of your existing Owners, provided that the applicable requirements of each Franchise Agreement and Section 7 2(a) of this Agreement are complied with fully

8 <u>Franchisee's Covenant Not to Compete</u>

8 1 <u>In-Term Covenants</u> During the term of this Agreement, except as we otherwise approve in writing, you and your Owners will not, directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with any other person or entity

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any restaurant or other food service business engaged in the retail or wholesale production or sale of seafood, piri piri chicken, or other main course menu items Franchisor authorized for sale at Restaurants at any location or by any means, including, without limitation, sales via the Internet or through catalogs (**"Competitive Businesses"**),

(b) divert or attempt to divert any business or customer or potential business or customer of a Restaurant to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products for use or retail sale in a Restaurant, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees

8 2 <u>Post-Term Covenants</u> For one year after the expiration or termination of this Agreement or an approved transfer to a new franchisee, you and your Owners may not, without our prior written consent, directly or indirectly, for yourself or themselves, or through, on behalf of, or in conjunction with any other person or entity (i) own, manage, engage in, be employed in any managerial capacity by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located in or within a 5-mile radius of the Development Area or (ii) solicit for employment any person who at any time within the immediate past 12 months has been employed by us, or our affiliates, or by any of our franchisees With respect to each Owner, the time period in this Section 8 2 will run from the expiration, termination, or transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first

8 3 Publicly Traded Corporations Ownership of less than 5% of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 8

8 4 Covenants of Owners and Third Parties The Owners personally bind themselves to this Section 8 by signing the attached Guarantee You must, at our request, cause your spouse, your Owners, your Owners' spouses, and other employees or individuals that we designate to execute a noncompetition, non-solicitation, and nondisclosure agreement in a form satisfactory to us that identifies us as a third party beneficiary of such covenants with the independent right to enforce the agreement You shall use reasonable efforts to enforce such agreements

8 5 Enforcement of Covenants You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section 8 are reasonable and necessary for the protection of our legitimate business interests, (ii) you have received sufficient and valid consideration in exchange for those covenants, (iii) enforcement of the same would not impose undue hardship, and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants To the extent that this Section 8 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 8 You acknowledge that any breach or threatened breach of this Section 8 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 8 Such injunctive relief will be in addition to any other remedies that we may have

9 Dispute Resolution and Governing Law

9 1 Governing Law All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U S C §1 et seq), except the Federal Rules of Civil Procedure, as they relate to pretrial discovery, and the Federal Rules of Evidence shall apply to the arbitration Except to the extent provided by the Federal Arbitration Act as required hereby, the United States Trademark Act of 1946 (Lanham Act, 15 U S C § 1051 et seq) or other applicable federal law, the terms of this Agreement shall be interpreted and construed in accordance with the laws of the State of Georgia without regard to its conflicts of laws provisions, provided, however, that the law of the state of your principal place of business shall apply to the construction and enforcement of the obligations set forth in Section 8 (Franchisee's Covenant Not to Compete), without regard to its conflicts of laws For actions that are not subject to mandatory arbitration under Section 9 2 (Arbitration), you hereby submit and irrevocably consent to the exclusive jurisdiction of the Federal and state courts for the district where our principal executive office is located on the date of filing of the action and agrees not to raise, and hereby irrevocably waives, to the fullest extent permitted by law, any objection based upon forum non conveniens or any other objection you may now have or hereafter have to such jurisdiction or venue Further, nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause irreparable harm, under the usual equity rules including the applicable rules for obtaining specific performance, restraining orders and preliminary injunctions

9 2 **Arbitration**

(a) **Disputes Subject to Arbitration** Except to the extent we seek injunctive or other equitable relief to enforce provisions of this Agreement, and except for controversies, claims or disputes based on (i) your failure to pay any fees due hereunder when due, (ii) your violation of any health or safety law, or (iii) your use of the Marks, all controversies, claims or disputes between the parties arising out of or relating to (i) this Agreement or any other agreement between the parties, (ii) the relationship between the parties, or (iii) the scope and validity of this Agreement or any other agreement between the parties (including the scope and validity of the arbitration obligations under this Section, which you and we acknowledge is to be determined by an arbitrator and not a court) shall be determined by arbitration with the American Arbitration Association (**"AAA"**)

(b) **Conduct of Arbitration** The arbitration proceeding shall be conducted at the office of the AAA closest to our principal executive office on the date of submission of the matter to the AAA Such arbitration shall be conducted before three arbitrators (unless the parties agree to one arbitrator) chosen as follows you and we shall each select one arbitrator These two arbitrators shall mutually agree on one other arbitrator to act as the third arbitrator The decision of the arbitrators shall be final and binding upon all parties concerned Such decision shall be rendered within 30 days of the close of the arbitration hearing record In any arbitration proceeding, the parties agree that each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates Any claim not submitted or filed as required is forever barred The arbitrator may not consider any settlement discussions or offers that might have been made by either party Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof

(c) **Individual Basis** The arbitration will be conducted on an individual, not a class-wide basis, and the arbitration proceeding may not be consolidated with any other arbitration proceeding between us and any other person Notwithstanding the foregoing or anything to the contrary in this Section or Section 9 4, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 9 2, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in accordance with this Section 9 (excluding this Section 9 2)

9 3 **Damages and Timing of Claims** The parties agree that neither party shall have the right to receive or collect punitive or exemplary damages from the other party Any and all claims and actions arising out of or relating to this agreement, the relationship between the parties, or the operation of the franchise and the Restaurant brought by any party to this Agreement against another party to this Agreement, shall be commenced within one year from the discovery of the facts giving rise to any such claim or action, or such claim or action shall be barred, provided, however, that this time limitation shall not apply to any unperformed financial obligation of you to us The parties understand that such time limit may be shorter than otherwise allowed by law Your sole recourse for claims arising between the parties shall be against us and our successors and assigns You agree that the owners, directors, officers, employees and agents of us and our affiliates shall not be personally liable nor named as a party in any action between Franchisor and Franchisee and any bound party

9 4 **Costs and Attorneys' Fees** If we incur any expenses in connection with your failure to

pay any amounts you owe when due or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including, without limitation, reasonable accounting, attorneys', arbitrators' and related fees

10 **Miscellaneous**

10 1 **Entire Agreement** This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the matters contained herein and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter This Agreement includes the terms and conditions on Exhibit A, including any schedule attached thereto, which are incorporated into this Agreement by this reference Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that we made in our most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative

10 2 **Amendments and Modifications** This Agreement may be amended or modified only by a written document signed by each party hereto

10 3 **Waiver** Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such waiver must be in writing No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement We have no obligation to deal with similarly situated franchisees in the same manner Our acceptance of any payments due from you does not waive any prior defaults

10 4 **Importance of Timely Performance** Time is of the essence in this Agreement

10 5 **Headings** The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions

10 6 **Severability** Each provision of this Agreement is severable from the others If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document The remaining provisions will continue to be given full force and effect and bind us and you

10 7 **Applicable State Law Controlling** If the termination, renewal, 'or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of franchisors and franchisees, the provisions of such statute will apply hereto, but only to the extent of such inconsistency

10 8 **Survival** Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive such expiration, termination, or assignment, including, but not limited to, Section 8

10 9 **Independent Contractor Relationship** This Agreement does not create, nor does any conduct by us create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose You

understand and agree that you are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf, and you will indemnify and hold us and our affiliates harmless against any and all liabilities, claims, actions, losses, damages, and expenses, including, but not limited to, reasonable attorney's fees, arising out of or relating to your failure to comply with the foregoing During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor operating your Restaurants under license from us, and you agree to post a notice to that effect in your Restaurants and, as we direct, in your advertising and on your contracts, forms, stationery, and promotional materials

10 10 **Notices** All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery **(i)** personally, **(ii)** by certified or registered mail, postage prepaid, **(iii)** by overnight delivery service, or **(iv)** by facsimile (if the sender receives machine confirmation of successful transmission) Notices to us must be sent to

BONEHEADS FRANCHISE LLC
3075 Jonquil Drive SE
Smyrna, Georgia 30080

Notices to you must be sent to the address or fax number listed on Exhibit A Either party may change its mailing address or facsimile number by giving written notice to the other party Notices shall be deemed received the same day when delivered personally, upon receipt when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile

10 11 **Execution in Counterparts** This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument

10 12 **Successors and Assigns** Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date

IF YOU ARE AN INDIVIDUAL PLEASE SIGN BELOW

BONEHEADS FRANCHISE LLC

By ______________________________ ______________________________
[NAME OF FRANCHISEE]

Title ______________________________

Date ______________________________ Date ______________________________

IF YOU ARE A CORPORATION OR LIMITED LIABILITY COMPANY THE OPERATING PRINCIPAL MUST SIGN THIS AGREEMENT ON BEHALF OF THE CORPORATION OR LLC IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY THE OPERATING PRINCIPAL AND ALL OTHER OWNERS OF AN EQUITY INTEREST IN THE COMPANY, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT

BONEHEADS FRANCHISE LLC ______________________________
[INSERT YOUR CORPORATE NAME]

By ______________________________ By ______________________________ (Corporate or LLC Seal)

Title ______________________________ Title ______________________________

Date ______________________________ Date ______________________________

IF YOU ARE A PARTNERSHIP ALL PARTNERS MUST SIGN THIS AGREEMENT IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY ALL PARTNERS, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT

BONEHEADS FRANCHISE LLC ______________________________
[INSERT YOUR PARTNERSHIP NAME]

By ______________________________ By ______________________________

Title ______________________________ Title ______________________________ (Partnership Seal)

Date ______________________________ Date ______________________________

By ______________________________

Title ______________________________ (Partnership Seal)

Date ______________________________

PAYMENT AND PERFORMANCE GUARANTEE

In order to induce BONEHEADS FRANCHISE LLC (**"Franchisor"**) to enter into a Boneheads Development Agreement (the **"Development Agreement"**) with ______________________ (**"Franchisee"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree to the following terms of this Payment and Performance Guarantee (the **"Guarantee"**)

1 **Guarantee of Payment and Performance** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor or any of its affiliates direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Development Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**) The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities The Guarantors represent and agree that they have each reviewed a copy of the Development Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Development Agreement and this Guarantee

2 **Waivers by Guarantors** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee

3 **Term No Waiver** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy

4 **Other Covenants** Each of the Guarantors agrees to comply with the provisions of Section 8 of the Development Agreement as though each such Guarantor were the "Franchisee" named in the Development Agreement, and each agrees that he or she will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Development Agreement and will not take any action that would cause Franchisee to be in breach of the Development Agreement

5 **Dispute Resolution** Section 9 of the Development Agreement is hereby incorporated herein by reference and will be applicable to any disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Development Agreement

6 **Miscellaneous** This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its

successors and assigns

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the Effective Date specified in the Development Agreement

____

Print Name ______________________

____

Print Name ______________________

____

Print Name ______________________

____

Print Name ______________________

EXHIBIT A
TO THE
DEVELOPMENT AGREEMENT

General

1 **Effective Date** ______________________

2 **Franchisee's Name** ____

3 **Franchisee's State of Organization** *(if applicable)* ________________________

4 **Development Area (Section 1)** [attach map if necessary]

5 **Total Development Fee (Section 2)** $[____________] The Development Fee will be credited toward the initial franchise fee under each Franchise Agreement as follows

Restaurant Number	**Initial Franchise Fee**	**Credit** Amount of Development Fee to be Credited Towards the initial franchise fee (if any)
1	$35,000	$35,000
2	$30,000	$30,000
3	$25,000	$25,000
4	$15,000	$15,000
5	$15,000	$15,000
6	$15,000	$15,000
7	$15,000	$15,000
8	$15,000	$15,000

6 **Development Schedule (Section 3)** You agree to establish and operate a total of ___ Restaurants within the Development Area during the term of this Agreement

NUMBER OF RESTAURANTS The Minimum Number of Restaurants in Compliance by Each Fee Deadline and Opening Deadline	**FEE DEADLINE** Deadline for Paying Initial Franchise Fee and Executing Franchise Agreement for Each Restaurant	**OPENING DEADLINE** Deadline for Having the Minimum Number of Restaurants Open and Operating
1	__________, 20__	__________, 20__
2	__________, 20__	__________, 20__
3	__________, 20__	__________, 20__
4	__________, 20__	__________, 20__
5	__________, 20__	__________, 20__

6	____________, 20___	____________, 20___
7	____________, 20___	____________, 20___
8	____________, 20___	____________, 20___ (the Expiration Date of the Agreement)

7 **Ownership of Franchisee** If the franchisee is an Entity, the following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee

Name	Percentage Ownership
	______%
	______%
	______%

8 **Franchisee's Address and Fax Number for Notices (Section 10 10)**

9 **Other Terms**

EXHIBIT B
TO THE
DEVELOPMENT AGREEMENT

Form of Franchise Agreement

[See Exhibit A to Franchise Disclosure Document]

EXHIBIT C
TO THE
DEVELOPMENT AGREEMENT

State-Required Addenda

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the Boneheads Development Agreement dated ______________ ("**Development Agreement**") between BONEHEADS FRANCHISE LLC ("**we,**" "**us,**" or "**our**") and ____ ("**Franchisee,**" "**you,**" or "**your**") is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because **(A)** you are domiciled in the State of Illinois, and/or **(B)** the offer of franchise is made or accepted in the State of Illinois and the franchise business is or will be located in the State of Illinois Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum

2 The following sentence is added to the end of Section 6

The conditions under which the franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19 and 705/20

3 The following sentence is added to the end of Section 9 1

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois

4 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, Illinois law shall govern this Agreement

5 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 the Act is void

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

7 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONENEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________	By ______________________
Print Name ______________	Print Name ______________
Title ___________________	Title ___________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR INDIANA FRANCHISEES

This Addendum to the Boneheads Development Agreement dated _______________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ____ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of Indiana, **(B)** you are a resident of the State of Indiana, and/or **(C)** the Restaurants will be located or operated in the State of Indiana Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act are met independently without reference to this Addendum

2 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, you may bring a lawsuit in Indiana for claims arising under the Indiana Deceptive Franchise Practices Law

3 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, the Indiana Deceptive Franchise Practices Law shall govern any claim arising under that law

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

5 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Title ____________________________	Title ____________________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR MARYLAND FRANCHISEES

This Addendum to the Boneheads Development Agreement dated _______________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ____ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of Maryland, **(B)** you are a resident of the State of Maryland, and/or **(C)** the Restaurants will be located or operated in the State of Maryland Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum

2 The following sentence is added to the end of Section 2

Payment of the Development Fee is deferred until such time as all material initial obligations owed to you under the Development Agreement or other documents have been fulfilled by us

3 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

4 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law

5 The following sentence is added to the end of Section 10 7

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel, or waiver of liability as a condition of purchasing a franchise Representations in this Agreement are not intended to, nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

7 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Title ____________________________	Title ____________________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
<u>REQUIRED FOR MINNESOTA FRANCHISEES</u>

This Addendum to the Boneheads Development Agreement dated ______________ ("**Development Agreement**") between BONEHEADS FRANCHISE LLC ("**we**," "**us**," or "**our**") and ______________________________________ ("**Franchisee**," "**you**," or "**your**") is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of Minnesota, **(B)** you are a resident of the State of Minnesota, and/or **(C)** the Restaurants will be located or operated in the State of Minnesota Each provision of this Agreement will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law and its related regulations are met independently without reference to this Addendum to the Agreement

2 The following sentence is added to the end of Section 6

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C 14, Subdivision 3, 4, and 5 which requires, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure)

3 The following sentences are added to the end of Sections 9 1

Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition, nothing in the Disclosure Document or Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

5 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________	By ______________________
Print Name ________________	Print Name ________________
Title ____________________	Title ____________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR NEW YORK FRANCHISEES

This Addendum to the Boneheads Development Agreement dated _______________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ____ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of New York, **(B)** you are a resident of the State of New York, and/or **(C)** the Restaurants will be located or operated in the State of New York Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum

2 Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695, may not be enforceable

3 The following sentence is added to Section 7 1

We will not assign our rights under this Agreement, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under this Agreement

4 The following sentence is added to the end of Sections 6 2

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief

5 The following sentence is added to the end of Section 9 1

Notwithstanding the foregoing, the New York Franchises Law shall govern any claim arising under that law

6 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

7 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ____________________	By ____________________
Print Name ________________	Print Name ________________
Title ____________________	Title ____________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
<u>REQUIRED FOR NORTH DAKOTA FRANCHISEES</u>

This Addendum to the Boneheads Development Agreement dated _______________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ____ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of North Dakota, **(B)** you are a resident of the State of North Dakota, and/or **(C)** the Restaurants will be located or operated in the State of North Dakota. Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum

2 The following sentence is added to the end of Section 8

If any of the above provisions in this Section 8 concerning restrictions on competition are inconsistent with the North Dakota Franchise Investment Law or the Rules and Regulations promulgated thereunder, then the North Dakota laws shall apply

3 The following sentence is added to the end of Sections 9 1 and 9 2

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to arbitration outside of North Dakota, consent to jurisdiction of courts outside North Dakota, consent to the application of laws of a state other than North Dakota, or consent to a waiver of trial by jury is void

4 The following sentence is added to the end of Section 9 3

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to a waiver of exemplary and punitive damages is void

5 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

6 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________________	By ______________________________
Print Name ______________________	Print Name ______________________
Title ____________________________	Title ____________________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR RHODE ISLAND FRANCHISEES

This Addendum to the Boneheads Development Agreement dated ______________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ______________________________ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into the Development Agreement This Addendum is being executed because **(A)** the offer or sale of the franchise to you was made in the State of Rhode Island, **(B)** you are a resident of the State of Rhode Island, and/or **(C)** the Restaurants will be located or operated in the State of Rhode Island Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Rhode Island Franchise Investment Act are met independently without reference to this Addendum

2 The following language is added to Sections 9 1

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

3 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

4 Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________	By ______________________
Print Name ______________________	Print Name ______________________
Title ______________________	Title ______________________

ADDENDUM TO THE BONEHEADS DEVELOPMENT AGREEMENT
REQUIRED FOR WASHINGTON FRANCHISEES

This Addendum to the Boneheads Development Agreement dated ____________ (**"Development Agreement"**) between BONEHEADS FRANCHISE LLC (**"we," "us,"** or **"our"**) and ______________________________________ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Development Agreement

1 The provisions of this Addendum form an integral part of, and are incorporated into, the Development Agreement This Addendum is being executed because **(A)** the offer or sale of a franchise to you was made in the State of Washington, **(B)** you are a resident of the State of Washington, and/or **(C)** the Restaurants will be located or operated in the State of Washington Each provision of this Addendum will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum

2 The following paragraph is added to the end of Sections 6

The Washington Franchise Investment Protection Act, RCW 19 100 180, may supersede this Agreement in your relationship with us, including in the area of termination of this Agreement There also may be court decisions in Washington which may supersede this Agreement in your relationship with us, including in the area of termination of this Agreement

3 The following sentence is added to the end of Section 9 1

In the event of a conflict between the Washington Franchise Investment Protection Act and the law chosen in this Agreement, the provisions of the Act shall prevail

4 Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Development Agreement

5 Except as expressly modified by this Addendum, the Development Agreement remains unmodified in full force and effect

BONEHEADS FRANCHISE LLC	**FRANCHISEE**
By ______________________	By ______________________
Print Name ______________	Print Name ______________
Title ____________________	Title ____________________

EXHIBIT D
TO THE
BONEHEADS FDD

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BONEHEADS
GRILLED FISH • PIRI PIRI CHICKEN

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EXHIBIT E
TO THE
BONEHEADS FDD

ADDITIONAL STATE-REQUIRED DISCLOSURES

We are required to provide you with additional information as a condition of registering our Disclosure Document in certain states The additional disclosures are set out below These additional disclosures apply only if the jurisdictional requirements of the applicable state franchise law are met

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF CALIFORNIA

1 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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FDD

OUR URL ADDRESS IS WWW EATBONEHEADS COM OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT WWW CORP CA GOV

2 **Item 3, Additional Disclosure** The following statement is added to Item 3

Neither we nor any person listed in Item 2 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 parties from membership in such association or exchange

3 **Item 17, Additional Disclosures** The following statements are added to Item 17

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

The BH Agreements provide for termination upon bankruptcy These provisions may not be enforceable under federal bankruptcy law (11 U S C A § 101, *et seq)*

The BH Agreements provide for application of the laws of Georgia This provision may not be enforceable under California law

The BH Agreements contain a covenant not to compete which extends beyond the termination of the franchise These provisions may not be enforceable under California law

You must sign a general release if you renew or transfer your franchise These provisions may not be enforceable under California law California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516) Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043)

The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

THE BH AGREEMENTS EACH REQUIRE BINDING ARBITRATION THE ARBITRATION WILL OCCUR AT THE OFFICE OF THE AMERICAN ARBITRATION ASSOCIATION CLOSEST TO OUR PRINCIPAL EXECUTIVE OFFICE WITH EACH PARTY RESPONSIBLE FOR ITS OWN COSTS YOU ARE ENCOURAGED TO CONSULT PRIVATE LEGAL COUNSEL TO DETERMINE THE APPLICABILITY OF CALIFORNIA AND FEDERAL LAWS (SUCH AS BUSINESS AND PROFESSIONS CODE SECTION 20040 5, CODE OF CIVIL PROCEDURES SECTION 1281, AND THE FEDERAL ARBITRATION ACT) TO ANY PROVISIONS OF A BH AGREEMENT RESTRICTING VENUE TO A FORUM OUTSIDE THE STATE OF CALIFORNIA

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE HAWAII COMMISSIONER OF SECURITIES OR A FINDING BY THE HAWAII COMMISSIONER OF SECURITIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING

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

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT, AND AREA REPRESENTATIVE AGREEMENT THESE CONTRACTS OR AGREEMENTS SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE

Registered agent in the state authorized to receive service of process Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813

Items 17 of the Disclosure Document is amended as follows

The BH Agreements contains provisions requiring a general release as a condition of renewal and transfer of the franchise Such release will not include claims arising under the Hawaii Franchise Investment Law

The Sections in the BH Agreements that relate to non-renewal, termination, and transfer are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law Otherwise, the Hawaii Franchise Investment Law will control

ADDITIONAL FDD DISCLOSURES
<u>REQUIRED BY THE STATE OF ILLINOIS</u>

1 **<u>Item 17, Additional Disclosures</u>** The following statements are added to Item 17

The Illinois Franchise Disclosure Act provides that any provision in the BH Agreements that designate jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act

The conditions under which your BH Agreements can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to these Additional Disclosures The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met

ADDITIONAL FDD DISCLOSURE
REQUIRED BY THE STATE OF INDIANA

1 **Item 6 and 11, Additional Disclosures** The following statements are added to Items 6 and 11

If we require you to reimburse us for a national or regional advertising marketing or promotional program promoting the sale of Franchises, the maximum amount that you shall be required to pay in any calendar year shall be no greater than $100,000

2 **Item 17, Additional Disclosures** The following statements are added to Item 17

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2 7 et seq) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the BH Agreements and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee If any of the provisions of the BH Agreements conflict with this law, this law will control

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor BH Agreement, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law

The BH Agreements provide that suits must be brought in the state where our principal place of business is located at the time of suit These provisions may not be enforceable under Indiana law

The BH Agreements each contain a covenant not to compete which may not be fully enforceable under Indiana law The covenant not to compete may be reduced by a court to a time or distance that is deemed reasonable

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Law are met independently without reference to these Additional Disclosures The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF MARYLAND

1 **Item 5, Additional Disclosures** The following statements are added to the Initial Fee Section in Item 5

Payment of the Franchise Fee and all other fees paid to us by you, including payments for goods and services received from us before the business opens, are deferred until such time as all material pre-opening obligations owed to you under the franchise agreement or other documents have been fulfilled by us

2 **Item 5 Additional Disclosures** The following statements are added to the Area Development Fee Section in Item 5

Payment of the Development Fee is deferred until such time as all material initial obligations owed to you under the area development agreement or other documents have been fulfilled by us

3 **Item 17, Additional Disclosures** The following statements are added to Item 17

The BH Agreements provide for termination upon bankruptcy These provisions may not be enforceable under federal bankruptcy law

Any provisions requiring you to release claims against us, including upon execution of the successor BH Agreement or the transfer of a BH Agreement or within the Compliance Questionnaire, does not release any claim you may have under the Maryland Franchise Registration and Disclosure Law

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

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

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

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

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

THE FACT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7117

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF MINNESOTA

1 **Notice of Termination** The following statement is added to Item 17

With respect to licenses governed by Minnesota law, we will comply with Minnesota Statute § 80C 14, subdivisions 3, 4, and 5 which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the License Agreements

2 **Choice of Forum and Law** The following statement is added to Item 17

Minnesota Statute § 80C 21 and Minnesota Rule 2860 4400J prohibit us from requiring litigation to be conducted outside Minnesota In addition, nothing in the FDD or License 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 foi by the laws of the jurisdiction

3 **General Release** The following statement is added to Item 17

Minnesota Rule 2860 4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C 01 - 80C 22

4 **Waiver of Right to Jury Trial and Consent to Liquidated Damages or Termination Penalties** The following statement is added to Item 17

Minnesota Rule 2860 4400J, among other things, prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota franchise statutes are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURES
REQUIRED BY THE STATE OF NEW YORK

1 **Item 3, Litigation** Item 3 is deleted and replaced with the following

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent

Accordingly, no litigation is required to be disclosed in this FDD

2 **Item 4, Bankruptcy** Item 4 is deleted and replaced with the following

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the FDD (a) filed as debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code, (b) obtained a discharge of its debts under the Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U S Bankruptcy Code or that obtained a discharge of its debts under the U S Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership

3 **Item 17, Additional Disclosures** The following statements are added to Item 17

We will not assign our rights under the BH Agreements, except to an assignee who in our good faith and judgment is willing and able to assume our obligations under the BH Agreements

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the BH Agreements that is inconsistent with that law

Under certain provisions of the BH Agreements, you must release claims against us These provisions may not be enforceable under New York law

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief

Each provision of these Additional Disclosures shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200 1 through 201 16, are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURES
<u>REQUIRED BY THE STATE OF NORTH DAKOTA</u>

1 **<u>Item 6, Additional Disclosures</u>** The following statements are added to Item 6

North Dakota law prohibits us from requiring you to consent to pay liquidated damages

2 **<u>Item 17, Additional Disclosures</u>** The following statements are added to Item 17

Pursuant to the North Dakota Franchise Investment Law, any provision requiring franchisees to consent to mediation or arbitration outside of North Dakota, consent to jurisdiction of courts outside North Dakota, consent to the application of laws of a state other than North Dakota, consent to the waiver of a trial by jury, or consent to the waiver of exemplary or punitive damages is void

You are not required to release any claims you might have against us under the North Dakota Franchise Investment Law

Covenants not to compete upon termination or expiration of the License Agreements are generally not enforceable in the State of North Dakota, except in certain instances as provided by law

You are not required to consent to a waiver of exemplary or punitive damages against us under the North Dakota Franchise Investment Law

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURE
<u>REQUIRED BY THE STATE OF RHODE ISLAND</u>

1 **Item 17, Additional Disclosure** The following statement is added to Item 17

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that ' A provision in a License Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act "

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Law are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURE
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

The following is added to the Disclosure Document for Virginia residents

Item 17 h , Additional Disclosures

Pursuant to Section 13 1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause If any ground for default or termination stated in the Franchise Agreement, Development Agreement, and Area Representative Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable

The provision of this Additional Disclosure shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to these Additional Disclosures

ADDITIONAL FDD DISCLOSURE
REQUIRED BY THE STATE OF WASHINGTON

The followıng ıs added to the FDD foı Washıngton resıdents

1 **Item 17, Addıtıonal Dısclosures**

RCW § 19 100 180 and court decısıons may supersede the BH Agreements ın your relatıonshıp with us, ıncludıng ın the areas of termınatıon and renewal of your franchıse

In the event of a conflıct between the Washıngton Franchıse Investment Protectıon Act and the law chosen ın the BH Agreements, the provısıons of the Washıngton Franchıse Investment Protectıon Act, Chapter 19 100 RCW, wıll prevaıl

A release or waıver of rıghts executed by a franchısee wıll not ınclude rıghts under the Washıngton Franchıse Investment Protectıon Act, except when executed pursuant to a negotıated settlement after the agreement ıs ın effect and where the partıes are represented by ındependent counsel Provısıons such as those whıch unreasonably restrıct or lımıt the statute of lımıtatıons perıod for claıms under the Act, or rıghts or remedıes under the Act, such as a rıght to a jury trıal, may not be enforceable ın Washıngton

Transfer fees are collectable to the extent that they reflect our reasonable estımated or actual costs ın effectıng a transfer

The Securıtıes Admınıstrator has concluded that arbıtratıon between a franchısor and franchısee must take place eıther ın the State of Washıngton or as may be mutually agreed on by the partıes or as may be determıned by the arbıtrator

These provısıons shall be effectıve only to the extent, wıth respect to such provısıon, that the jurısdıctıonal requırements of the Washıngton Franchıse Investment Protectıon Act are met ındependently wıthout reference to these Addıtıonal Dısclosures The Addıtıonal Dısclosures shall have no force or effect ıf such jurısdıctıonal requırements are not met

EXHIBIT F
TO THE
BONEHEADS FDD

LIST OF FRANCHISEES

CURRENT RESTAURANT FRANCHISEES
(as of December 31, 2015)

Company Name	Address	Telephone Number
Boothead Store LLC	1403 SE Moberly Lane Bentonville, AR 72712	757-561-1791
BH1 Little Rock LLC	17801 Chenal Parkway Little Rock, AR 77201	501-821-1300
Sarukavanu Foods Services LLC	43844 Pacific Commons Blvd Fremont, CA 94538	732-470-5603
Kendrick G Hobbs LLC	10015 North Davis Highway, Suite 600 Pensacola, FL 32514	850-477-4002
Neham Group LLC	5815 Windward Pkwy Alpharetta, GA 30005	419-973-0854, 848-391-5074
Neham Atlantic LLC	264 19th Street, Suite 2160 Atlanta, GA 30363	678-974-8963
Neham Perimeter LLC	4511 Olde Perimeter Way, Suite 100 Atlanta, GA 30346	770-206-4800
Dillon Hospitality LLC	4456 Youree Drive Shreveport, LA 71105	318-861-3770
BH Oxford LLC	1801 West Jackson Avenue, Suite D116 Oxford, MI 38655	662-236-4240
J A G Restaurant Group	7926 Rea Rd Charlotte, NC 28277	704-910-5180
Be One Food Service	555 S Perkins Road Memphis, TN 38117	901-490-6206
2-Groves LLC	830 University Dr E College Station, TX 77840	979-587-6868

EXHIBIT G
TO THE
BONEHEADS FDD

FRANCHISEES WHO HAVE LEFT THE SYSTEM

FRANCHISEES WHO HAVE LEFT THE SYSTEM

The following unit franchisees have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business as of December 31, 2015, or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document

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

Company Name	City and State	Telephone Number
OP Boneheads 1, LLC	Atlanta, GA	908-399-7959, 678-742-1000
BH Dunwoody, Inc	Atlanta, GA	936-524-1450, 770-206-4800

EXHIBIT I
TO THE
BONEHEADS FDD

NONDISCLOSURE AND NONCOMPETE AGREEMENT

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Nondisclosure and Noncompete Agreement (this **"Agreement"**) is dated [Date] The parties are [Franchisee Name] (referred to as **"we"**, **"us"**, and **"our"**), located at [Address], and [Name of Owner/Officer/Manager/Employee/Spouse] (referred to as **"Bound Party"**, **"you"**, and **"your"**) residing at [Address] You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, or other payments and benefits you will receive from us

BACKGROUND

We are a franchisee of BH Acquisition LLC (**"Boneheads"**) under each of the following agreements that have been checked off below (collectively, the selected agreements shall be the **"BH Agreements"**)

□ a Boneheads Franchise Agreement dated [Date] (the **"Franchise Agreement"**),
□ a Boneheads Development Agreement dated [Date] (the **"Development Agreement"**), and
□ a Boneheads Area Representative Agreement dated [Date] (the **"Area Representative Agreement"**)

We have a license to use the certain trademarks designated by Boneheads (the **"Marks"**), certain policies and procedures used in Boneheads businesses (the **"System"**), and the Confidential Information developed and owned by Boneheads in our Boneheads business, including our Boneheads Restaurants and, if applicable, area representative business (collectively, the **"Boneheads Business"**) pursuant to the applicable BH Agreements Boneheads recognizes that, in order for us to effectively operate the Boneheads Business, our owners, management, employees, and other authorized individuals may have access to certain confidential information and trade secrets owned by Boneheads Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our Boneheads Business, would harm Boneheads, its affiliates, and us and our affiliates (the **"Interested Parties"**) Accordingly, Boneheads requires us to have you sign this Agreement due to your association with us as a condition of our purchase and operation of the Boneheads Business This Agreement should be interpreted as an agreement related to the sale of a Boneheads Business, rather than an employment agreement

AGREEMENT

1 **Confidential Information** As used in this Agreement, **"Confidential Information"** means all trade secrets, recipes, know-how, and other confidential information relating to the System, Boneheads, or the construction, management, operation, or promotion of a Boneheads Business Confidential Information includes, without limitation, manuals, specifications, methods, training materials, management procedures, marketing and pricing techniques, marketing plans, advertising plans, business plans, financial information, member information, employee information, and other confidential information relating to the System, Boneheads, or the Boneheads Business Confidential Information includes information disclosed orally or in writing by any Interested Party that you obtain during your association with us The Confidential Information is proprietary to the Interested Parties

2 **Nondisclosure** You agree not to use or disclose to anyone, or permit anyone else to use or disclose to anyone, any Confidential Information outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose except to carry out your duties as our owner, officer, employee, or agent If you are a spouse of an owner or employee and obtain Confidential Information, you may not disclose to anyone the Confidential Information or use the Confidential Information for any purpose You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest our, Boneheads', or Boneheads' affiliates' ownership of it These obligations apply both during and after your association with us

3 **Return of Confidential Information** If your association with us ends for any reason or upon the request of any Interested Party, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control You must take appropriate steps to permanently delete and render unusable any Confidential Information stored electronically You may not retain any Confidential Information after your association with us ends

4 **Noncompete During Association** You may not, during your association with us, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any restaurant or food service business engaged in the retail or wholesale production or sale of fresh seafood, menu items, or other main course menu items Boneheads authorized for sale at Restaurants at any location within the United States or by any means, including, without limitation, sales via the Internet or catalogs (**"Competitive Business"**),

(b) divert or attempt to divert any business or customer or potential business or customer of a Boneheads Business to any Competitive Business, by direct or indirect inducement or otherwise,

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System,

(d) use any vendor relationship established through your association with us for any purpose other than to purchase products for use or retail sale in a Boneheads Business, or

(e) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us or our affiliates, (ii) Boneheads or its affiliates, or (iii) any of Boneheads' franchisees or area representatives

5 **Noncompete After Association Ends** For one years after your association with us ends for any reason, you may not, without our prior written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity

(a) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any Competitive Business that is (or is intended to be) located in or within a three-mile radius of any Boneheads Restaurant that is operational as of the date your association with us ends [IF A DEVELOPMENT AGREEMENT OR AREA REPRESENTATIVE AGREEMENT HAS BEEN EXECUTED a five-mile radius of [Insert the Development Area from the Development Area or the Territory from the Area Representative Agreement], or

(b) directly or indirectly solicit for employment any person who at any time within the immediate past 12 months has been employed by (i) us or our affiliates, (ii) Boneheads or its affiliates, or (iii) any of Boneheads' franchisees or area representatives

6 **Remedies** If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages

7 **Severability** If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement If a court finds any provision of this Agreement to

be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified

8 **Independent Agreement.** The Agreement is independent of any other obligations between you and us This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment, or promise

9 **Third Party Right of Enforcement** You are signing this Agreement not only for our benefit, but also for the benefit of Boneheads, Boneheads' affiliates, and our affiliates We, our affiliates, Boneheads, and Boneheads' affiliates have the right to enforce this Agreement directly against you

10 **Not An Employment Agreement** This is not an employment agreement Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period

11 **Modification and Waiver** Your obligations under this Agreement cannot be waived or modified except in writing

12 **Governing Law** This Agreement shall be interpreted and construed in accordance with the laws of the State of Georgia without regard to its conflicts of laws provisions, provided, however, that the law of the state of your principal place of business shall apply to the construction and enforcement of the obligations set forth in Sections 4, 5, 6, and 7, without regard to its conflicts of laws

13 **Attorney's Fees** If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorney's fees, to the extent that we prevail on the merits

14 **Representation** You certify that you have read and fully understood this Agreement, and that you entered into it willingly

______________________	______________________
WITNESS	**BOUND PARTY**
______________________	______________________
Printed Name	**Printed Name**
______________________	______________________
Date	**Date**

EXHIBIT J
TO THE
BONEHEADS FDD

COMPLIANCE QUESTIONNAIRE

COMPLIANCE QUESTIONNAIRE

TO BE COMPLETED BEFORE YOU SIGN AGREEMENTS

You are preparing to enter into a BONEHEADS® Franchise Agreement, Development Agreement, and/or Area Representative Agreement (each, a **"Boneheads Agreement"**) with Boneheads Franchise, LLC (**"we," "us,"** or **"our"**) The purpose of this Questionnaire is to confirm that you understand the terms of the contracts and that no unauthorized statements or promises have been made to you Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 When and where did you have your first face-to-face meeting with our representative(s)?

Approximate date of first meeting ______________________________

Place of meeting ______________________________

2 Which of our representative(s) have you been dealing with in the sales process?

Name(s) ______________________________

3 Have you personally read the BONEHEADS Franchise Disclosure Document (**"FDD"**)?

Yes _____ No _____

4 Did you give us a signed receipt for the copy of the FDD that we furnished to you?

Yes _____ No _____ If yes, on what date? ____________________

5 Do you understand all of the information contained in the FDD?

Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary)

____

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____

6 Which of the Boneheads Agreements do you intend to execute?

- ☐ a Boneheads Franchise Agreement
- ☐ a Boneheads Development Agreement
- ☐ a Boneheads Area Representative Agreement

7 Have you personally read each of the Boneheads Agreements that you intend to execute?

Yes _____ No _____

8 Do you understand all of the terms of the Boneheads Agreements that you intend to sign?

Yes _____ No _____

If not, what parts of the Boneheads Agreements do you not understand? (Attach additional pages, if necessary)

____

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9 We recommend that you have the FDD and related agreements reviewed by an attorney or professional advisor Have you, in fact, discussed the FDD, the related agreements, and the benefits and risks of operating a BONEHEADS business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If yes, name and profession of advisor ______________________

If no, do you wish to have more time to do so?

Yes _____ No _____

10 Other than the information presented in Item 19 of the FDD, if any, has any of our employees, area representatives, or any other person speaking on our behalf (this does not include franchisees whom you contact on your own) made any statement or representation (oral, written, or visual) regarding

a The amount of money that others have made or that you might make as a BONEHEADS franchisee or area representative?

Yes _____ No _____

b The revenue or profits that a BONEHEADS franchise or area representative business (**"Area Business"**) can or will generate?

Yes _____ No _____

c Any other financial performance information about BONEHEADS franchises or Area Business?

Yes _____ No _____

11 If your answer to any part of Question 10 is "yes," please describe the statement or representation Please include when, where, and by whom the statement or representation was made Please provide full details in the following space (Attach additional pages, if necessary)

____

____

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____

12 Have you contacted any of our existing franchisees or area representatives about their financial performance?

Yes _____ No _____

13 If your answer to Question 12 is "yes," please describe the information that they shared with you in the following space (You do not need to identify the franchisees with whom you spoke)

____

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14. Please think about the statements or promises made to you by our employees or area representatives (or by any other person purporting to speak on our behalf) concerning the advertising, marketing, training, support, or assistance that we will furnish to you Were any such statements or promises contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15 If you answered "Yes" to Question 14, please provide full details in the following space (Attach additional pages, if necessary)

____

____

____

____

____

16. Have you entered into any agreement with us before today concerning our BONEHEADS franchise opportunity?

Yes _____ No _____ If Yes, please describe ____________________________

17. Have you paid any money to us before today in connection with our BONEHEADS franchise opportunity?

Yes _____ No _____ If Yes, please describe ____________________________

18. In entering into any of the Boneheads Agreement, are you relying on any statement, promise, or assurances by us or anyone speaking or purporting to speak on our behalf, other than the terms of the Boneheads Agreements themselves? If "Yes", please provide full details in the following space (Attach additional pages, if necessary.)

____

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19. Would you agree that the success or failure of your franchise and/or Area Business will depend in large part upon your own skills and abilities, competition from other businesses, the size of your market, and other economic and business factors?

Yes _____ No _____

20. In which state do you reside?____

21. In which state do you intend to operate the BONEHEADS franchise or Area Business?

____

22. If you are executing a Franchise Agreement, have you selected a specific site at which you propose to open your BONEHEADS Restaurant?

Yes _____ No _____

If yes, please specify the location ____

____

23. Do you have personal knowledge of the market area in which you will operate your BONEHEADS business?

Yes _____ No _____

24. Did you obtain advice from anyone other than our representatives in selecting your site?

Yes _____ No _____ If yes, name of advisor ______________________

If not, do you wish to have more time to do so?

Yes _____ No _____

25. Have all of your questions concerning your proposed investment in a BONEHEADS franchise or Area Business been answered to your satisfaction?

Yes _____ No _____

* * *

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated__________________________	Dated__________________________
______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated__________________________	Dated__________________________

Special note for residents of the State of Maryland and businesses located in Maryland Nothing in this Compliance Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

ITEM 23 RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement, area development agreement, area representative agreement and other information in plain language Read this disclosure document and all agreements carefully

If Boneheads Franchise LLC ('Boneheads") offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make payment to, Boneheads or one of its affiliates in connection with the proposed franchise sale

New York and Rhode Island require that Boneheads provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, Boneheads or one of its affiliates in connection with the proposed sale

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

If Boneheads 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D C 20580 and the state agency listed on Exhibit A

The name, principal business address, and telephone number of each franchise seller offering the franchise is as follows ___ Ron Barber, 3075 Jonquil Drive SE, Smyrna, Georgia 30080, (855) 347-4433, ___ Randy Morris, 3075 Jonquil Drive SE, Smyrna, Georgia 30080, (678) 878-5042, or, ___ __________ __________, ______________________________, (___)__________ Boneheads' registered agents authorized to receive service of process are listed on Exhibit A

Issuance date May 20, 2016

I have received a Boneheads Franchise Disclosure Document dated May 20, 2016, that included the following exhibits A State Agencies and Administrators and Franchisor's Agent for Service of Process, B Franchise Agreement, C Development Agreement, D Manuals Table of Contents, E Additional State-Required Disclosures, F List of Current Franchisees and Area Representatives, G List of Franchisees and Area Representatives Who Have Left the System, H Financial Statements, I Nondisclosure and Noncompete Agreement, and J Compliance Questionnaire

____
Signature (individually and as an officer)

______________________________ ______________________________
Print Name Date Disclosure Document Received

____
Print Franchisee's Name (if an Entity)

<u>TO BE RETAINED BY YOU</u>

____
Phone Number

ITEM 23 RECEIPT

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____
Signature (individually and as an officer)

______________________________ ______________________________
Print Name Date Disclosure Document Received

____
Print Franchisee's Name (if an Entity)

____
Phone Number

Please sign this copy of the Receipt, date your signature, and return it to Boneheads Franchise LLC, Attn Ron Barber, 3075 Jonquil Drive SE, Smyrna, Georgia 30080, or by e-mailing a copy by pdf to rbarber@eatboneheads com