

FRANCHISE DISCLOSURE DOCUMENT



Born From The Lime Truck, LLC
A Delaware limited liability company
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Born From The Lime Truck, LLC offers franchises for the operation of mobile food truck that sells California-Mexican (“Cal-Mex”) menu items prepared from scratch using high quality locally and ethically-sourced ingredients (a “Food Truck”).

The total investment necessary to begin operation of a single franchise ranges from \$101,320 to \$204,625. This includes \$50,400 to \$50,600 that must be paid to us and our affiliate.

Area developers must purchase a minimum of 3 franchised Food Trucks. The total investment necessary to begin operation of an area development franchise ranges from \$126,320 to \$252,125. This includes \$75,400 to \$98,100 that must be paid to us and our affiliates.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 16221 Construction Circle West, Irvine, California 92606 or by phone at (424) 256-9588.

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 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 (the “[FTC](http://ftc.gov)”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 19, 2024

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "G" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Born From The Lime Truck business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Born From The Lime Truck franchisee?	Item 20 or EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in California than in your own state.

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

TABLE OF CONTENTS

ITEM 1	FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	3
ITEM 3	LITIGATION	3
ITEM 4	BANKRUPTCY	4
ITEM 5	INITIAL FEES	4
ITEM 6	OTHER FEES	5
ITEM 7	ESTIMATED INITIAL INVESTMENT	9
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
ITEM 9	FRANCHISEE’S OBLIGATIONS	15
ITEM 10	FINANCING	16
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	16
ITEM 12	TERRITORY.....	24
ITEM 13	TRADEMARKS	26
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	27
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	28
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	29
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	29
ITEM 18	PUBLIC FIGURES	32
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	32
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	33
ITEM 21	FINANCIAL STATEMENTS.....	34
ITEM 22	CONTRACTS	34
ITEM 23	RECEIPT.....	35
EXHIBIT "A"	STATE AGENCIES AND ADMINISTRATORS	
EXHIBIT "B"	FRANCHISORS AGENT FOR SERVICE OF PROCESS	
EXHIBIT "C"	FRANCHISE AGREEMENT	
EXHIBIT "D"	AREA DEVELOPMENT AGREEMENT	
EXHIBIT "E"	TABLE OF CONTENTS OF BRAND STANDARDS MANUAL	
EXHIBIT "F"	LIST OF FRANCHISEES	
EXHIBIT "G"	FINANCIAL STATEMENTS FOR BORN FROM THE LIME TRUCK, LLC	
EXHIBIT "H"	OTHER AGREEMENTS	
EXHIBIT "H"-1	STATE ADDENDA	
EXHIBIT "H"-2	FRANCHISEE DISCLOSURE QUESTIONNAIRE	
EXHIBIT "H"-3	GENERAL RELEASE	
EXHIBIT "I"	STATE EFFECTIVE DATES	
EXHIBIT "J"	RECEIPTS	

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Born From The Lime Truck, LLC - the franchisor. “You” means the person who buys a Born From The Lime Truck franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

A “Food Truck” refers to the franchised business offered under this Disclosure Document, and includes Food Trucks owned and operated by us, our affiliates, you and other franchisees.

Corporate Information

Born From The Lime Truck, LLC is a Delaware limited liability company that was organized on April 15, 2021. Our principal business address is located at 16221 Construction Circle West, Irvine, California 92606 and our telephone number is (424) 256-9588. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than our legal name “BORN FROM THE LIME TRUCK, LLC” and our d/b/a “THE LIME TRUCK”.

Business History

Our concept originated in Southern California in June 2010 when our founder, Daniel Shemtob, began offering high quality, freshly prepared, menu items from a mobile food truck branded as “The Lime Truck”. In 2021, the mobile food truck rebranded to the name “Born From The Lime Truck”.

We began offering franchises in 2022. We are not engaged in any business other than offering Food Truck franchises and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Food Truck. However, our founder, Daniel Shemtob, has operated a Food Truck since 2010 through an affiliate.

Parents, Affiliates and Predecessors

We do not have any parent companies or predecessors. We do not have any affiliates that offer, or have ever offered, franchises in this or any other line of business. We do not have any affiliates that provide goods or services to our franchisees.

Description of Franchised Business

Born From The Lime Truck is a fast-casual concept consisting of a branded mobile food truck offering Cali-Mexican menu items prepared from scratch using high quality, locally and ethically-sourced, ingredients. Our Food Trucks also sell desserts, non-alcoholic beverages and approved merchandise, including branded shirts, hats and headbands. Menu items are prepared using our proprietary recipes. Each franchisee is granted the right to operate their Food Truck, and sell approved menu items, beverages and merchandise, from any location within a defined territory (subject to any restrictions imposed by local law).

If we award you a franchise, you will purchase or lease, equip, develop and operate a Food Truck in compliance with the terms and conditions of our franchise agreement (the “Franchise Agreement”), the current form of which is attached to this Disclosure Document as EXHIBIT "C". We refer to the Food Truck you will operate as your “Food Truck” or your “Business”.

Under the Franchise Agreement, we grant you a license to use certain logos, service marks and trademarks, including the trademark “Born From The Lime Truck” and the associated logo (collectively, the “Marks”) to identify your Food Truck and the menu items, beverages and merchandise you sell. The “Marks” also includes our distinctive trade dress used to identify a Food Truck, whether now in existence or created in the future.

We have developed a distinct system (the “System”) for the operation of a Food Truck. Distinctive characteristics of our System include the Marks, proprietary recipes processes, procedures, techniques, marketing strategies, training programs and operating system. The operational aspects of a Food Truck are included in our confidential Brand Standards Manual (the “Manual”). You will operate your Food Truck as an independent business using the

Marks, the System and the support, guidance and other methods and materials we make available to you.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement in the form attached to this Disclosure Document as EXHIBIT "D" (an “ADA”). The ADA grants you the right and obligation to develop, open and operate multiple Food Trucks within an approved “development territory” according to a predetermined “development schedule”. You must develop, open and operate all of the Food Trucks identified in the development schedule. We only grant area development rights to franchisees that commit to develop, open and operate a minimum of 3 Food Trucks. You will sign a separate franchise agreement for each Food Truck you develop under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

Market and Competition

Our target customer base includes members of the general public of all ages. Sales are not seasonal, although Food Trucks may experience a reduction in sales during the winter in areas that experience harsh winter conditions.

The mobile truck industry is highly competitive but still developing. You will compete with other mobile food trucks and fast-casual restaurants operated by independent operators as well as regional and national chains, particularly those offering Cal-Mex and/or Mexican food menu items. Many of our competitors operate through a franchise model. You will also face competition from an increasing number of ghost kitchens, micro-fulfillment centers and other food delivery service providers.

Laws and Regulations

You must comply with all local, state and federal laws that apply to businesses generally.

You must also comply with federal, state and local health and sanitation laws and licensure requirements applicable to restaurant establishments, including laws that require food handlers to have certain inoculations and/or food service permits. Health laws are intended, in part, to reduce food borne illnesses and may cover such issues as: requiring employees to take a test and obtain a license as a food service worker, inspections for cleanliness and compliance, equipment cleaning, storage and packaging, size of facilities, allowed foods, refrigeration, etc.

The United States Department of Agriculture and the Food and Drug Administration regulate the manufacture, labeling and distribution of food products. There may also be local ordinances and regulations governing food storage, preparation and serving. The Food and Drug Administration also regulates menu labeling for restaurants that are part of a chain of 20 or more restaurants operating under the same name, regardless of ownership. While food trucks are currently exempt from this law, some states may have similar laws that apply to mobile food trucks. Some laws impose general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus, such as “low calorie” or “fat free.”

Food trucks are mobile miniature commercial kitchens that must meet the same state health, safety and sanitation requirements applicable to a brick-and-mortar restaurant. Some states require a mobile food truck operator to obtain a hawkers or peddlers license.

Some cities have regulations that restrict the areas in which food trucks may operate. In some cases, the regulations completely ban food trucks from operating in certain areas, while in other cases, the regulations restrict the times during which food trucks may operate in certain areas (for example, restricting operations from certain locations at night in the public right of way in order to assist with traffic flow and traffic safety).

A few cities restrict the amount of time that food trucks are allowed to stop and wait for customers or are allowed to operate from one location. Some laws (originally intended to target ice cream trucks) prohibit food trucks from stopping unless flagged down by a customer. Some cities also prohibit food trucks from operating within a certain

distance from certain types of establishments, such as schools or brick-and-mortar restaurant locations.

Any person who drives your Food Truck must have a valid driver's license, and the requirements for these licenses may vary. If your Food Truck is subject to a manufacturer's vehicle safety recall, you must immediately perform the required repairs, changes, maintenance and/or inspections before resuming operations.

There may be other local, state and/or federal laws or regulations pertaining to your Restaurant and Food Truck with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Daniel Shemtob: Founder, President and Executive Chef

Daniel Shemtob is our Founder and has served as our President and Executive Chef since April 2021. During the prior 5 years, he has held the following positions:

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	President & Executive Chef	Canoga Park, CA	Apr 2021 to present
The Lime Truck, LLC	Chairman & Executive Chef	Canoga Park, CA	Aug 2021 to present
	CEO & Executive Chef		Jun 2010 to Aug 2021
Sweet Shoes, LLC	Co-Founder, CEO	Los Angeles, CA	Sep 2019 to present
TLT, LLCDBA Modern Art Catering, Foodink, The Spot Gourmet	Co-Founder, CEO & Executive Chef	Los Angeles, CA	Feb 2019 to Jan 2022
Hatch Yakitori	Co-Founder & Executive Chef	Los Angeles, CA	Oct 2017 to present
TLT Food	Co-Founder & Executive Chef	Los Angeles, CA	Jun 2012 to Feb 2019

William DiPaola: President

William DiPaola has served as our President since February 2024. During the prior 5 years, he has held the following positions:

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	President	Canoga Park, CA	Feb 2024 to present
Nibbles Hospitality Group LLC	CEO	New Orleans, LA	Jan 2024 to present
Swamp Dawg Holdings	Owner	Ocala, FL	Jun 2023 to Dec 2023
Ballard Brands LLC	Chief Operating Officer	Mandeville, LA	Feb 2018 – Jun 2023

Crista Aladjadjian: Director of Marketing

Crista Aladjadjian has served as our Director of Marketing since October 2022, and was previously our Marketing Specialist from May 2022 to October 2022. During the prior 5 years, she has held the following positions:

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	Director of Marketing	Canoga Park, CA	Oct 2022 to present
	Marketing Specialist		May 2022 to Oct 2022
Roux Inc.(Chef Aaron Sanchez)	Digital Marketing Manager Culinary Producer	Irvine, CA	Jun 2021 to present

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	Director of Marketing	Canoga Park, CA	Oct 2022 to present
	Marketing Specialist		May 2022 to Oct 2022
SASA Ventures LLC	Culinary Director, Digital Marketing Strategist & Producer	Irvine, CA	Apr 2017 to present
Mezze Media Group, LLC	Culinary Director	Irvine, CA	Feb 2019 to Dec 2021
Redd Giant	Director of Accounts & Head of Digital Marketing	Irvine, CA	Nov 2017 to Feb 2022

Frank Torres: Director of Training/Franchise

Frank Torres has served as our Director of Training & Training since September 2022. During the prior 5 years, he has held the following positions:

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	Director of Training/Franchise	Canoga Park, CA	Sep 2022 to present
	General Manager		Sep 2022 to present
The Habit Burger	General Manager	Irvine, CA	Oct 2015 to Sep 2021

Charles F. Smith: Director of Corporate Operations

Charles F. Smith has served as our Director of Corporate Operations since March 2024. During the prior 5 years, he has held the following positions:

Employer	Title	Location	Period of Time
Born From The Lime Truck, LLC	Director of Corporate Operations	Irvine, CA	Mar 2024 to present
Azurest Hospitality Consulting Group	Owner and Consultant	Laguna Beach, CA	Mar 2019 to present
Kisco Senior Living	Director of Food & Beverage	Laguna Nigel, CA	Oct 2022 to May 2023
Sunrise Senior Living	Director of Dining Services	Seal Beach, CA	Nov 2020 to Oct 2022

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Initial Franchise Fee

You pay us a nonrefundable \$35,000 initial franchise fee when you sign the Franchise Agreement. The initial franchise fee is uniformly imposed (except as discussed below for area developers) and fully earned.

Initial Training Fee

You pay us a nonrefundable \$10,000 initial training fee prior to attending our initial training program. This fee covers the costs we incur to provide our initial training program. The initial training fee is uniformly imposed.

Grand Opening Marketing Fee

You pay us a \$5,000 grand opening marketing fee at the time you sign the Franchise Agreement. We will work with you to develop a grand opening marketing plan that will determine the manner in which the grand opening marketing fee will be spent. We will use the grand opening marketing fee to reimburse you for your documented expenditures on approved grand opening marketing activities during the 90-day grand opening period, which begins 60 prior to your anticipated opening date. If you fail to spend the full amount of the grand opening marketing fee by the 30th day after your opening date, we will deposit the remaining balance in the brand and system development fund. The grand opening marketing fee is uniformly imposed and nonrefundable.

Initial Inventory of Merchandise and Uniforms

You purchase uniforms and branded merchandise exclusively from us, including hats, shirts and headbands. We sell these items to you at our wholesale price. We estimate the cost of your initial supply of these items will range from \$400 to \$600. The purchase price is uniformly imposed and nonrefundable.

Development Fee

If you sign an ADA, you pay a \$35,000 initial franchise fee for your first Food Truck and a discounted initial franchise fee for each additional Food Truck you commit to develop under the ADA. The specific initial franchise fee associated with each Food Truck is determined in accordance with the table below:

Food Truck	Initial Franchise Fee
Food Truck # 1	\$35,000
Food Truck # 2	\$25,000
Food Truck # 3	\$25,000
Food Truck # 4	\$25,000
Food Truck # 5+	\$20,000 (per Food Truck)

At the time you sign the ADA, you pay us the full \$35,000 initial franchise fee for your first Food Truck and a development fee calculated as 50% of the total discounted initial franchise fee for each additional Food Truck you commit to develop. We anticipate most area developers will purchase the right to develop between 3 and 5 Food Trucks, which results in development fees ranging from \$25,000 to \$47,500. You pay us the remaining balance of the initial franchise fee for each additional Food Truck (either \$12,500 or \$10,000, as applicable) at the time you sign the Franchise Agreement for that Food Truck. However, if we terminate your ADA due to your default, you are not required to pay the remaining balance of the initial franchise fee for any Food Truck for which a Franchise Agreement had not been signed as of the date of termination. Development fees are nonrefundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ^{2, 3}	DUE DATE	REMARKS
Royalty Fee	Greater of 6% of weekly Gross Sales or \$500 per week	Day of each week that we specify (currently Wednesday) for Gross Sales generated during prior reporting period	Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must send us weekly Gross Sales reports.
Brand Fund Fee	1% of weekly Gross Sales	Same as royalty	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee.

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Local Marketing Commitment	2% of monthly Gross Sales	Monthly, as incurred	This is the minimum amount you must spend on advertising and marketing in your local market to promote your Food Truck (the “ <u>Local Marketing Commitment</u> ”). This expenditure is in addition to your Brand Fund Fee. We measure your compliance on a rolling 6-month basis.
Cooperative Advertising Fee	Amount set by us or coop (not to exceed 1% of weekly Gross Sales)	Same as royalty	See Note 4.
Training Fee	Up to \$350 per person per day (plus Travel Expenses for onsite training / assistance)	10 days after invoice	Payable for each person who attends (a) initial training after you open (new Managing Owner or manager), (b) repeat training (after failing a prior attempt), (c) refresher or supplemental training; (d) remedial training or (e) training you request. You must also reimburse us for Travel Expenses we incur for onsite training in your territory.
Conference Registration Fee	Up to \$400 per person per day	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver from us, you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference).
Technology Fee	Varies (currently one-time fee of \$250 for local webpage plus \$7 per email address per month – typically 2 to 5 email addresses needed)	10 days after invoice or as we otherwise specify	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include any amounts you pay directly to third-party suppliers.
Catering Commission	8% to 10% of total order price	10 days after invoice (invoiced monthly)	All catering orders must be placed through call center. We may also use the brand fund fee to pay for our call center and lead generation program to generate catering orders for franchisees. You must pay us the catering commission for all catering services you book. The commission is: (a) 8% for leads you source or for “repeat” customers; and (b) 10% for leads we refer to you.
System Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any customer loyalty or gift card program we establish and pay all associated program contributions and fees to administer the program. These amounts are paid to us or a third party we designate.
Product Purchases	Varies depending on items purchased	10 days after invoice	You must purchase all branded merchandise and uniforms (\$5/headband, \$9/shirt and \$12/hat). We and our affiliate may stop selling these products and/or begin selling new products at any time upon notice to you.

TYPE OF FEE ¹	AMOUNT ^{2, 3}	DUE DATE	REMARKS
New Product or Supplier Testing	Cost of testing	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Renewal Fee	\$12,500	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	<i>[Franchise Agreement]</i> \$10,000	Before transfer	We do not charge a transfer fee for Permitted Transfers. You pay the transfer fee for all other Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
	<i>[ADA]</i> \$2,500 per undeveloped Food Truck under ADA		
Reimbursement of Quality Assurance Program Costs	Actual cost paid to company we hire	10 days after invoice	If we hire a person or company to inspect your Food Truck, you must reimburse us for all amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	Greater of (a) \$350 or (b) all Travel Expenses and other costs we incur to inspect your Food Truck	10 days after invoice	Imposed if we inspect your Food Truck to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 3% or more.
Late Fee	\$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$100 per incident. In California, default interest is limited to 10% per annum.
Noncompliance fee	Up to \$500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional \$500 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	Commercially reasonable rate (not to exceed \$500 per day) plus Travel Expenses	10 days after invoice	If you fail to timely cure a default under the Franchise Agreement or the Managing Owner dies, we can designate a person to manage your Food Truck until the default is cured or you replace the Managing Owner.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify and reimburse us for all damages, losses or expenses we incur due to the operation of your Food Truck or your breach of the Franchise Agreement.

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Will vary with circumstances (See formula in Note 5)	30 days after invoice	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Marketing Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (ATTACHMENT "C" to the Franchise Agreement) permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.
2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

"Brand Fund" means the brand and system development fund we intend to administer to promote public recognition of our brand and improve our System. The Brand Fund had not been established as of the issuance date of this Disclosure Document. We intend to establish the Brand Fund effective as of the opening date of our first franchisee.

"Gross Sales" means all gross sums you bill or collect from all goods and services you sell, plus all other sums you collect from the operation of your Business, including the proceeds of any business interruption insurance. "Gross Sales" does not include sales or use taxes or amounts refunded to customers. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty program. With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the customer provided that the discount is part of a national or regional promotion we sponsor or endorse. You may offer other discounts or promotional programs to specific customers or targeting a certain type of customer (for example, veterans, teachers, etc.) and you may offer free food, beverage and/or merchandise to your owners, employees, friends and family members (the aggregate dollar value of these discounts is referred to as your "Discretionary Discounts"), but for purposes of reporting Gross Sales, the maximum Discretionary Discount allowable for any weekly reporting period will be capped at 2% of total reported Gross Sales for that reporting period. Any Discretionary Discounts in excess of the 2% cap must be included in your calculation of Gross Sales for that reporting period at full standard retail pricing.

"Managing Owner" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Food Truck.

"Permitted Transfer" means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 20% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

"Technology Systems" means all information and communication technology systems that we designate,

including computer systems, point-of-sale systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Transfer” means a transfer or assignment of: (a) the Franchise Agreement or ADA (or any interest in either such agreement); (b) substantially all of the assets used in the Business (other than the sale of fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

“Travel Expenses” means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Territory or (b) by you or your personnel to attend training programs or conferences.

3. **CPI Adjustments**: All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.
4. **Cooperative Advertising Fee**: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Food Trucks in the cooperative, including company-owned Food Trucks. We may set the minimum cooperative advertising fee, which may be increased by majority vote of all members of the cooperative (but will not exceed the maximum amount specified in the table above). Each member is entitled to 1 vote for each Food Truck that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Food Trucks located in the cooperative. However, if the majority of Food Trucks in the cooperative are company-owned Food Trucks, we will not increase the cooperative advertising fee unless a majority of all franchisee members vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. There were no advertising cooperatives in effect as of December 31, 2023.
5. **Liquidated Damages**: You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the greater of: (a) \$10,000 or (b) the sum of average weekly royalty fees and brand fund fees imposed during the 52-week period preceding termination (or your entire period of operation if less than 52-weeks) multiplied by the lesser of: (i) 104 (representing 2 years of fees); or (ii) the total number of weeks remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits attributable to fees and revenue we would have received after termination if the Franchise Agreement had not been terminated. However, payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A – Estimated initial investment for the purchase of a single Food Truck.

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$35,000	Lump sum	At time you sign Franchise Agreement	Us
Grand Opening Marketing Fee ²	\$5,000	Lump sum	At time you sign Franchise Agreement	Us
Initial Training Fee	\$10,000	Lump sum	Prior to initial training	Us
Training Expenses ³ (2 to 3 people while training)	\$4,250 to \$7,500	As incurred	During training	Hotels, restaurants and airlines
Food Manager / Handler Exam & Certificate	\$270 to \$1,100	As incurred	Prior to initial training	3 rd party testing service
Vehicle ⁴	\$12,000 to \$68,750	As financed	Before opening and monthly until paid in full	Suppliers & finance company
Vehicle Inspection Fee ⁵	\$350 to \$500	As incurred	Before opening and paid in full	3 rd party inspection service
Wraps ⁶	\$3,000 to \$5,000	Lump sum	Before opening	Suppliers
Technology Systems ⁷	\$3,800 to \$4,800	Lump sum	Before opening	Suppliers
Smallwares ⁸	\$5,000 to \$10,000	Lump sum	Before opening	Suppliers
Opening Inventory ⁹	\$3,000 to \$5,000	Lump sum	Before opening	Suppliers
Merchandise and Uniforms	\$400 to \$600	Lump sum	Before opening	Us
Office Supplies	\$100 to \$500	As incurred	Before opening	Suppliers
Additional Preopening Marketing ¹⁰	\$0 to \$1,000	Lump sum	60 days before through 30 days after opening	Suppliers
Business Licenses ¹¹	\$750 to \$1,250	As incurred	Before opening	Government agencies
Professional Fees ¹²	\$5,000 to \$15,000	Lump sum	Before opening	Lawyer & accountants
Insurance ¹³	\$1,400 to \$3,625	Lump sum	Before opening	Insurance companies
Additional Funds ¹⁴ (3 months)	\$12,000 to \$30,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment ¹⁵	\$101,320 to \$204,625			

Table B – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - 3 TO 5 FOOD TRUCKS)				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee ¹⁶	\$25,000 to \$47,500	Lump sum	When you sign ADA	Us
Initial Investment to Open Initial Food Truck	\$101,320 to \$204,625	This is the total estimated initial investment in Table A above.		
Total Estimated Initial Investment ¹⁵	\$126,320 to \$252,125			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing for any of these items. Upon request, we will provide you with the names of companies that may be willing to offer you financing. No fees payable to us are refundable. We are not aware of any fees payable to third party suppliers that are refundable.
2. Grand Opening Marketing Fee: You pay us the grand opening marketing fee, which we reimburse to you for approved grand opening marketing expenditures you make during your grand opening period, which begins 60 days prior to your opening date and ends 30 days after your opening date.
3. Initial Training Expenses: This estimates your expenses to send 2 to 3 people to Irvine, California for initial training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.
4. Vehicle: You must purchase or lease a new or used food truck vehicle that meets our standards and specifications. We estimate the cost to purchase the food truck will range from \$60,000 to \$120,000 (for a used vehicle) or \$260,000 to \$300,000 (for a new vehicle). The purchase price includes the cost of the kitchen equipment installed in the vehicle. We anticipate most franchisees will lease or finance the purchase of their Food Truck. If you finance the purchase of your Food Truck, we estimate your initial payment (including deposit, up front financing fees and miscellaneous fees) will range from \$12,000 to \$24,000 (for a used vehicle) or \$45,000 to \$68,750 (for a new vehicle) and your monthly payments will range from \$1,000 to \$2,000 (for a used vehicle) or \$3,500 to \$4,500 (for a new vehicle). Your actual financing terms may vary depending on your credit score, the price of the vehicle, your down payment, the term of the finance agreements, financing rates in your market, and other factors that we cannot predict. The estimate in the table above assumes you choose to finance the purchase of your vehicle. The low estimate assumes you finance a used vehicle while the high estimate assumes you finance a new vehicle.
5. Vehicle Inspection: You must pay for a vehicle inspection to ensure that it meets our standards and specifications. Both the inspection company and the results of the inspection report must be approved by us. This item estimates the cost for the inspection fee.
6. Wraps: You must purchase and install the wraps we require. We estimate the cost will range from \$3,000 to \$5,500.
7. Technology Systems: This includes your initial cost to purchase and set up your Technology Systems, including the following components:
 - POS Terminal (including stand, cash drawer & printer)
 - Kitchen Display Screen
 - Ethernet Switch
 - Router
 - Mobile Handheld POS
 - WiFi Access Point
 - TV
 - System Development Fee
 - Onboarding Fee

In addition to these initial costs, you must also pay ongoing fees for some of these items. The ongoing fees and costs associated with your computer and POS system are described in Item 11 under the Section entitled "Computer System".

8. Smallwares: This estimates your costs to purchase your smallwares package.
9. Opening Inventory: You must prepare all menu items utilizing the ingredients we designate. This item estimates your costs for your initial supply of inventory items, including food, beverages, cups, plates,

silverware, napkins, cleaning supplies, plastic wrap, kitchen paper, hair nets, gloves, food storage bags, thermal paper, and similar items. The initial cost of your uniforms and merchandise is separately provided in the table.

10. **Additional Preopening Marketing:** You pay us the \$5,000 grand opening fee listed in a separate line item in the initial investment table. We do not require you to spend additional money on pre-opening marketing, but some franchisees may choose to do so. The high estimate assumes you choose to spend \$1,000 on pre-opening marketing beyond the required \$5,000 grand opening marketing fee.
11. **Business Licenses:** This item estimates your costs to obtain the various business licenses you will need to operate your Food Truck. You may need to obtain a hawkers or peddlers license, which we estimate will cost \$200 to \$1,000.
12. **Professional Fees:** This includes the estimated fees for professionals you may choose to hire in order to:
 - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
 - advise you regarding local laws and regulations applicable to your Food Truck
 - form a business entity
 - set up your books, records and accounts
 - develop a business plan and budget for the development and operation of your Food TruckThese services are optional but highly recommended
13. **Insurance:** This estimate includes 3 months of insurance premium. Item 8 includes a description of the insurance policies you must purchase and maintain.
14. **Additional Funds:** This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), gas, vehicle finance payments (\$1,000 to \$2,000 per month for a used vehicle or \$3,500 to \$4,500 per month for a new vehicle), vehicle maintenance, vehicle cleaning, Wi-Fi hotspot fees, technology fees (including onetime \$250 website setup fee plus \$7 per email address per month), marketing and advertising expenses and other miscellaneous expenses and required working capital. These figures are estimates based on our founder's experience establishing and operating mobile food trucks in Southern California since 2010.
15. **Budget and Initial Investment Report:** We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Food Truck. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Food Truck. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.
16. **Development Fee:** Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 3 Food Trucks (low estimate) or 5 Food Trucks (high estimate). If you purchase the right to develop more than 5 Food Trucks, your development fee will increase. This estimate does not include your costs to develop any Food Truck other than the first Food Truck you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases – Generally

You must purchase or lease certain “source restricted” goods and services for the development and operation of your Food Truck. By “source restricted,” we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and list of suppliers. We notify you of changes to our specifications or supplier list by email, written notice, telephone, updates to the Manual, bulletins or other

means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance, reliability and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, taste, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

You may not use a supplier of a source restricted item before we approve the supplier in writing. To obtain our approval, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier's facilities. We will notify you of our decision within 30 days after we receive your request for approval and all additional information and samples we require. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for all costs we incur in reviewing products and suppliers you propose.

Current Source Restricted Items

We estimate that nearly 100% of the total purchases and leases that will be required to establish and operate your Food Truck will consist of source restricted goods or services, as further described below:

Vehicle (Mobile Food Truck)

You must purchase or lease a new or used food truck vehicle that meets our standards and specifications. Your Food Truck must be equipped with all kitchen equipment we require. You must also purchase and install the wraps we designate on the vehicle. You must pay for a vehicle inspection to ensure that it meets our standards and specifications. Both the inspection company and the results of the inspection report must be approved by us. You may not begin operating your Food Truck until we confirm in writing that it meets our required standards and specifications. You must purchase or lease your Food Truck only from suppliers we designate or approve.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers.

Small Wares

You must purchase small wares that meet our standards and specifications. You may purchase these items from any supplier of your choosing.

Inventory

All inventory must meet our standards and specifications, including food and beverage items, merchandise, uniforms, cups, plates, silverware, napkins, operating supplies (cleaning supplies, plastic wrap, kitchen paper, hair nets, gloves, food storage bags, thermal paper, and similar items), etc. You must purchase your food and beverage items (including TLT seasoning, Limeade mix, hot sauce, etc.) exclusively from suppliers we designate or approve. In the future, we may require that you purchase some or all of these items only from us or our affiliate. We currently require that you purchase your uniforms and branded merchandise exclusively from us. You may purchase your other inventory items from any supplier of your choosing.

Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve (other than your initial supply of marketing materials which we provide at no additional charge). We may require that you utilize a designated supplier to implement your grand opening marketing campaign and/or provide social media marketing on your behalf.

Email Accounts

We are the exclusive supplier of all email addresses/accounts used by you and your staff relating to your Business. You must pay us a technology fee of \$7 per email address per month.

Website Development Services

We are the exclusive supplier for your local webpage setup and design. You pay us a one-time \$250 technology fee for this service. We may outsource this service to a third party of our choosing.

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc., including the following:

Policy Type	Minimum Coverage
Comprehensive General Liability Insurance (including liquor liability)	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Commercial Auto Liability Insurance	Bodily Injury Liability (Minimum of \$15,000 per person or \$30,000 per accident) Property Damage Liability (Minimum of \$5,000) Underinsured Motorist (Minimum of \$15,000 per person or \$30,000 per accident) Uninsured Motorist Property Damage (Minimum of \$3,500)
Business Interruption Insurance	At least 6 months
Employer's Liability Insurance	As required by law
Worker's Compensation Insurance	As required by law
Other Insurance	As required by law or in Manual

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We will try to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, there are no currently effective purchase agreements (with pricing terms) in place.

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power).

Currently there are no purchasing or distribution cooperatives, although we may establish them in the future. You

Franchise Disclosure Document (2024)

do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source Restricted Purchases

We are currently the exclusive designated supplier for:

- your employee uniforms
- all branded merchandise offered for sale
- website development services (relating to your local webpage)
- email addresses and accounts used by you and your employees

We may designate ourselves and/or our affiliates as approved or designated suppliers for other items in the future. No person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases.

During the fiscal year ended December 31, 2023, neither we nor our affiliates received any revenues from franchisee purchases or leases from us or other designated or approved suppliers.

ITEM 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: Not Applicable	Item 7 & Item 11
	ADA: Not Applicable	
b. Pre-opening purchases/leases	FA: 11.7 & 15.1	Item 5, Item 7, Item 8 & Item 11
	ADA: Not Applicable	
c. Site development and other pre-opening requirements	FA: 7.1 & 7.2	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
d. Initial and ongoing training	FA: 5	Item 6 & Item 11
	ADA: Not Applicable	
e. Opening	FA: 7.2	Item 11
	ADA: 4.1	
f. Fees	FA: 4.2, 5.4, 5.5, 6.6 8.4, 10.1, 10.4, 11.7, 11.9, 11.15, 13, 16, 19.2 & 21.3	Item 5 & Item 6
	ADA: 5 & 7.2	
g. Compliance with standards and policies/Brand Standards Manual	FA: 6.1, 10.3, 11 & 17.1	Item 11
	ADA: 4.2	
h. Trademarks and proprietary information	FA: 17	Item 13 & Item 14
	ADA: 2	
i. Restrictions on products/services offered	FA: 11.3	Item 16
	ADA: Not Applicable	

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
j. Warranty and client service requirements	FA: 11.13	Not Applicable
	ADA: Not Applicable	
k. Territorial development and sales quotas	FA: Not Applicable	Item 12
	ADA: 4.1	
l. Ongoing product/service purchases	FA: 11.7	Item 8
	ADA: Not Applicable	
m. Maintenance, appearance and remodeling requirements	FA: 11.8 & 11.10	Item 11
	ADA: Not Applicable	
n. Insurance	FA: 15.1	Item 6 & Item 7 & Item 8
	ADA: Not Applicable	
o. Advertising	FA: 10	Item 6, Item 7 & Item 11
	ADA: Not Applicable	
p. Indemnification	FA: 18	Item 6
	ADA: Not Applicable	
q. Owner's participation/management/staffing	FA: 8	Item 11 & Item 15
	ADA: Not Applicable	
r. Records/reports	FA: 15.2 & 15.3	Item 6
	ADA: Not Applicable	
s. Inspections/audits	FA: 16	Item 6 & Item 11
	ADA: Not Applicable	
t. Transfer	FA: 19	Item 17
	ADA: Section 7	
u. Renewal	FA: 4	Item 17
	ADA: 4.3	
v. Post termination obligations	FA: 21	Item 17
	ADA: Not Applicable	
w. Non-competition covenants	FA: 14	Item 17
	ADA: Not Applicable	
x. Dispute resolution	FA: 22	Item 17
	ADA: 9	
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "B"	Item 15
	ADA: Not Applicable	

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Business, we will:

1. License you the Marks necessary to begin operating your Food Truck. (§2)
2. Provide access to our Manual, which will help you develop and operate your Food Truck, as discussed below under “Manual”. (§6.1)
3. Provide our written specifications for the goods and services you must purchase to develop, equip and operate your Food Truck and a list of approved and/or designated suppliers for these goods and services. We will deliver the uniforms and merchandise you purchase from us. We do not deliver or install any other items. (§11.2)
4. Provide an initial supply of marketing materials at no additional charge, as discussed below under “Advertising and Marketing”. (§10.2)
5. Provide an initial training program, as discussed below under “Training Program”. (§5.1)
6. Assist you with the development of a grand opening marketing program to promote the opening of your Food Truck. (§10.3(a))

During the operation of your Business, we will:

1. Provide guidance and recommendations to improve the operation of your Food Truck. (§6.2)
2. Provide periodic training programs, as discussed below under “Training Program”. (§5.2)
3. Conduct periodic inspections of your Food Truck for compliance with maintenance requirements, standards for food safety and quality, and our other brand standards. (§16.1)
4. Maintain a corporate website to promote our brand and a local webpage to promote your Food Truck, as discussed below under “Advertising and Marketing”. (§6.4)
5. Establish and implement the Brand Fund, as discussed below under “Advertising and Marketing”. (§10.1)
6. Provide our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, we must approve any deviation that is more than 50% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign that we have approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you offer. (§11.6)
7. Operate a call center for purposes of soliciting and referring leads for catering services to our franchisees. We do not represent or guarantee that we will refer any catering leads to you. We may operate this call center directly or outsource this function to a third-party of our choosing. All catering service orders must be placed through our call center, including catering leads sourced by you. (§6.6)

During the operation of your Business, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Food Truck. (§6.3)
2. Develop new merchandise and menu items for sale by franchisees. (§6.7)
3. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (§6.5)
4. Hold periodic conferences to discuss business and operational issues affecting franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (§5.5)
5. Create a franchise advisory council, as discussed below under “Advisory Council”. (§12)

6. Upon request, provide additional training or assistance (either at our headquarters or onsite in your territory), as discussed below under “Training Program”. (§5.2)

We do not provide area developers with any support under their ADA. You will not need an office or separate commercial facility.

Training Program (§5)

Initial Training Program

We will provide an initial training program for the Managing Owner, any other owner that will be actively involved with the management or operation of the Business and your initial managers. These individuals must successfully complete initial training to our satisfaction before you begin operating your Food Truck. However, there is no specific period of time after signing or before opening that training must be completed. You may send other owners (i.e., passive owners) to initial training, but it is not required.

Our initial training program includes 14 days of training at corporate headquarters in Irvine, California (or any other location we designate). During training, we will assess the prior training, experience and qualifications of the trainees. Based upon this assessment, we will provide the training and assistance we deemed appropriate relating to the pre-opening period, opening and initial period of operations of your Food Truck.

Prior to attending training at our corporate headquarters, the initial trainees must attend and successfully complete an accredited Food Safety certification course. Each initial trainee must provide us with evidence of successful completion of the certification course.

We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials include the Manual, handouts, PowerPoint presentations and video. For onsite training, the training materials include the various equipment you must purchase for the development of your Food Truck, including kitchen equipment and computer/POS system. We do not charge you for training materials.

We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and managers. Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Brand Orientation & History	1	0	Irvine, California
Food Safety & Sanitation	2	0	Irvine, California
Franchise Start Up	2	0	Irvine, California
Financial Management	1	0	Irvine, California
People Management	1	0	Irvine, California
Marketing & Sales Process	2	0	Irvine, California
Safety, Security & Crisis Management	1	0	Irvine, California
Purchasing, Receiving & Storage	0	4	Irvine, California
Equipment Operations & Maintenance	0	2	Irvine, California
Food Preparation	0	24	Irvine, California
Daily Food Truck Operations	0	60	Irvine, California
Vehicle Operations & Maintenance	0	10	Irvine, California
Total	10	90	

Ongoing Training Programs

From time to time, we may require that your Managing Owner and managers attend system-wide refresher or supplemental training courses. Any new Managing Owner or manager you appoint or hire must successfully complete our initial training program before assuming responsibility for the management of your Food Truck. If we inspect your Food Truck and determine you are not operating in compliance with the Franchise Agreement and the Manual, we may require that your Managing Owner and managers attend remedial training relevant to the operational deficiencies we observed. You may also request that we provide additional training (either at corporate headquarters or in your territory). We are not required to provide additional training you request.

Instructors

Frank Torres joined us in 2021 and currently serves as our Training/Franchise. He provides instruction on the topics of Food Truck management. Mr. Torres has served as the General Manager of our corporate-owned Food Trucks since 2021. Prior to joining us, he was the Food Truck District Manager for The Habit and a Store Manager for El Pollo Loco and Jack-in-the-Box. He has 21 years of experience in the restaurant industry.

Training Fees and Costs

We provide our pre-opening initial training program in exchange for the \$10,000 initial training fee. We may charge you a training fee of up to \$350 per person per day for each person who attends: (a) initial training after you open (such as a new Managing Owner or manager); (b) retraining (after failing a prior attempt); (c) remedial training; (d) additional training you request; or (e) refresher or supplemental training. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite initial training we conduct before you open). You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

Manual (§6.1, 11.2 & 24.8)

We will provide you with access to our Manual in text or electronic form during the term of your franchise. The Manual may include, among other things:

- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Food Truck and (b) designated and approved suppliers
- specifications for your Food Truck
- a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting; (c) insurance; (d) data ownership, protection, sharing and use; (e) gift card, loyalty and similar programs; and (f) catering services

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual includes 225 pages. The Table of Contents is attached to this Disclosure Document as EXHIBIT "E".

Advertising and Marketing (§6.4 & 10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. We

will also provide you with certain advertising and marketing support as further discussed below. There is currently no franchisee advertising council that advises us on marketing and advertising matters. Our company-owned Food Trucks pay brand fund fees and cooperative advertising fees on the same basis as franchisees. We have no further obligation to expend our own funds on marketing and advertising in your area.

Grand Opening Marketing

We will assist you with the development of a grand opening marketing plan to promote the opening of your Food Truck. We may instead provide a generic grand opening marketing plan in the Manual. We must approve your grand opening marketing plan prior to implementation. You pay us a \$5,000 grand opening marketing fee, which we use to reimburse you for approved grand opening marketing expenditures made during the 90-day period that begins 60 days prior to your opening date. We may require that you utilize a marketing company we designate to design and implement a customized grand opening marketing plan.

Ongoing Local Marketing By You

After opening, you must spend a minimum monthly amount equal to your “Local Marketing Commitment” (which is 2% of your Gross Sales) on local advertising. We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period is at least 2% of Gross Sales, you are deemed in compliance even if your expenditure in any given month is less than 2% of Gross Sales.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 7 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 7-day period constitutes our disapproval.

Local Marketing Assistance From Us

We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

We will provide you with an initial supply of marketing materials at no additional charge. From time to time, we may develop new or additional advertising and marketing materials and make them available to you. We will not charge you for additional marketing materials unless we incur a cost to produce or distribute the materials to you. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet (in which case you must arrange for printing the materials and paying all printing costs). Alternatively, we may enter into relationships with third-party suppliers who will create the advertising or marketing materials for your purchase.

Websites, Social Media and Digital Advertising

We will provide you with a local webpage that will be linked to our website. Your webpage will list certain information about your Food Truck (such as commissary address, phone number and catering menu). Except for the webpage we provide, you may not (a) develop, host, or otherwise maintain a website or other digital presence relating to your Business (including any website bearing any of our Marks); or (b) utilize the Internet to conduct digital or online advertising or otherwise engage in ecommerce. However, we do permit (and encourage) you to market your Food Truck through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing the social media platforms that we approve
- you must strictly comply with our social media policy (as revised from time to time)
- you must immediately remove any post we disapprove (even if it complies with our social media policy)
- we may require that you utilize a supplier we designate for social media marketing services
- you must provide us with full administrative rights to your social media accounts

- we will own all of your social media accounts

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Food Trucks operating within a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with zip codes, designated marketing areas or municipal boundaries. We will specify the manner in which the cooperative is organized and governed. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Food Truck operates within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 1% of Gross Sales. All cooperative advertising fees you pay are credited against your Local Marketing Commitment. Any company-owned Food Truck located in the cooperative will contribute on the same basis as franchisees.

Advertising cooperatives are not required to prepare annual or periodic financial statements. Any financial statements that are prepared will be made available to you upon request. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We will establish and maintain the Brand Fund to promote public awareness of our brand and to improve our System. We may use the Brand Fund to pay for any of the following in our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs (including covering the costs associated with our call center that is designed to generate catering leads)
- conducting and administering promotions, contests or giveaways
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem necessary or appropriate to promote or improve the System

- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. During the first few years after we establish the Brand Fund, we anticipate most marketing and advertising will consist of digital marketing and will be local or regional in coverage. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 1% of Gross Sales). We deposit all brand fund fees we collect into the Brand Fund. Company-owned Food Trucks contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Food Truck established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023 we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any Food Truck operated by us or our affiliates would also be a member of the council. Each member would be granted 1 vote for each Food Truck owned by the member (up to a maximum of 10) on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Computer System (§11.7, 11.8, 11.9, 15.3 & 16.1)

You must purchase and use all Technology Systems that we designate from time to time. Our current Technology Systems consist of the following:

- POS Terminal (including stand, cash drawer & printer)
- Kitchen Display Screen
- Ethernet Switch
- Router
- Mobile Handheld POS
- WiFi Access Point

- 1 TV

In terms of your computer system, we currently require that you purchase the Toast point-of-sale (POS) system. You must also license: (a) QuickBooks (online version), which is our designated financial accounting software; (b) Google Suite, which manages your search engine; (c) PopMenu, which manages your website; and (d) Yelp!, which serves as an additional portal for lead generation. The specific components of the POS system, and the associated costs, are described below in the Section entitled “Fees and Costs.” We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We will provide you with all email addresses/accounts for use with your Business. You and your staff must exclusively use the email addresses we provide for all communications with us, customers, suppliers and other persons relating to your Business. You and your staff may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you and your staff to use them during the term of your franchise.

How Computer System Is Used

The computer system will generally be used for the following purposes: email; developing, updating and displaying your menu and pricing (including online menus); processing sales transactions; routing tickets to the kitchen; administering our gift/card and other loyalty programs (if any); organizing and managing customer details, past orders and new orders; tracking and managing inventory and supplier relationships; preparing various operational reports; scheduling and managing employees; preparing and managing daily procedural checklists; and financial accounting.

Fees and Costs

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from \$3,800 to \$4,800.

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. The table below identifies the ongoing fees and costs you must pay relating to your Technology Systems, including software, technology, Apps, subscriptions and related services (and including the software, technology and related services covered by the technology fee):

TECHNOLOGY SYSTEMS – ONGOING FEES AND COSTS			
Program/Item	Monthly Fee (Per License)	Monthly Fee (Total)	To Whom Paid
Email Addresses (included as part of technology fee)	\$7 per email address (2 to 5 required)	\$14 to \$35 (\$168 to \$420 per year)	Us
POS Software Subscription	\$664 (\$7,968 per year)	\$664 (\$7,968 per year)	Third-Party Licensor
QuickBooks (Online Version)	\$70 (estimate)	\$70 (\$840 per year)	Third-Party Licensor
PopMenu* (website management)	\$199 (\$2,388 per year)	\$199 (\$2,388 per year)	Third-Party Licensor
Google Suite	\$50 (\$600 per year)	\$50 (\$600 per year)	Third-Party Licensor
Yelp!	\$70 (\$840 per year)	\$70 (\$840 per year)	Third-Party Licensor

* For your website, you must also pay us a one-time \$250 local webpage setup fee.

Maintenance, Support, Updates and Upgrades

In exchange for the monthly license fee described above, the licensor of the QuickBooks accounting software will provide all required maintenance, support, updates and upgrades. In exchange for the initial license fees described above, the licensor of your POS system will provide all required maintenance, support, updates and upgrades for an initial support period of 1 year. You will need to purchase a separate maintenance and support contract in order to receive ongoing maintenance, support, updates and upgrades following the expiration of this initial support period.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your POS system will collect and store data regarding your sales transactions, including sales data and credit card information. QuickBooks will collect and store various financial data regarding your Business operations. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access.

We will own all data relating to your Food Truck operations and customers. We will grant you a license to use this data solely for purposes of operating your Business. You must protect all customer data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws as well as our data processing and data privacy policies set forth in the Manual from time to time. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.

Computer System Maintenance and Changes

You must maintain the computer system in good working order at your cost. During the term of your franchise, you may be required to upgrade or update your computer hardware and/or software to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades.

Opening Requirements (§7.2)

We anticipate a typical franchisee will begin operating the Food Truck between 6 and 12 months after signing the Franchise Agreement. Factors that may affect this time include truck procurement and manufacturing, obtaining financing, completion of training, obtaining insurance, and complying with local laws and regulations.

You may not begin operating your Food Truck prior to receipt of our written authorization to open. We will not issue our authorization to open until all of the following conditions are met:

- the initial trainees successfully complete the initial training program
- you purchase all required insurance policies and provide us with evidence of coverage
- you obtain all required licenses, permits and other governmental approvals
- you hire sufficient staff to properly operate your Food Truck at full capacity

Unless we agree to the contrary, you must commence operating your Food Truck within 1 year after you sign the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.

ITEM 12 TERRITORY

Location of Your Business

You will not operate from a fixed place of business. You will not need a separate office or dedicated retail space.

During the term of your Franchise Agreement, you may operate your Food Truck anywhere within your territory.

Franchise Disclosure Document (2024)

You may operate your Food Truck in areas adjacent to your territory only in compliance with our extra-territorial food truck operations policy in the Manual. Under no circumstances may you operate your Food Truck within any territory (or development territory) assigned to us, our affiliate or another franchisee.

Your Territory (Franchise Agreement)

We will grant you an exclusive territory. During the term of your Franchise Agreement, we will not operate, or authorize any person other than you to operate, a Food Truck anywhere within your territory. We will identify the boundaries of your territory in Part C of ATTACHMENT "A" to your Franchise Agreement at least 7 days before you sign it. Your territory will be determined as follows:

- if the population within a 25-mile radius from your commissary is greater than 100,000, you will receive a territory that includes a minimum population of 100,000 (in this case, we may define the boundaries of your territory in any manner we desire, including by radius from the commissary, area codes, municipal boundaries, streets, polygons or any other method we deem appropriate); or
- if the population within a 25-mile radius from your commissary is less than 100,000, you will receive a territory that includes the geographic area within a 25-mile radius from your commissary.

* The territory is determined based upon location of your commissary at the time the territory is determined and the population statistics in effect at that time. The “commissary” refers to the location where your Food Truck is housed, as designated on Part B of ATTACHMENT "A" to your Franchise Agreement. Your territory will not change as a result of: (a) changes in population or (b) relocation of the commissary.

You may not relocate or change your territory. Upon renewal, we reserve the right to modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Your Development Territory (ADA)

If you sign an ADA, we will grant you an exclusive development territory. You may operate your Food Trucks anywhere in your development territory. You may operate your Food Trucks in areas adjacent to your development territory only in compliance with our extra-territorial food truck operations policy in the Manual. Under no circumstances may you operate your Food Truck within any territory (or development territory) assigned to us, our affiliate or another franchisee.

A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Food Trucks you commit to develop and operate and the total size of the territories necessary to operate those Food Trucks.

You must sign a separate Franchise Agreement for each Food Truck you develop. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule.

Alternative Channels of Distribution

We reserve the right to sell, or license others to sell, competitive or identical goods or services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution, including within your territory and development territory, if applicable. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to customers from a mobile food truck. Examples of Alternative Channels of Distribution include:

- Born From The Lime Truck restaurants that operate from fixed retail locations
- Sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- Sales through retail stores that do not operate under the Marks, such as grocery stores, gas stations or convenience stores

- Sales made at wholesale

You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You are not permitted to market or sell through Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable, except as we specifically authorize or approve. Currently, we allow you to: (a) promote your Food Truck through approved social media sites in accordance with our social media policy; and (b) utilize any online ordering system we approve to solicit and accept online orders submitted by your customers (at this time there are no approved online ordering systems in place).

You can market and advertise outside of your territory and development territory, if applicable, as long as: (a) you comply with all of the policies and procedures set forth in the Manual governing extra-territorial marketing; and (b) you do not engage in any targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (except as otherwise noted below).

You may not engage in targeted marketing directed into a territory assigned to us, our affiliate or another franchisee unless the marketing is conducted as part of an advertising cooperative that includes the affected territory. Marketing that is distributed, circulated or received both within your territory and within another territory is not deemed to be “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate, or another franchisee. The meaning of “targeted marketing” that is “directed into a territory” may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and setting up promotional events that take place within a given territory.

There are no other restrictions on your right to solicit customers, whether from inside or outside of your territory.

Minimum Performance Requirements

Your territorial exclusivity under your Franchise Agreement does not depend on achieving a certain sales volume, market penetration, or other contingency.

If you sign an ADA and fail to satisfy your development schedule by opening and operating the minimum number of Food Trucks within the required period of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop multiple Food Trucks within your development territory if you sign an ADA.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Born From The Lime Truck Food Truck. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate your Food Truck under the name BORN FROM THE LIME TRUCK® and logo shown on the cover page of this Disclosure Document. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Food Truck or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If we

require you to discontinue use of our primary Mark (i.e., BORN FROM THE LIME TRUCK[®]), we will reimburse you for your tangible costs of compliance (e.g., changing brochures, business cards, etc.). We have no other liability to you for changing the Marks.

Our founder, Daniel Shemtob, registered the following trademark on the Principal Register at the United States Patent and Trademark Office:

REGISTERED MARK		
Mark	Registration Number	Registration Date
BORN FROM THE LIME TRUCK	6382004	June 8, 2021

All required affidavits have been filed and we intend to file all renewals when due.

On May 18, 2021, Mr. Shemtob assigned all rights to the Marks above to our affiliate, BFTLT Holding, LLC (“IP Holdings”). On May 27, 2021, we entered into a License Agreement (the “License Agreement”) with IP Holdings. Under the terms of the License Agreement, IP Holdings granted us the right to use the Marks in the Born From The Lime Truck System and to sublicense the Marks to our franchisees. The term of the License Agreement automatically renews annually, unless it is terminated in accordance with its terms. IP Holdings is permitted to terminate the License Agreement only if we declare bankruptcy or become insolvent, if we and IP Holdings mutually agree to terminate the License Agreement or if we breach IP Holdings’ quality control standards and fail to cure the breach within a 60-day cure period. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or IP Holdings’ rights to the Marks.

The Franchise Agreement does not require that we: (a) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (b) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of your Franchise Agreement, we will allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Food Truck. Examples include:

- recipes, methods, techniques, standards, specifications, policies and procedures
- supplier lists and information
- marketing and merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Food Truck. We will also own all operational and customer data relating to your Business. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Food Truck in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. We consider all information in the Manual to be confidential. All of your employees, agents and representatives (other than your managers) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "E" before you give them access to our confidential information.

You must promptly notify us if you discover any unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner who will have overall responsibility for the management and operation of your Food Truck (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) at all times hold at least a 20% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement. The Managing Owner is not required to provide onsite management of your Food Truck as long as a trained manager is doing so. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Food Truck.

Except as otherwise provided above with respect to your Managing Owner, we do not require that your owners personally participate in the management or operation of your Business. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "B". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee’s financial obligations.

Managers

You may hire managers to assist the Managing Owner with the onsite management and supervision of your Food Truck. Any person you hire as a manager must: (a) successfully complete all training programs we require; (b) have at least 2 years of experience in the restaurant or food truck industry; (c) sign the Brand Protection Agreement attached to the Franchise Agreement as ATTACHMENT "D". At all times during normal hours of operation, either the Managing Owner or a trained manager must be present at your Food Truck to provide onsite

management and supervision. The Managing Owner must supervise each manager to ensure your Food Truck is operated in accordance with the Franchise Agreement and the Manual. We do not require that the manager own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require, including all food, beverage, merchandise, gift cards and other goods and services we require from time to time. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell (including changes to your required menu), and you must comply the change. We may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of the franchise term	FA: ATTACHMENT "A" (Definition of "Term")	Term is equal to 10 years.
	ADA: 1 (Definition of "Term")	Term expires on date you cease operating any Food Trucks within the development territory.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term will be 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.3	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; and renovate and upgrade Food Truck and equipment to conform to current standards. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.3	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 20.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 20.3	We can terminate without cause if you and we mutually agree to terminate.
	ADA: Not Applicable	Not applicable
f. Termination by us with cause	FA: 20.2	We can terminate if you default.
	ADA: 8.2	We can terminate if you default.
g. "Cause" defined - curable defaults	FA: 20.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	ADA: 8.2	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. “Cause” defined - non-curable defaults	FA: 20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to open in timely manner; abandonment; failure to maintain required license or permit; conviction of certain crimes or subject of certain administrative actions; violation of material law; commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2 nd underreporting of Gross Sales by 3% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant; breach of Franchise Owner Agreement; loss of right to possess Food Truck; termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing
	ADA: 8.2	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 21.1	Obligations include: de-brand your vehicle and remove trade dress; cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; cancel fictitious names; comply with data retention policies; and pay amounts due (also see “r”, below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 19.1	No restriction on our right to assign.
	ADA: 7.1	No restriction on our right to assign.
k. “Transfer” by you – definition	FA: 19.2 & <u>ATTACHMENT "F"</u> (definition of “Transfer”)	Includes transfer of contract or assets, or ownership change.
	ADA: 1 (definition of “Transfer”) & 7.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	FA: 19.2, 19.3 & <u>ATTACHMENT "F"</u> (definition of “Permitted Transfer”)	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval..
	ADA: 1 (definition of “Permitted Transfer”), 7.2 & 7.3	You may engage in a Permitted Transfer without approval. We must approve other Transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	FA: 19.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and renovate and upgrade Food Truck and equipment to current standards within 6 months after Transfer or such shorter period of time we specify. You must: be in compliance with Franchise Agreement; pay transfer fee; subordinate transferee’s ongoing payments owed to you (if any) to transferee’s financial obligations owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
	ADA: 7.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of ADA for remainder of term or, at our option, assume your ADA. You must: be in compliance with all Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or at our option, transferee must sign then-current form of franchise agreement); comply with transfer provisions under Franchise Agreements; pay transfer fee; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your Business.
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 21.4	We have the option to purchase your Food Truck at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 19.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Food Truck prior to Transfer.
	ADA: 7.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 21.1	No involvement for 2 years in competing business within your territory or any territory operated by us or another franchisee (subject to state law).
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 11.7	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/merger clause	FA: 24.8	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
	ADA: 11.7	

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	FA: 22	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	ADA: 9	Subject to state law, all disputes must be mediated before litigation.
v. Choice of forum	FA: 22	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Orange County, California).
	ADA: 9	Subject to state law, all mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Orange County, California).
w. Choice of law	FA: 24.1	Subject to state law, Delaware law governs.
	ADA: 11.1	Subject to state law, Delaware law governs.

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.

The following financial performance representation (“FPR”) presents Gross Sales data for our only affiliate-owned Food Truck which opened in June 2010. There are no material differences between the operations of the affiliate-owned Food Truck whose data has been included in this FPR and the franchised Food Truck offered under this Disclosure Document.

As of December 31, 2023, there was 1 open Food Truck. This FPR presents Gross Sales data for this Food Truck. Since we have not sold any franchises, this financial performance representation is limited to data from our affiliate-owned Food Truck.

Opening Date (Month/Year)	2023 Gross Sales
June 2010	\$2,015,018

Notes:

- For purposes of the table above, the term “Gross Sales” means all gross sums billed or collected from all goods and services sold, less sales or use taxes, discounts and amounts refunded to customers.
- In making the above financial performance representation, we have relied upon internally prepared financial statements for this outlet using QuickBooks accounting software. Neither we nor any independent certified public accountant has independently audited or verified the information.
- The financial performance representation does not include any expense information. As a franchisee, you will incur expenses, such as payroll, marketing, inventory replenishment as well as the initial and ongoing fees imposed under the Franchise Agreement.

4. The revenue figure is based on the historical results from the outlet described above.

You should consult with your advisors to develop your own estimates of revenues for your Food Truck.

Some Born From The Lime Truck Food Trucks have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Daniel Shemtob at 16221 Construction Circle West, Irvine, California 92606 or by phone at (424) 256-9588, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	0	0	0
Total Outlets	2021	1	1	0
	2022	1	1	0
	2023	0	0	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Total	0	0	0

Notes:

- Our fiscal year ends on December 31st.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has 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.**

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experience as a franchisee in our franchise system.

There are no (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as EXHIBIT "G" are: (a) audited financial statements of Born From the Lime Truck, LLC for the fiscal years ended December 31, 2023 and December 31, 2022; and (b) an audited opening balance sheet of Born From The Lime Truck, LLC as of December 31, 2021 and the related statements of income, members' equity, and cash flows for the period from April 15, 2021 to December 31, 2021. Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire (Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state)
EXHIBIT "H"-3	General Release

Attachments to Franchise Agreement

ATTACHMENT "B"	Franchise Owner Agreement
ATTACHMENT "C"	ACH Authorization Form
ATTACHMENT "D"	Brand Protection Agreement
ATTACHMENT "E"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 <u>MICHIGAN</u> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 335-7567 <u>MINNESOTA</u> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500 <u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222 <u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 <u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712	<u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 <u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808
302-636-5401

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

[See Attached]



BORN FROM THE LIME TRUCK FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

TABLE OF CONTENTS

1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	1
3.	TERRITORY	1
4.	TERM AND RENEWAL	2
5.	TRAINING AND CONFERENCES	2
6.	OTHER FRANCHISOR ASSISTANCE.	3
7.	ESTABLISHING YOUR FOOD TRUCK.....	4
8.	MANAGEMENT AND STAFFING.	5
9.	FRANCHISEE AS ENTITY	5
10.	ADVERTISING & MARKETING.	6
11.	OPERATING STANDARDS.	8
12.	FRANCHISE ADVISORY COUNCIL	12
13.	FEES.....	13
14.	BRAND PROTECTION COVENANTS	14
15.	YOUR OTHER RESPONSIBILITIES	15
16.	INSPECTION AND AUDIT.....	17
17.	INTELLECTUAL PROPERTY	17
18.	INDEMNITY	18
19.	TRANSFERS	19
20.	TERMINATION	20
21.	POST-TERM OBLIGATIONS.....	22
22.	DISPUTE RESOLUTION.....	24
23.	REPRESENTATIONS	24
24.	GENERAL PROVISIONS.....	25

ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Franchise Owner Agreement
ATTACHMENT "C"	ACH Authorization Form
ATTACHMENT "D"	Brand Protection Agreement
ATTACHMENT "E"	Confidentiality Agreement
ATTACHMENT "F"	Definitions

BORN FROM THE LIME TRUCK FRANCHISE AGREEMENT

This Born From The Lime Truck Franchise Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Born From The Lime Truck, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. **DEFINITIONS.** Capitalized terms used in this Agreement are defined either in the body of this Agreement or in ATTACHMENT "F".
2. **GRANT OF FRANCHISE.** We hereby grant you the right, license and obligation to own and operate one (1) Food Truck using our Intellectual Property. As a franchisee, you will establish and operate a branded mobile food truck that features California-Mexican (“Cal-Mex”) menu items prepared from scratch using high quality, locally and ethically-sourced, ingredients and also sells desserts, non-alcoholic beverages and approved retail items. We reserve all rights not expressly granted to you.
3. **TERRITORY.**

3.1. **Identification of Territory.** We hereby grant you an exclusive territory consisting of the geographic area described in Part C of ATTACHMENT "A" (your “Territory”). Your Territory is determined as follows:

- (i) if the population within a 25-mile radius from your commissary is greater than 100,000, your Territory will consist of the geographic area we designate with a minimum population of 100,000 (in such case, we may define the boundaries of your Territory in any manner we desire, including by a prescribed radius from the commissary, area codes, municipal boundaries, streets, polygons or any other method we deem appropriate); or
- (ii) if the population within a 25-mile radius from your commissary is less than 100,000, your Territory will consist of the geographic area within a 25-mile radius from your commissary.

Your Territory is determined based upon the location of your initial commissary at the time the Territory is determined and the population statistics in effect at that time. Your “commissary” refers to the location where your Food Truck is housed, as designated on Part B of ATTACHMENT "A" to this Agreement. Your Territory will not change during the Term as a result of: (a) changes in population or (b) relocation of the commissary. You may not relocate or change your Territory.

3.2. **Area of Operations.** You may operate your Food Truck anywhere within your designated Territory. You may operate your Food Truck in areas adjacent to your Territory only in compliance with our extra-territorial food truck operations policy in the Manual. Under no circumstances may you operate your Food Truck within any territory (or development territory) assigned to us, our affiliate or another franchisee.

3.3. **Territorial Rights.** Your Territory is exclusive, meaning that during the Term we will not operate, or authorize any Person other than you to operate, a Food Truck anywhere within your Territory. Your territorial protections are limited to the operation of a mobile food truck and do not extend to any other channel of distribution. We reserve the right to sell, and license third parties to sell, competitive or identical goods or services (including under the Marks) within your Territory through Alternative Channels of Distribution. Without limiting the generality of the foregoing, we shall have the unrestricted right to develop and operate, and license third parties to develop and operate, Born From the Lime Truck restaurants from dedicated retail space anywhere within your Territory.

4. TERM AND RENEWAL.

4.1. **Generally.** This Agreement grants you the right to operate your Food Truck only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of two (2) Successor Agreements following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the second (2nd) renewal term, but neither party is obligated to do so (unless required by applicable state Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any.

4.2. **Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 270 days nor more than one (1) year before the expiration of the Term or renewal term, as applicable;
- (ii) not be in default under any Definitive Agreement at the time you send the renewal notice or sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a \$12,500 renewal fee; and
- (vi) renovate, refurbish and upgrade your Food Truck and equipment to conform to our then-current standards and specifications.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Food Truck after the expiration of the Term, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. **Initial Training Program.** The Managing Owner, any other Owner who will be actively involved with the management or operation of the Food Truck, and your initial managers, if any, must

successfully complete our initial training program before you begin operating your Food Truck. They must also complete all required online training and third-party training courses we designate prior to attending initial training at our corporate headquarters. If you hire a new manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program.

- 5.2. **Ongoing Training Programs.** We may offer periodic refresher or supplemental training courses for your Owners and managers. We may designate each course as mandatory or optional. If we determine your Food Truck is not being operated in full compliance with this Agreement and the Manual, we may require that your Managing Owner and managers attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time
- 5.3. **Training Locations.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.
- 5.4. **Training Fees and Expenses.** We provide our preopening initial training program in exchange for the \$10,000 initial training fee due upon execution of this Agreement. We may charge a training fee of up to \$350 per Person per day for any Person who: (a) attends our initial training program after you commence operating your Food Truck; (b) retakes training after failing a prior attempt; (c) attends remedial training program; (d) attends additional training requested by you; or (e) attends refresher or supplemental training. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training we may choose to conduct as part of our initial training program prior to your opening date). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.
- 5.5. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Food Trucks. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We will not require attendance at more than one (1) conference during any calendar year. We may charge you a conference registration fee that will not exceed \$400 per Person per day. If you fail to attend a required conference without a waiver from us, then you must pay us the conference registration fee despite your non-attendance (we will provide you with a copy of any written materials distributed at the conference). You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Food Truck. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.
- 6.2. **General Guidance.** We will periodically review and evaluate your Food Truck and reports you submit to us and provide our guidance and recommendations on ways to improve the operation of your Food Truck. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication.
- 6.3. **Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Food Truck. We will provide a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.
- 6.4. **Website.** We currently maintain a corporate website for our brand. We will also develop and host a local webpage for your Food Truck that will be linked to our corporate website. Your webpage will include localized information about your Food Truck, such as such as contact information and hours

of operation. We will control all content on your webpage. We will own the website (including your webpage) and domain name at all times. We may change or discontinue the website and/or your local webpage at any time.

- 6.5. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup.
- 6.6. **Call Center.** We may operate, or designate a third-party provider to operate, a call center purposes of soliciting leads for catering services or for any other purpose we designate. You must participate in the call center program and pay all reasonable setup and monthly fees designated by us or the third-party provider. All catering service orders must be placed through the designated call center, including catering leads sourced by you. We do not represent or guarantee that we will refer any catering leads to you. We may utilize the brand and system development fund to pay for the costs of administering the call center. If you book catering services with a lead that we refer to you, you must pay us a catering commission equal to 10% of the total order price. If you book catering services with a leads you generate (or the booking is made with a “repeat customer”) then you must pay us a catering commission equal to 8% of the total order price. This commission is invoiced monthly and due 10 days after invoicing.
- 6.7. **New Merchandise and Menu Items.** We may, but need not, create new menu items, retail products or merchandise for sale by Food Trucks. You must comply with any minimum inventory stocking requirements in the Manual.

7. ESTABLISHING YOUR FOOD TRUCK

- 7.1. **Development of Food Truck.** You must purchase or lease a new or used food truck meeting our standards and specifications. You must purchase and install the wraps we require. You must ensure that all of our required kitchen equipment is installed in your Food Truck. You must purchase all inventory items, smallwares, operating supplies, Technology Systems, and other items we specify for purposes of developing, equipping, and stocking your Food Truck. You must pay for a vehicle inspection to ensure that it meets our standards and specifications. Both the inspection company and the results of the inspection report must be approved by us.
- 7.2. **Opening.** You must open your Food Truck to the public within one (1) year after the Effective Date. You may not open your Food Truck prior to receipt of our written authorization to open. We will not issue our authorization to open before:
- (i) the Managing Owner and other staff we designate successfully complete initial training;
 - (ii) you develop, equip and stock your Food Truck in accordance with our standards and specifications;
 - (iii) you obtain all required licenses, permits and approvals from Governmental Authorities;
 - (iv) you purchase all required insurance policies and provide evidence of coverage;
 - (v) you hire sufficient staff to operate your Food Truck at full capacity; and
 - (vi) you fulfill all of your other preopening obligations under this Agreement and the Manual.

You must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a preopening inspection of your Food Truck. You must make all changes and modifications we require before you may open.

8. MANAGEMENT AND STAFFING.

- 8.1. **Owner Participation.** You must designate an Owner who will have overall responsibility for the management and operation of your Food Truck (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) provide onsite management and supervision of your Food Truck during normal business hours unless you delegate onsite management functions to a designated manager; and (d) at all times own at least 20% of the Equity Interests in the Business or the Franchisee Entity, as applicable, unless we waive this requirement. Any new Managing Owner you appoint must successfully complete our then-current initial training program before becoming assuming responsibility for the management or operation of the Food Truck.
- 8.2. **Managers.** You may hire a designated manager to assist the Managing Owner with the onsite management and supervision of your Food Truck. Any Person you hire as a designated manager must: (a) have at least two (2) years of experience in the restaurant industry; (b) successfully complete all training programs we require; and (c) sign a Brand Protection Agreement. At all times during normal business hours, either the Managing Owner or a designated manager must be present at your Food Truck to provide onsite management and supervision. The Managing Owner must supervise the designated manager to ensure the Food Truck is operated in accordance with this Agreement and the Manual.
- 8.3. **Employees.** You must determine appropriate staffing levels for the Food Truck to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Food Truck. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must require that your employees sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee’s sole employer. We may prescribe the form and content of this notice.
- 8.4. **Interim Manager.** We have the right, but not the obligation, to designate a Person of our choosing (an “Interim Manager”) to manage your Food Truck if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Food Truck at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee in the amount we specify (not to exceed \$500 per day) during the period of time that the Interim Manager manages your Food Truck; and (b) reimburse us for all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager.
9. **FRANCHISEE ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity

authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

10. ADVERTISING & MARKETING.

10.1. Brand and System Development Fund. We intend to establish and administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty payment due date, you must pay us a brand fund fee equal to 1% of Gross Sales generated during the immediately preceding reporting period. We deposit all brand fund fees we collect into the fund. We may use the fund to pay for any of the following in our sole discretion:

- (i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs (including covering the costs associated with our call center that is designed to generate catering leads);
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) improving public awareness of the Marks;
- (iv) public and consumer relations and publicity;
- (v) brand development;
- (vi) sponsorships;
- (vii) charitable and non-profit donations and events;
- (viii) research and development of technology, products and services;
- (ix) website development and search engine optimization;
- (x) development of an ecommerce platform;
- (xi) development and implementation of quality control programs, including the use of mystery shoppers or customer satisfaction surveys;
- (xii) conducting market research;
- (xiii) changes and improvements to the System;
- (xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;
- (xv) collecting and accounting for contributions to the fund;
- (xvi) preparing and distributing financial accountings of the fund;
- (xvii) any other programs or activities we deem appropriate to promote or improve the System; and
- (xviii) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund

operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

10.2. Marketing Assistance From Us. We will provide you with an initial supply of marketing materials at no additional charge. We may create additional advertising and marketing materials for your purchase. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. Your Marketing Activities.

- (a) Grand Opening Marketing. We will assist you with the development of a grand opening marketing plan to promote the opening of your Food Truck. We may instead provide a generic grand opening marketing plan in the Manual. We must approve your grand opening marketing plan prior to implementation. At the time you sign this Agreement, you must pay us a \$5,000 grand opening marketing fee, which we will use to reimburse you for your documented expenditures on approved grand opening marketing activities during a 90-day grand opening period that ends 30 days after your opening date. If you fail to spend the full amount of the grand opening marketing fee by the 30th day after your opening date, we will deposit the remaining balance into the brand fund.
- (b) Ongoing Marketing. In addition to your grand opening marketing fee and brand fund fees, you must spend at least 2% of your monthly Gross Sales on local advertising to promote your Food Trucks (your "Local Marketing Commitment"). We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Marketing Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Marketing Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to §10.4.
- (c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.
- (d) Extraterritorial Advertising. You may advertise and market outside your Territory as long as you: (i) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (ii) do not engage in targeted marketing directed into any territory or development territory assigned to us, our affiliate or another franchisee (unless the marketing is conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both within your Territory and within another territory is not deemed to be "targeted marketing" if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (ii) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution within a territory assigned to us, our affiliate or another franchisee. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual, but examples include direct mail sent to addresses within a given territory, digital advertising sent to devices with IP addresses registered within a given territory and conducting promotional events within a given territory.

- (e) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have seven (7) days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within the seven (7) day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an “Improvement” for purposes of §17.5.
- (f) Social Media. You may advertise and market your Food Truck using social media provided that:
 - (i) you only utilize social media platforms we approve;
 - (ii) you strictly comply with our social media policy (as revised from time to time);
 - (iii) you immediately remove any post we disapprove (even if it complies with our social media policy);
 - (iv) you contract with and exclusively utilize any social media company we designate;
 - (v) you provide us with full administrative rights to your social media account; and
 - (vi) we retain ownership of all social media accounts relating to your Food Truck.
- (g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Business, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

10.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all franchisees located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed; (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or such other date specified by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed 1% of Gross Sales. We may either: (a) collect cooperative advertising fees and remit them to the cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Marketing Commitment. We reserve the right to form, change, merge or dissolve advertising cooperatives in our discretion.

11. OPERATING STANDARDS.

- 11.1. Generally.** You agree to operate your Food Truck: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards and all other terms of this Agreement and the Manual.
- 11.2. Brand Standards Manual.** You agree to establish and operate your Food Truck in accordance with the Manual. The Manual may contain, among other things:
 - (i) specifications for a Food Truck;
 - (ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Food Truck and (b) designated and approved suppliers;

- (iii) a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may sell;
- (iv) specifications, techniques, methods, operating procedures and quality standards; and
- (v) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) gift card, loyalty and other system programs; (e) catering services; (f) data ownership, protection, sharing and use; and (g) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Food Trucks. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you.

- 11.3. **Authorized Goods and Services.** You must offer all goods and services we require from time to time in our commercially reasonable discretion, including all food, beverage, merchandise, gift cards and other goods and services we specify. You may not offer any other goods or services without our prior approval. You may not use your Food Truck, or permit your Food Truck to be used, for any purpose other than offering the goods and services we authorize. We may change authorized goods and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.
- 11.4. **Preparation of Menu Items.** All menu items and food products must be prepared only by properly trained personnel and strictly in accordance with our recipes, techniques and processes (including the handling and storage of both ingredients and fully prepared menu items). These requirements are integral to the System and necessary in order to: (a) ensure all menu items prepared at your Food Truck meet our high standards for health and wellness, taste, texture, appearance and freshness; and (b) protect the goodwill associated with our Marks. Your failure to adhere to these requirements will be detrimental to the System and the Marks.
- 11.5. **Sales Restrictions.** You may only sell to retail customers from your Food Truck. Unless you receive our prior approval, you may not: (a) offer or sell food, beverage, merchandise or other goods or services from any location other than your Food Truck’s premises; (b) produce, sell or provide food, beverage, merchandise or other goods or services through any other channel of distribution, including via catering or delivery service, utilizing the services of a ghost kitchen or through an ecommerce site; or (c) sell food, beverage, merchandise or other goods or services to any Person for purposes of resale. If we authorize you to provide catering, you must strictly comply with all associated policies and procedures in the Manual.
- 11.6. **Pricing.** We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, we must approve any deviation that is more than 50% higher or lower than our suggested retail pricing, unless such pricing is part of a temporary advertising campaign that we have approved. To the extent permitted by applicable Law, we may set maximum or minimum prices on the goods and services you offer.
- 11.7. **Suppliers and Purchasing.** You must purchase or lease all products, supplies, equipment, services and other items specified in the Manual. The Manual may require that you purchase certain goods and services only from suppliers we designate or approve. These suppliers may include (or be limited exclusively to) us or our affiliate. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Food Trucks, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you (a) if a supplier we designate or approve is unable to deliver any products to you or (b) for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If a designated supplier is unable to deliver product to

you, we may allow you to purchase a substitute product approved by us from another supplier we approve. We currently require that you purchase your entire supply of branded merchandise and uniforms exclusively from us. We will deliver your initial supply of these items to your Food Truck before you open. If we receive rebates or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any particular purpose. If you wish for us to approve a supplier, you must send us a request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will approve or reject your request within 30 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 30-day period. You must reimburse us for all costs and expenses we incur to review suppliers or products you propose.

11.8. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, which may require you to make additional investments. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.9. Technology Systems.

- (a) Generally. You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, customer information, customer loyalty, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.
- (b) Use and Access. You must utilize your Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.
- (c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) Email Accounts. We will provide you with Born From The Lime Truck email addresses for use with your Business. We may charge you our then-current fee for each email address we provide (currently \$7 per email address per month), which fee will be added to the technology fee described in §11.9(e) below. You must exclusively use these email addresses for all communications with us, customers, suppliers and other Persons relating to your Business. You may not use them for any purpose unrelated to your Business. We own the email addresses and accounts but allow you to use them during the Term.

- (e) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay to these suppliers based on your use of their software, technology, equipment, or services. The “technology fee” includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We will list the current technology fee in the Manual.

11.10. Food Truck Modifications & Maintenance. You agree to make all improvements and alterations to your Food Truck that we reasonably require from time to time to conform to our then-current specifications. You may not materially alter your Food Truck without our prior written approval, which will not be unreasonably withheld. We will not approve any proposed alteration that is inconsistent with our then-current standards and specifications. You agree to maintain your Food Truck in good order and condition, reasonable wear and tear excepted, and complete all recommended maintenance and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) completion of all maintenance and servicing of your Food Truck recommended by the manufacturer or required by us; (b) thorough cleaning and repainting of the Food Truck at the intervals we may prescribe (or at such earlier times that such actions are required or advisable); and (c) interior and exterior repair of the Food Truck as needed. You agree to comply with any maintenance, cleaning or upkeep schedule that we prescribe from time to time.

11.11. System Programs.

- (a) Generally. We may periodically develop and implement membership programs, loyalty programs, gift card programs and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary for participation in the program (collectively, “Program Participation Rules”). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time in our discretion.

- (b) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for Food Trucks.
- (c) Gift Card Program. You must participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Food Truck. You may not sell gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Food Truck(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

11.12. Hours of Operation. We reserve the right to designate minimum days and hours of operation during which your Food Truck must be open to the public, subject to any conflicting requirements imposed by applicable Law. You must establish specific hours of operation and submit those hours to us for approval.

11.13. Customer Complaints. If you receive a customer complaint, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.

11.14. Quality Assurance Programs. For quality control purposes we may: (a) periodically inspect your Food Truck in accordance with §6.3 and §16.1; and/or (b) engage the services of a “mystery shopper” or quality assurance firm to inspect your Food Truck. Inspections may address a variety of issues, including customer service, food safety, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may pay for the cost of the inspection, in which case you must reimburse us. We may implement a scoring system pursuant to which each Food Truck receives a “grade” or “score” based on the inspection results. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must implement all corrective measures we require within the time period we specify to rectify any noncompliance issues revealed by an inspection.

11.15. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the noncompliance within the period of time we prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of \$500 per occurrence. We may impose an additional \$500 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §20.2 should the default continue after we collect these amounts.

12. FRANCHISE ADVISORY COUNCIL. We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a council member as long as you comply with this Agreement and do not act in a disruptive, abusive or counter-productive manner. As a member, you would be entitled to all voting rights and privileges granted to other council members. Each member would have

one vote on all matters on which members are authorized to vote.

13. FEES

- 13.1. Initial Franchise Fee.** You agree to pay us a \$35,000 initial franchise fee in one lump sum at the time you sign this Agreement (or, if applicable, any discounted initial franchise fee specified in an area development agreement signed by you and us). The initial franchise fee is fully earned by us and non-refundable once this Agreement has been signed.
- 13.2. Royalty Fee.** On the day of each week we specify (the “royalty fee due date”), you must pay us a royalty fee equal to 6% of Gross Sales generated during the immediately preceding reporting period. The current reporting period runs from the opening of business on Monday through the close of business on Sunday and the current royalty payment due date is the Wednesday immediately following the end of the prior reporting period. We may periodically change the reporting period and weekly royalty payment due date through updates to the Manual
- 13.3. Other Fees and Payments.** You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.
- 13.4. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us \$100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 shall not constitute our agreement to accept late payments or extend credit to you.
- 13.5. Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §13.4. We may also impose a \$100 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.
- 13.6. CPI Adjustments.** We reserve the right to periodically adjust all fees (including any minimum fees) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees based on CPI changes, but only if the then-current CPI (“Current CPI”) is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) (“Baseline CPI”). The adjusted fee shall be calculated by multiplying the current fee by a fraction: (a) the numerator of which is an amount calculated as the product of (i) 100 and (ii) the difference of Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), “All Items”. We will notify you of any CPI adjustment

at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

14. BRAND PROTECTION COVENANTS.

- 14.1. Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.
- 14.2. Intellectual Property and Confidential Information.** You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Food Truck pursuant to this Agreement; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).
- 14.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business does not operate, in whole or in part, within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.
- 14.4. Family Members.** Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.
- 14.5. Employees.** You must ensure all employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Food Truck sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. Any Person who signs a Brand Protection Agreement need not sign a Confidentiality Agreement. You must: (a) use best efforts to ensure these individuals comply with the Brand Protection Agreements and Confidentiality Agreements, as applicable; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Brand Protection Agreement or Confidentiality Agreement, including attorneys' fees and court costs.
- 14.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with

your Food Truck; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.

- 14.7. Breach of Covenants.** You and the Owners agree that: (a) any failure to comply with §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

15. YOUR OTHER RESPONSIBILITIES

- 15.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:

- (i) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Food Truck, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate;
- (ii) commercial auto liability insurance covering (a) bodily injury, with minimum coverage of \$15,000 per person or \$30,000 per accident, (b) property damage, with minimum coverage of \$5,000, (c) underinsured motorist, with minimum coverage of \$15,000 per person or \$30,000 per accident, (d) uninsured motorist property damage, with minimum coverage of \$3,500;
- (iii) business interruption insurance with coverage for a minimum of six (6) months (including coverage for fees owed to us);
- (iv) worker's compensation insurance and employer's liability insurance as required by law; and
- (v) any other insurance that we specify in the Manual from time to time or that is required by the lessor or finance company (if you lease or purchase your Food Truck).

You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after the renewal of a policy; and (c) at any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc. Each policy must be endorsed to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance, including excess liability (umbrella) insurance, due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur

- 15.2. Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to any financial accounting software account used for your Business with permission to read all reports.

- 15.3. Reports.**

- (a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.
- (b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Food Truck. You must send us the completed report within 60 days after the opening date of your Food Truck.
- (c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a weekly statement of your Gross Sales for the prior weekly reporting period. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.
- (d) Advertising Expenditure Reports. No later than the 10th day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

15.4. Financial Statements. No later than the 15th day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business for the prior month. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

15.5. Legal Compliance. You must: (a) secure and maintain all required licenses, permits and regulatory approvals; (b) operate your Food Truck in compliance with all applicable Laws; (c) notify us in writing within two (2) business days after you become aware of any Claim, or any order, demand or disciplinary action issued by a Governmental Authority, that may adversely affect the operation of your Food Truck; and (d) immediately send us a copy of any inspection report or other communication from a Governmental Authority alleging violation of a health or safety Law. You understand that applicable Law might prevent you from operating your Food Truck in certain areas or during certain times of day. You are solely responsible for investigating all Laws governing food trucks in your Territory. We strongly recommend you investigate these Laws before signing this Agreement.

15.6. Ownership and Protection of Data. We are the exclusive owner of all Business Data collected by you, us or any other Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Food Truck in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You must comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon our request, you must sign any data processing or data privacy agreement required by us or by Law. You further agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-

DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information; (d) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and (e) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

16. INSPECTION AND AUDIT

16.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Food Truck, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

- (i) evaluating the physical condition of your Food Truck for cleanliness, sanitation and state of repair;
- (ii) inspecting your Food Truck and the associated maintenance records to verify you are properly maintaining your Food Truck;
- (iii) examining and copying your books, records, accounts and tax returns;
- (iv) inspecting and testing your equipment;
- (v) sampling and testing your menu items;
- (vi) removing samples of your food and other inventory items for testing purposes;
- (vii) monitoring and speaking with your staff; and
- (viii) contacting your customers.

We may conduct inspections at any time without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Food Truck. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied a: (a) health or safety issue identified by a Governmental Authority; or (b) breach of system standards we bring to your attention (the minimum reimbursement will be \$350 regardless of actual costs incurred). We bear the cost of all other inspections.

16.2. Audit. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 3%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

17. INTELLECTUAL PROPERTY

17.1. Ownership and Use. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Food Truck during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of

any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

17.2. Changes to Intellectual Property. We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must implement all Intellectual Property changes we require in accordance with our instructions. If we require you to discontinue use of our primary Mark, BORN FROM THE LIME TRUCK[®], we will reimburse you for your reasonable documented expenses of compliance, including changing signage, brochures, stationary, etc. Except for the reimbursement obligation set forth in the preceding sentence, we have no liability to you for any expenses, losses or damages you incur (including loss of goodwill associated with a Mark) as a result of any change to the Intellectual Property.

17.3. Use of Marks. You agree to: (a) use the Marks as the sole identification of your Food Truck; *provided, however*, that you must identify yourself as the independent owner of your Food Truck in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

17.4. Use of Know-how. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Food Truck in compliance with this Agreement and the Manual.

17.5. Improvements. If you, an Owner or your employee conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Food Truck, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Food Truck.

17.6. IP Disputes. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

18. INDEMNITY. agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (i) the marketing, use or operation of your Food Truck;
- (ii) the breach of a Definitive Agreement committed by you or your Owners or affiliates;
- (iii) the breach of an agreement with a third party committed by you or your Owners or affiliates;

- (iv) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (v) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Food Truck or an Indemnified Party;
- (vi) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter.

19. TRANSFERS

19.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

19.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Food Truck and meets our minimum criteria for franchisees;
- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) you obtain any required consent from the company from whom you lease or financed the purchase of your Food Truck (if applicable);
- (v) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Food Truck;
- (vi) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay a separate initial franchise fee;
- (vii) the transferee agrees to renovate the Food Truck and upgrade all furniture, fixtures and

equipment to conform to our then-current standards and specifications (these changes must be completed within six (6) months after the Transfer or such shorter period of time we specify);

- (viii) you or the transferee pay us a \$10,000 transfer fee to defray expenses we incur related to the Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);
- (ix) you and your Owners sign a General Release;
- (x) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);
- (xi) we choose not to exercise our right of first refusal described in §19.5; and
- (xii) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all terms of the franchise agreement.

19.3. Permitted Transfers. You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

19.4. Owner Death or Disability. Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §19.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

19.5. Our Right of First Refusal. If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

20.2. By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (iii) if your Food Truck, or a substantial portion of the assets associated with your Food Truck, are 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;
- (iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- (vi) if the Managing Owner fails to satisfactorily complete the initial training program in the manner required by §5.1;
- (vii) if you fail to commence operating your Food Truck within the time period required by §7.2;
- (viii) if you abandon or fail to operate your Food Truck for three (3) consecutive business days, unless the failure is due to Force Majeure (in which case §24.6 governs), required maintenance or repairs, or another reason we approve;
- (ix) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Food Truck even if you or the Owner have appeal rights;
- (x) if you or an Owner (a) is convicted of or pleads no contest to a felony or other material crime, (b) is subject to a material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Business;
- (xi) if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xii) if you manage or operate your Food Truck in a manner that presents a health or safety hazard to your customers, employees or the public;
- (xiii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xiv) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;
- (xv) if you underreport Gross Sales by at least 3% on two (2) or more occasions;
- (xvi) if you make an unauthorized Transfer;
- (xvii) if you use the Intellectual Property in an unauthorized manner;
- (xviii) if you breach any brand protection covenants described in §14;
- (xix) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;
- (xx) if you lose the right to possess your Food Truck;

- (xxi) if we or our affiliate terminates a Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate; or
- (xxii) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §20.2 we may cease to perform our obligations under this Agreement until you cure the breach.

20.3. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

21. POST-TERM OBLIGATIONS.

21.1. Obligations of You and the Owners. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe, including, if applicable, liquidated damages pursuant to §21.2;
- (iii) comply with all covenants in §14 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an Owner's Equity Interest;
- (iv) comply with our instructions to return or destroy all copies of the Manual and Copyrighted Materials and all signs, menus, recipes, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) comply with our data retention policies pertaining to the Business Data;
- (vi) cancel all fictitious or assumed name registrations relating to your use of any of the Marks;
- (vii) de-brand your Food Truck by removing all wraps, trade dress and other references to our Marks;
- (viii) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Food Truck; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (vii) and (viii) above shall not apply if you Transfer your Food Truck to an approved transferee or we exercise our right to purchase your Food Truck.

21.2. Liquidated Damages. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §20.1 or §20.3. Liquidated damages shall be determined as the greater of \$10,000 or the product of Average Weekly Fees multiplied by the lesser of (a) 104 or (b) the total number of full weeks remaining under the Term as of the termination effective date. Average Weekly Fees is determined as the combined average weekly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 52-week period preceding the termination date (or during the period of time you operated the Business if less than 52 weeks). Liquidated damages are due 30 days after we send you an invoice

detailing our calculation of liquidated damages. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is not a penalty but is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for our financial loss caused by your breach and the early termination of this Agreement. If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.

21.4. Purchase Option.

- (a) Generally. Upon the termination or expiration of this Agreement we have the option to purchase your Food Truck and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the “Acquired Assets”) within 20 days after the termination or expiration date. The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §21.4(b) below. We may, at our option, assign our purchase option to a designee of our choosing.
- (b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. “Appraised Value” means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the party demands the appointment of three (3) appraisers, each party shall appoint one (1) appraiser and notify the other party of appointed appraiser’s name and contact information; and (ii) no later than 30 days after the party demands the appointment of three (3) appraisers, the two (2) appraisers appointed by the parties will jointly appoint a third (3rd) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agreed upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.
- (c) Closing. The parties shall sign an Asset Purchase Agreement, in a form reasonably prescribed by us, to memorialize the acquisition. You must provide us with all customary representations and warranties given by you, as the seller of the Acquired Assets. At closing: (i) you must transfer good and clean title to the Acquired Assets, subject to any exceptions set forth in the Asset Purchase Agreement; and (ii) we must pay you the purchase price. We may deduct from the purchase price: (a) any amounts you owe to us or to our affiliates under any Definitive Agreements including, if applicable, liquidated damages imposed under this Agreement; and (b) the amount of any liabilities we assume on your behalf, including future rent.

22. DISPUTE RESOLUTION.

- 22.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to litigation. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §14 and/or §17 (referred to as “Excluded Claims”) will not be subject to mediation unless otherwise agreed to by both parties.
- 22.2. Litigation.** If either (a) a Dispute is not successfully resolved by mediation within 60 days after either party makes a demand for mediation or (b) the Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §14 and/or §17).
- 22.3. Venue.** All mediation and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Orange County, California). The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 22.4. Attorney’s Fees and Costs.** If either party must enforce this Agreement in a judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 22.5. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF §14 OR §17) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY.

23. REPRESENTATIONS.

- 23.1. Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate

action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

- 23.2. Franchise Compliance Representations.** You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.
- 23.3. General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 23.4. Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

- 24.1. Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Delaware without reference to its principles of conflicts of law, but any Law of the State of Delaware that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section..
- 24.2. Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Food Truck. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Food Truck that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement

- 24.3. Severability and Substitution.** Each section of this Agreement (and each portion thereof) shall be severable. If applicable Law imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 24.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.
- 24.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 24.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 24.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.
- 24.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- 24.9. Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.
- 24.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 24.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an Equity Interest in the Business or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §13, §14, §16, §18, §21, §22 and §24.
- 24.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 24.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 24.14. Notice.** All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days prior written notice):
- YOU: As set forth in Part A of ATTACHMENT "A"
- US: Born From The Lime Truck, LLC
16221 Construction Circle West
Irvine, California 92606
Attention: Daniel Shemtob
Email: ds@thelimetruck.com
- Notice shall be considered given on: (a) the date delivered by hand or sent by email or comparable electronic system (including any notice that is also sent by mail); or (b) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.
- 24.15. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Born From The Lime Truck, LLC, a Delaware
limited liability company

By: _____

Name: _____

Its: _____

YOU (If you are an entity):

_____,
a(n) _____

By: _____

Name: _____

Its: _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details

Name of Franchisee: _____]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes:** _____ **No:** _____

Type of Entity and State of Formation* (if applicable): _____]

** If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect ownership interest in the Business (or the Franchisee Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____

Attention: _____

Email: _____

B. Commissary Address

The address of your initial commissary (which is used in determining your Territory) is as follows:

C. Territory

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the geographic area described below (check appropriate Territory description):

_____ The geographic area within a 25-mile radius from the commissary address listed above.

OR

_____ The following geographic area (as further depicted on the map attached on the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map Below (if applicable)]

ATTACHMENT "B"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Born From The Lime Truck, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. **Definitions.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Food Truck.

“Development Agreement” means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

“Food Truck” means a mobile food truck that operates using our System and our Marks.

“Franchise Agreement” means the Born From the Lime Truck Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

“Franchisee” means _____. For purposes of this Agreement, the term “Franchisee” shall be deemed to refer to both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

“Restricted Period” means the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable; provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Restricted Period” means the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which you cease to be an owner of Franchisee or your spouse ceases to be an owner of Franchisee, as applicable.

2. **Background.** In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. **Brand Protection Covenants.**

- (a) **Intellectual Property and Confidential Information.** You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s Food Truck in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed

by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competitive Business during the Restricted Period as long as the Competitive Business does not operate, in whole or in part, within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competitive Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.
 - (c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
 - (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.
 - (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
4. **Transfer Restrictions.** We must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. If you are an owner of Franchisee, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §19 of the Franchise Agreement.
5. **Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:
- (i) acceptance and notice of acceptance by us of the foregoing undertakings;

- (ii) notice of demand for payment of any indebtedness guaranteed;
- (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
- (iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

7. **Miscellaneous.**

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
- (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

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

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name	
Bank Mailing Address (street, city, state, zip)	
☐ Checking ☐ Savings	
Bank Account No.	Bank Routing No. (9 digits)
(check one)	
Bank Mailing Address (city, state, zip)	Bank Phone No.

Authorization:

Franchisee hereby authorizes Born From The Lime Truck, LLC (“**Franchisor**”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____	Date: _____
Name: _____	
Its: _____	
Federal Tax ID Number: _____	

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
BRAND PROTECTION AGREEMENT

[See Attached]

BRAND PROTECTION AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Born From The Lime Truck, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Food Truck, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Competitive Business” means any business that meets at least one of the following criteria: (a) any business operated through or in conjunction with a mobile food truck that derives, or is reasonably anticipated to derive, at least 25% of its total revenue from the sale of California Mexican (“Cal-Mex”) food and/or Mexican food (including sales generated from sales made from the food truck, take-out, delivery and/or catering); (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any Food Truck operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Food Truck, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Food Truck.

“Food Truck” means a mobile food truck that operates using our System and our Marks.

“Franchisee” means the Born From The Lime Truck franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Food Truck, (b) method of operation of a Food Truck, (c) processes, systems or procedures utilized by a Food Truck, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Food Truck or (e) trademarks, service marks, logos or other intellectual property utilized by a Food Truck, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted

Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary or confidential information relating to the development, marketing and/or operation of a Food Truck, including, but not limited to: recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Food Truck.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Food Trucks to use, including BORN FROM THE LIME TRUCK[®] and the associated logo. The Marks also include any distinctive trade dress used to identify a Food Truck or the products it sells.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of 5% or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Food Truck; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any person to transfer their business from a Food Truck to a competitor.

“Restricted Period” means: the two (2) year period after you cease to be an officer, director, employee or independent contractor of Franchisee; *provided, however*, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after you cease to be an officer, director, employee or independent contractor of Franchisee.

“Restricted Territory” means: (a) the geographic area within the “Territory” granted to Franchisee and described on Attachment A to this Agreement; and (b) the geographic area within each territory reserved to us, our affiliate, or another franchisee for the operation of a Food Truck (but only territories associated with Food Trucks that are in operation as of the date of this Agreement and remain in operation during all or any part of the Restricted Period); *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic area within the “Territory” granted to Franchisee and described on Attachment A to this Agreement.

“System” means our system developed for the operation of a Food Truck, the distinctive characteristics of which include: distinctive vehicle wraps, branding, décor, signage, color scheme and other trade dress elements; proprietary recipes; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **Background.** You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **Brand Protection Covenants.**

- (a) **Intellectual Property and Confidential Information.** You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Food Truck; (ii) maintain the confidentiality of all Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual

Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are an officer, director, employee or independent contractor of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business does not operate, in whole or in part, anywhere within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach.
- (c) Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in this Agreement are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with this Agreement. Although you and we both believe the covenants in this Agreement are reasonable, we may at any time unilaterally modify the terms of the brand protection covenants in §3 of this Agreement, upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure that the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Miscellaneous.

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

- (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
- (d) If you are a resident of Washington, D.C. as of the date you sign this Agreement, then the noncompetition covenant set forth in this Agreement shall not be applicable to you and the definition of "Prohibited Activities" shall be deemed amended by deleting clause (a) from such definition.

This Brand Protection Agreement is executed as of the date or dates set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT A

Description of Territory Granted to Franchisee

For purposes of definition of the “Restricted Territory” set forth in the Brand Protection Agreement, the Territory granted to Franchisee consists of the following geographic area:

[_____]

ATTACHMENT "E"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Born From The Lime Truck, LLC, a Delaware limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. **Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Food Truck, customers and business operations, whether collected by you, Franchisee, us or any other person.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Food Truck, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Food Truck.

“Food Truck” means a mobile food truck that operates using our System and our Marks.

“Franchisee” means the Born From The Lime Truck franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Food Truck, (b) method of operation of a Food Truck, (c) processes, systems or procedures utilized by a Food Truck, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Food Truck or (e) trademarks, service marks, logos or other intellectual property utilized by a Food Truck, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary or confidential information relating to the development, marketing and/or operation of a Food Truck, including, but not limited to: recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Food Truck.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate

from time to time and authorize Food Trucks to use, including BORN FROM THE LIME TRUCK[®] and the associated logo. The Marks also include any distinctive trade dress used to identify a Food Truck or the products it sells.

“System” means our system developed for the operation of a Food Truck, the distinctive characteristics of which include: distinctive vehicle wraps, branding, décor, signage, color scheme and other trade dress elements; proprietary recipes; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

2. **Background.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
3. **Intellectual Property and Confidential Information.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Food Truck; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing any Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
6. **Miscellaneous.**
 - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys’ fees and costs.
 - (b) This Agreement will be governed by, construed and enforced under the laws of Delaware and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
 - (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

ATTACHMENT "F"
TO FRANCHISE AGREEMENT

DEFINITIONS

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

“ACH Agreement” means the ACH Authorization Agreement attached as ATTACHMENT "C", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Acquired Assets” means any assets associated with your Food Truck that we elect to purchase upon termination or expiration of this Agreement, as further described in §21.4(a).

“Agreement” is defined in the Introductory Paragraph.

“Alternative Channels of Distribution” means any channel of distribution other than retail sales made to customers from a mobile food truck. Examples of Alternative Channels of Distribution include: Born From The Lime Truck restaurants that operate from fixed retail locations; sales through direct marketing, such as over the Internet or through catalogs or telemarketing; sales through retail stores that do not operate under the Marks, such as grocery stores, gas stations or convenience stores; and sales made at wholesale.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war.

“Appraisal Value” means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §21.4(b).

“Brand Protection Agreement” means the Brand Protection Agreement that must be signed by certain of your personnel, the current form of which is attached as ATTACHMENT "D".

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Customer Data and Operational Data.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

“Competitive Business” means any business that meets at least one of the following criteria: (a) any business operated through or in conjunction with a mobile food truck that derives, or is reasonably anticipated to derive, at least 25% of its total revenue from the sale of California Mexican (“Cal-Mex”) food and/or Mexican food (including sales generated from sales made from the food truck, take-out, delivery and/or catering); (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does not include any Food Truck operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be

considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you or to an Owner without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees, the current form of which is attached as ATTACHMENT "E".

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Food Truck.

“Customer Data” means and includes any and all data that pertains to a Born From the Lime Truck customer, including name, address, contact information, date of birth, purchase history and any information collected in connection with any loyalty program or for any other purpose.

“Definitive Agreements” means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Food Truck or any other franchised concept; and (d) all ancillary agreements executed in connection with the foregoing, including Franchise Owner Agreements.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Effective Date” is defined in the Introductory Paragraph.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in (a) a business or (b) the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Excluded Claim” means any Claim that, according to §22, is not subject to mandatory mediation.

“Food Truck” means a mobile food truck that operates using our System and our Marks.

“Force Majeure” means acts or circumstances that are beyond a party’s control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Food Truck as a result of such epidemic or pandemic.

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "B".

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“Gross Sales” means all gross sums you bill or collect from all goods and services sold from or in connection with your Food Truck (including catering and delivery service), plus all other sums you collect from the operation of your Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. Gross Sales does not include: (a) revenues that you collect from a customer and later refund to that customer; or (b) any sales or use taxes that you pay to a government agency sales or use taxes or amounts refunded to customers. With respect to discounted goods or services, Gross Sales includes the actual discounted price charged to the customer provided that the discount is part of a national or regional promotion we sponsor or endorse. You may offer other discounts or promotional programs to specific customers or targeting a certain type of customer (for example, veterans, teachers, etc.) and you may offer free food, beverage and/or merchandise to your owners, employees, friends and family members (the aggregate dollar value of these discounts is referred to as your “Discretionary Discounts”), but for purposes of reporting Gross Sales, the maximum Discretionary Discount allowable for any weekly reporting period will be capped at 2% of total reported Gross Sales for that reporting period. Any Discretionary Discounts in excess of the 2% cap must be included in your calculation of Gross Sales for that reporting period at full standard retail pricing. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales. The Manual may also provide details on the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a customer loyalty program.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Food Truck, including, without limitation, any new or modified recipes or menu items, (b) method of operation of a Food Truck, (c) processes, systems or procedures utilized by a Food Truck, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Food Truck or (e) trademarks, service marks, logos or other intellectual property utilized by a Food Truck, whether developed by you, an Owner, an employee or any other Person.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Manager” means a Person we designate to temporarily manage your Food Truck under the circumstances described in §8.4.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.

“IP Dispute” means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

“Know-how” means all of our trade secrets and other proprietary or confidential information relating to the development, marketing and/or operation of a Food Truck, including, but not limited to: recipes; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Local Marketing Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Food Truck in accordance with §10.3(b).

“Losses and Expenses” means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

“Managing Owner” means the Owner that you designate and we approve who is primarily responsible for the overall management and supervision of the Food Truck in accordance with §8.1.

“Manual” means our confidential Brand Standards Manual for the operation of a Food Truck, as further described in §11.2. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Food Trucks to use, including BORN FROM THE LIME TRUCK® and the associated logo. The Marks also include any distinctive trade dress used to identify a Food Truck or the products it sells.

“Operational Data” means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Business or the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Business or the Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you: a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term Restricted Period means: a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner: a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of all of his or her Equity Interest in the Business or Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of all of his or her Equity Interest in the Business or Franchisee Entity, as applicable.

“Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty or other system-wide program we implement pursuant to §11.11.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in any Competitive Business, other than owning an interest of 5% or less in a publicly traded company that is a Competitive Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Food Truck; (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Food Truck to a competitor.

“Restricted Territory” means: (a) the geographic area within the Territory granted to you pursuant to this Agreement (as such Territory is amended from time to time); and (b) the geographic area within each territory

reserved to us, our affiliate, or another franchisee for the operation of a Food Truck (but only territories associated with Food Trucks that are in operation as of the Effective Date and remain in operation during all or any part of the Post-Term Restricted Period); *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then the Restricted Territory means: the geographic area within the Territory granted to you pursuant to this Agreement (as such Territory is amended from time to time).

“Successor Agreement” means our then-current form of Born From the Lime Truck Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means our system developed for the operation of a Food Truck, the distinctive characteristics of which include: distinctive vehicle wraps, branding, décor, signage, color scheme and other trade dress elements; proprietary recipes; comprehensive training programs; advertising and marketing strategies; merchandising strategies; and operating system.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, online ordering systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 10th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

“Territory” means the exclusive territory for your Food Truck, as further described in §3.1.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein);
- (d) the Food Truck’s assets, other than the sale of fixtures or equipment in the ordinary course of business;
or
- (e) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession.

“Travel Expenses” means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Food Truck; or (b) by you and your personnel to attend training programs or conferences.

EXHIBIT "D"
TO DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

[See Attached]



BORN FROM THE LIME TRUCK AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

TABLE OF CONTENTS

1.	DEFINITIONS..	1
2.	GRANT OF DEVELOPMENT RIGHTS..	2
3.	TERRITORIAL PROTECTIONS.....	2
4.	DEVELOPMENT OBLIGATIONS.....	2
5.	DEVELOPMENT FEE	2
6.	AREA DEVELOPER AS ENTITY	2
7.	TRANSFERS	3
8.	TERMINATION	4
9.	DISPUTE RESOLUTION.....	5
10.	REPRESENTATIONS.....	5
11.	GENERAL PROVISIONS.....	5

ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Born From The Lime Truck, LLC, a Delaware limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. **DEFINITIONS.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

“Developer Entity” means the Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Development Business” means the business you conduct pursuant to this Agreement consisting of developing and opening Food Trucks within the Development Territory.

“Development Schedule” means the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of the Food Trucks within the Development Territory.

“Development Territory” means the geographic area described in Part C of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

“Discounted Initial Franchise Fee” means the discounted initial franchise fee set forth in Part B of ATTACHMENT "A" applicable to each Food Truck other than your first Food Truck.

“Franchise Agreement” means a Born From The Lime Truck Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Food Truck pursuant to this Agreement.

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

“Initial Franchise Agreement” means the Franchise Agreement you execute for the first Food Truck to be developed pursuant to this Agreement.

“Owner” means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Development Business or Developer Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Developer Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Term” means the period of time commencing with the Effective Date of this Agreement and expiring upon the earlier to occur of (a) the termination of this Agreement for any reason or (b) the date on which you no longer operate any Food Trucks initially developed pursuant to this Agreement.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the Development Business you conduct pursuant to this Agreement (or any interest therein); or
- (d) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Food Trucks referred to in the Development Schedule. Each Food Truck must be developed and operated solely within the Development Territory. This Agreement does not grant you any right or license to use our Intellectual Property.
3. **TERRITORIAL PROTECTIONS.** During the Term we will not operate, or license a third party to operate, a Food Truck anywhere within your Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.
4. **DEVELOPMENT OBLIGATIONS**
 - 4.1. **Development Schedule.** You must develop, open and operate all Food Trucks listed in the Development Schedule. You must develop and open each Food Truck in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Food Truck may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Food Truck by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.
 - 4.2. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Food Truck. You must sign the Initial Franchise Agreement for your first (1st) Food Truck at the time you sign this Agreement. Each Franchise Agreement shall be our then-current form of Born From The Lime Truck Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Food Truck, you must pay us the balance of the Discounted Initial Franchise Fee for that Food Truck (i.e., \$12,500 or \$10,000, as applicable). You have no right to develop or operate a Food Truck until the parties have signed the Franchise Agreement and all ancillary agreements for that Food Truck. You must develop, open and operate each Food Truck in compliance with the Franchise Agreement and the Manual.
 - 4.3. **Additional Food Trucks.** You may not develop any Food Truck other than the Food Trucks listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Food Trucks listed in the Development Schedule in accordance with this Agreement.
5. **DEVELOPMENT FEE.** At the time you sign this Agreement you must pay us: (a) the full initial franchise fee for your first Food Truck in the amount set forth in Part B of ATTACHMENT "A"; and (b) the development fee set forth in Part B of ATTACHMENT "A", which is calculated as 50% of the aggregate Discounted Initial Franchise Fees you pay for all Food Trucks to be developed under this Agreement, other than your first Food Truck. The development fee is fully earned and nonrefundable upon execution of this Agreement.
6. **AREA DEVELOPER AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity

guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. TRANSFERS

7.1. By Us. This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Food Trucks to be developed under this Agreement and meets our minimum criteria for area developers;
- (ii) you and your Owners and affiliates are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);
- (v) you or the transferee pay us a transfer fee calculated as \$2,500 multiplied by the total number of Food Trucks under the Development Schedule for which Franchise Agreements have not been signed as of the date of Transfer (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee);
- (vi) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;
- (vii) you and your Owners sign a General Release;
- (viii) we choose not to exercise our right of first refusal described in §7.5; and
- (ix) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all area development rights remaining under this Agreement (i.e., you may not retain the right to develop any Food Truck); or (b) transfer your area development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we may have against the transferor; or (b) our right to demand the transferee comply with all terms of the area development agreement.

- 7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.
- 7.4. **Death or Disability of an Owner.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest in the Development Business or Developer Entity, as applicable, must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §7.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a continuous period of at least three (3) months.
- 7.5. **Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION

- 8.1. **Reasonableness.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the development of the Food Trucks within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.
- 8.2. **Termination By Us.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:
- (i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or
 - (ii) if you or one of your Owners or affiliates breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.
- 8.3. **Effect of Termination.** The termination of this Agreement will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Food Trucks. We will not refund any portion of the development fee, but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee for any Food Truck for which a Franchise Agreement had not yet been signed.

9. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

10. **REPRESENTATIONS.**

10.1. **Corporate Representations.** You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

10.2. **Franchise Compliance Representations.** You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates or (ii) such earlier time in the sales process that you requested a copy.

10.3. **General Representations.** You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

10.4. **Anti-Terrorism Compliance.** You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

11. **GENERAL PROVISIONS**

11.1. **Governing Law.** This Agreement and the franchise relationship are governed by the Laws of the State of Delaware without reference to its principles of conflicts of law, but any Law of the State of Delaware that regulates the offer and sale of franchises or business opportunities or governs the

relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

- 11.2. Severability.** Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.
- 11.3. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.
- 11.4. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 11.5. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.
- 11.6. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.
- 11.7. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 11.8. Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

- 11.9. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 11.10. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an Equity Interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 11.11. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 11.12. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 11.13. Notice.** All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.
- 11.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Born From The Lime Truck, LLC, a Delaware
limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____
By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

Name: _____
Name: _____
Name: _____
Name: _____

ATTACHMENT "A"
TO AREA DEVELOPMENT AGREEMENT
DEAL TERMS

A. Area Developer Details

Name of area developer: [_____]

Is the area developer one or more natural Persons signing in their individual capacity? **Yes:** _____ **No:** _____

Type of Entity and State of Formation* (if applicable): [_____]

** If the area developer is a business Entity, each Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect ownership interest in the Business (or the Developer Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____

Attention: _____

Email: _____

B. Fees

- The initial franchise fee for the first Food Truck you develop pursuant to this Agreement is \$35,000.
- The Discounted Initial Franchise Fee associated with each Food Truck you develop pursuant to this Agreement (executed the first (1st) Food Truck) shall be determined in accordance with the following table:

Food Truck	Discounted Initial Franchise Fee
Food Truck # 1	Not Applicable – No Discount
Food Truck # 2	\$25,000
Food Truck # 3	\$25,000
Food Truck # 4	\$25,000
Food Truck # 5+	\$20,000 (per Food Truck)

- The development fee is \$ _____.

C. Development Territory

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below:

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map Below (if applicable)]

D. Development Schedule.

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT PERIOD ENDING	NUMBER OF FOOD TRUCKS OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FOOD TRUCKS OPENED AND IN OPERATION
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Food Trucks to be Developed: [_____]		

EXHIBIT "E"
TO DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]



Manual Table of Contents



Manual Table of Contents

Manual Purpose and Organization	4
Alignment with Franchise Disclosure Document	4
Storing the Manual	4
Ownership of Manual	4
Correspondence and Communication	4
Manual Terminology	5
Welcome to the Lime Truck	5
Company History	5
Mission Statement	6
Values	6
Unique Market Position	6
Service and Product Offerings	6
Ethical Standards	6
Legal and Regulatory	7
Confidentiality	7
Definition of Trade Secrets and Confidential Information	7
Change of Address	8
Franchise Disclosure Document (FDD) and Franchise Agreement	8
Independently Owned and Operated	8
System Compliance	9
Complete Franchisee Training	9
What Franchisees	9
Can Expect from the Lime Truck Corporate Office (the Franchisor)	9
What the Lime Truck Corporate	10
(the Franchisor) Expects from Franchisees	10
The Lime Truck HQ Contacts	11



The Lime Truck	12
Corporate Holidays and Hours of Operation	12
The Lime Truck Glossary of Terms	12
Conclusion	13
General Guidelines	16
Form the Business	16
Different Types of Business Entities	17
Franchise Business Coach Assignment	19
Obtain Business Licenses and Forms	19
Storing Records	20
Insurance	20
Additional Named Insured	21
Property Replacement	21
Truck Buildout and Startup Equipment	21
Office Setup	21
Compliance with Regulations	22
Truck Wrap and Graphics	22
IT Set up	22
Email Setup	22
Quickbooks Setup	22
Point of Sale (POS) Setup	22
Setting up Payroll, Merchant Services, HR	22
Franchisee Training	22
Training New Employees	23
Ongoing Training	23
Code of Conduct While Attending Training or Seminars	23



Franchise Startup Checklist.....	24
Accounting, Payroll, Financial Reporting,	33
and Taxes Overview	33
Generally Accepted Accounting Practices (GAAP)	33
Financial Privacy and Confidentiality	33
Benefits of Financial Management.....	34
Financial Management Terminology	34
Roles and Responsibilities.....	35
Retaining and Storing Records	36
Accounting	37
Chart of Accounts.....	37
Accounting and Bookkeeping Method: Accrual Method	43
Accounting Procedures.....	43
Accounts Receivable.....	43
Accounts Payable	44
Goal Setting and Budgeting.....	44
Corporate Payments.....	44
Payroll and Human Resource Management	48
Employees.....	48
Independent Contractors	48
Independent Contractor vs. Employees.....	49
Misclassification of Employees	49
Employee Time Tracking.....	49
Employee Commission Tracking.....	49
Employee Payroll Approvals.....	49
Payroll Reporting and Payment	49
Reporting.....	50
Weekly KPI/Performance Reports.....	50
Monthly Financial Reports	50
Payment Transactions and Accepted Payment Types	51
Credit Card Policy	51
Petty Cash Accounting.....	51



Tax Reporting and Payment.....	51
Federal Income Tax.....	51
Federal Unemployment Tax: FUTA.....	51
Sales Tax.....	52
Payroll Taxes.....	52
Estimated Tax Payments.....	52
Tax Return Preparation.....	52
Regular Accounting Tasks.....	52
Daily Accounting.....	52
Weekly Accounting/Reporting.....	53
Monthly Accounting.....	53
Quarterly Accounting.....	53
Annual Accounting.....	53
Audits.....	54
Knowing the Law.....	58
Hiring.....	58
Employee Handbooks.....	59
Uphold the Brand.....	59
Employee Uniform Brand Standards.....	59
Role Descriptions and Responsibilities.....	61
Manager/Owner.....	61
Crew Chief.....	62
Prep Cook.....	63
Cashier.....	64
Server.....	65
Shared Duties, Spaces and Responsibilities.....	66
Staff Meetings.....	66
Key Policy.....	66
General Guidelines for Laws & Regulations.....	66
Federal Labor Laws.....	67
Americans with Disabilities Act.....	67
Age Discrimination in Employment.....	68
Immigration and Control Act (E-Verify).....	68



Fair Labor Standards Act (Fair Wages)	68
Homeland Security Act	69
Uniformed Service Employment and Reemployment Act	69
Employee Polygraph Protection Act (EPPA)	70
Family Medical Leave Act	70
OSHA	71
EEOC	71
Garnishment of Wages	71
Food & Drug Administration	72
State/Provincial Labor Laws	72
Workers' Compensation (required)	72
Jury Duty or Witness Appearance Leave (required as per state law)	72
Rest and Lunch Breaks (required as per state law)	72
Workplace Safety	73
Workplace Postings	73
Suggested Employee Policies	73
Guest Service Philosophy	76
Handling Guest Complaints	78
Acknowledge	78
Apologize	79
Act	79
Ask	79
Sequence of Service	85
Steward Checklists	86
Steward Opening Checklist	86
Steward Mid-Shift Checklist	86
Steward Closing Checklist	87
Steward Weekly Cleaning Checklist	88
Line/Prep Checklists	88
Opening Line/Prep Procedures	88
Mid-Shift Line/Prep Procedures	88
Closing Line/Prep Procedures	89



Kitchen Manager Checklists	90
Kitchen Manager Opening Checklist	90
Kitchen Manager Mid-Day Checklist	90
Kitchen Manager Closing Checklist	90
AM Tasting Procedures (Kitchen Manager)	90
Proteins	90
Cheese Sauce - Rice - Beans - Spring Mix - Couscous	91
Fried Items	92
Sauces	93
PM Tasting Procedures (Kitchen Manager between 3 and 4)	93
Proteins	93
Cheese Sauce - Rice - Beans - Spring Mix - Couscous	94
Fried Items	94
Veggies and Slaws	95
Sauces	95
Kitchen Manager Inventory Checklist	95
Heating and Cooling Procedures	95
Thawing Products	95
Heating Products	95
Cooling Procedure	96
End of Day Heated Food Cooling Procedure	96
Grease Pick-Disposal Log	96
Food Temperature Log	96
Types of Inventory	101
Product Inventory	101
Ordering Food and Beverage Product Inventory	101
General Requirements	101
How to Order Food Product	101
Receiving Product Inventory	102
Storing Product Inventory	103
Basic Guidelines	103
Storage Areas	103
Tracking Product Inventory	103
Discarding Product Inventory	104
Waste Reporting	104



Consumables Inventory	104
Ordering Consumables	104
Receiving Consumables	104
Storing Consumables	104
 Product Shelf Lives.....	105
 General Storage Requirements	105
Unprepared Food Items Storage	105
Stocking	105
Shelf Life	105
Boxes	105
Prepared Food Items Storage	106
Dry Storage	107
Cleaning Supplies	107
Frozen Storage	107
Refrigerated Storage (Walk-In)	107
 Inventory and Accounting.....	108
 Inventory and Storage Tracking.....	108
Daily	109
Weekly	109
Monthly	109
 Equipment Maintenance	109
 Food-borne Illness	112
 Contamination.....	112
Biological Contaminants	113
Chemical Contamination	113
Physical Contamination	113
Cross Contamination	113
 Temperature Zones.....	114
Temperature Chart	114
Thermometers	114
Checking Calibration	115
Using the Ice-Point Method to Check Calibration	115
Taking Food Temperatures	115



Preventing Contamination: Food Safety.....	116
All Products	116
Product Labeling	116
Heated Products	116
Refrigerated Products.....	117
Frozen Products	117
Thawing Procedure	117
Emergency Thawing Procedure	117
Employee Hygiene and Health.....	117
Clothing and General Hygiene	118
Proper Hand-washing Procedures	118
Hand Hygiene Maintenance	119
Illness.....	119
Wounds and Sores	120
Utility Issues	120
Water Supply	120
Boil-Water Orders.....	120
Sewage	120
Sequence of Service	129
Front of House Checklists (Cashier)	131
Front of House Opening Procedures.....	131
Front of House Mid-Day Procedures.....	133
Front of House Closing Procedures	133
Manager Checklists.....	135
Daily Store Manager Checklist	135
Weekly Store Manager Checklist	136
Weekly Store Manager Checklist	136
Food Truck Event Types	139
Public Events	139
Private Events.....	139
Advance Event Preparation.....	139
Food Truck Scheduling	139
Product and Inventory Estimation and Prep.....	140



Food Truck Event Operations Checklist.....	140
Required Equipment Inventory	140
Commissary Checklist	140
Event Arrival (Load-In) Checklist (Onsite).....	141
Food Truck Onsite Service Flow of Operations.....	143
Food Truck Catering.....	145
Food Truck Closing Procedures.....	146
Food Truck Commissary Closing Procedures.....	147
 The 5 Minute Truck Tour	147
Crew Chief Duties	148
Pre-Event Duties	148
Arriving/Arrival at Event.....	148
During Event.....	148
End of Events.....	148
Ending Shifts	149
Cashier/Expediter Duties	149
At Commissary.....	149
Event Load-In	149
Ending of Event	149
End of Shift.....	150
 Reporting Tips.....	150
 Appendix Forms	150
 Primary Revenue Streams.....	153
Private Catering Events	153
Catering Menu	153
Proteins	153
Menu Items	154
Catering Packages.....	155
Terms & Conditions.....	155
 Private Catering	156
Private Catering Lead Flow	156
Lead Flow	156
Sales Call	157
Sample Sales Script	157
Tastings.....	160
Closing.....	160
Contract	160



Event Sequence.....	163
Pre-Event.....	163
Post-Event.....	164
Public Events.....	164
Menu.....	164
Service Styles.....	164
Public Events Lead Flow.....	165
Lead Generation.....	165
Terms & Conditions.....	165
Sales Call.....	165
Booking Process.....	165
Public Event Agreement.....	166
Brand Marketing.....	169
Franchisee Marketing.....	170
Digital Marketing Tasks.....	186
Benefits of Social Media.....	187
Social Media Platforms.....	187
Social Media Policy.....	187
Social Media Legal Requirements.....	188
Strictly Prohibited.....	188
Social Media Best Practices.....	189
Brand Consistency on Social Media.....	190
Social Media Organic Content.....	191
What to Post.....	191
Posting Order.....	191
When to Post.....	192
Facebook.....	192
Instagram.....	192
Instagram/Facebook Stories.....	192
Hashtags.....	192
Social Media Geotags.....	193
How to Build Your Organic Following.....	193



Advertising on Social Media	194
Social Media Ad Appearances.....	195
Social Media Evaluation	195
Review Sites	195
Google Business.....	195
Facebook Reviews.....	195
Yelp.....	195
Website	196
SEM and PPC	196
Email Marketing.....	196
Employee Safety and Security Training	200
Emergency Preparedness.....	201
Crisis Situations.....	201
Crisis Definitions.....	202
Handling a Crisis	202
Gathering Crisis Information.....	202
Dealing with Victims.....	203
Notifying the Authorities	203
Working with Authorities and Outside Agencies.....	203
Dealing with the Media	203
How to Handle a General Request for an Interview	204
How to Handle Requests to Discuss Your “Personal Experience”	204
How to Handle Off-Shift Interview Requests.....	204
Health Department Sample Taking.....	205
Foodborne Illness/Infectious Disease	205
Foodborne Illness	205
Infectious Disease	206
Health-Related Work Restrictions and Exclusions	206
Employee Responsibilities.....	207
Removal of Health-related Work Restrictions.....	207
Regulatory Disclosure/Involvement	208



Medical Emergencies	208
Fire	208
Natural Disasters	209
OSHA Safety Training Requirements.....	209
General Safety Tips.....	209
Utilities	209
Storage	209
Floors and Traffic Areas	209
Chemicals.....	210
Employee Behavior	210
Emergency Procedures	210
Safe Equipment Operations and Maintenance	210
Avoiding Burns	210
Using Knives Safely	211
Proper Lifting Techniques	211
Driving Etiquette and Safety	212
Driving Defensively	212
Driver Reporting Requirements	212
Loss Prevention.....	213
Vandalism.....	213
NON-COMPETITION AND	216
NON-DISCLOSURE AGREEMENT	216
Lime Truck Pre & Post Shift Checklist.....	223
Truck Cleaning Assignments	224
Assistant Manager Checklist.....	225

EXHIBIT "F"
TO DISCLOSURE DOCUMENT
LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2023.

FRANCHISEES OPEN AS OF DECEMBER 31 , 2023				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists our franchisees with signed franchise agreements that were not open as of December 31, 2023.

FRANCHISEES NOT OPEN AS OF DECEMBER 31 , 2023				
State	City	Address	Phone	Owner Name(s)
None				

* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
None			

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

EXHIBIT "G"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See Attached]

Born From the Lime Truck

Financial Statements

Period ended December 31st, 2023



Born From The Lime Truck

FINANCIAL STATEMENTS

December 31st 2023

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	3
Financial Statements:	
Statement of Financial Position	4
Income Statement.....	5
Statement of Cash Flows.....	6
Statement of Owners Equity	7
Notes to Financial Statements.....	8

INDEPENDENT AUDITORS' REPORT

To the Members

Born From The Lime Truck

We have audited the accompanying financial statements of Born From the Lime Truck which comprise the balance sheet as of December 31st, 2023, and the related statements of operations, shareholder equity, and cash flows for the period of January 1st through December 31st 2023, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Born From the Lime Truck as of December 31st 2023, and the results of its operations and its cash flows for the period of January 1st, 2023 through December 31st, 2023 in accordance with auditing standards generally accepted in the United States of America

Gabriel Blanco, CPA

Lic# AC47901CPA
Real Accounting Solution
Miami, Florida
April 15th 2024

Born From The Lime Truck, LLC
Balance Sheet
As of December 31, 2023

	2023
ASSET	
Current Assets	
Cash and Cash Equivalents	\$ 8,800
Due from Related Entities	130,000
Total Current Assets	138,800
Fixed Assets	
CRM Software	10,200
Total Fixed Assets	10,200
Total Assets	\$ 149,000
LIABILITIES AND MEMBERS' EQUITY	
Member's Equity	
Member's Equity	\$ 149,000
Total Members Equity	149,000
Total Liabilities and Member's Equity	\$ 149,000

Born From The Lime Truck, LLC
Statement of Income
For the Year Ended December 31, 2023

	<u>2023</u>
Revenues	\$ -
Total Revenues	<u>-</u>
Operating Expenses	
Legal Expenses	(1,000)
Total Operating Expenses	<u>(1,000)</u>
Income (Loss) From Operations	<u>(1,000)</u>
Net Income (Loss)	<u>\$ (1,000)</u>

Born From The Lime Truck, LLC
Statement of Cash Flows
For the Year Ended December 31, 2023

	2023
Cash Flows from Operating Activities:	
Net Income/ (Loss)	\$ (1,000)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Change in due to Related Parties	(130,000)
Net Cash Provided By (Used In) Operating Activities	(131,000)
Cash Flows from Investing Activities:	
CRM Software	(10,200)
Net Cash Flows Provided By (Used In) Investing Activities	(10,200)
Cash Flows from Financing Activities:	
Members' Contribution	150,000
Net Cash Provided By (Used In) Financing activities	150,000
Net Change in Cash During the Year	8,800
Cash - Beginning of the Year	-
Cash - End of the Year	\$ 8,800

Born From The Lime Truck, LLC
Statement of Member's Equity
For the Year Ended December 31, 2023

	2023
Member's Equity at January 01, 2023	<u>\$ 25,000</u>
Capital Contributions	
Net Income (Loss)	<u>(1,000)</u>
Member's Equity at December 31, 2023	<u>\$ 24,000</u>

Born From The Lime Truck, LLC

Notes to Financial Statements

As of December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Operations

Born From The Lime Truck, LLC is a franchise company that was established under the laws of the State of Delaware in April 15, 2021, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business as a franchise. Born From The Lime Truck, LLC's primary business is offering franchises for the operation of mobile food truck that sells California-Mexican ("Cal-Mex") menu items prepared from scratch using high quality locally and ethically-sourced ingredients ("Food Truck").

B. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposit with maturities of three months or less to be cash equivalents.

D. Accounts Receivable

Accounts Receivable arise primarily from notes receivable, Franchise Fee income, and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts.

E. Federal Income Taxes

Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of Partnership earnings. Partnership's net revenue is allocated on a pro-rata basis in accordance with Partnership interests to the partners after allowing for partner guaranteed payments.

F. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

G. Debt

The Partnership accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The Partnership accounts for debt as noncurrent if the obligation does not expire or is due within one year.

H. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five- stops revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.

- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

1. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2021, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company is currently in the process of evaluating the impact of the adoption of this ASU on its financial statements and has not yet selected a transition method. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its results of operations, financial position and cash flows.

2. CASH AND CASH EQUIVALENT

Cash consists of an initiate business checking account maintained at one financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023, the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The company has approximately \$8,800 in cash at their operating bank account.

3. RELATED PARTY TRANSACTIONS

The Company has related parties' transactions with its owners. The significant related party transactions consist of loan due from owners to pay for the entity's professional and legal expenses. The loan was given in the year ending December 31, 2023.

	2023
Loan from Related Parties	<u>\$5,000</u>

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2024, which is the date the financial statements were available to be issued. A significant increase in cash was noted in this evaluation as result of a notes receivable payment.

	Mar-24
Cash and Cash Equivalents	\$ 133,800

Born From the Lime Truck, LLC

**Independent Auditor's Report
And
Financial Statements
December 31, 2022 and 2021**

<u>Table of Contents</u>	
Independent Auditor's Report	3
Balance Sheets	5
Statements of Operations	6
Statements of Members' Equity	7
Statements of Cash Flows	8
Notes To Financial Statements	9

Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

4500 Mercantile Plaza Dr STE 300, Fort Worth TX 76137

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Born From the Lime Truck, LLC
2711 Centerville Rd, Suite 400
Wilmington, DE 19808

Opinion

We have audited the accompanying financial statements of Born from The Lime Truck, LLC (a Delaware Limited Liability Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Born from The Lime Truck, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Born from The Lime Truck, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Born from The Lime Truck, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Fort Worth, Texas
January 17, 2023

Born From The Lime Truck, LLC
Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 150,000	\$ 150,000
Total Current Assets	<u>150,000</u>	<u>150,000</u>
Total Assets	<u>\$ 150,000</u>	<u>\$ 150,000</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Other liabilities	\$ -	\$ 456
Total Current Liabilities	<u>-</u>	<u>456</u>
Non Current Liabilities		
Due to related parties	28,432	28,432
Total Non Current Liabilities	<u>28,432</u>	<u>28,432</u>
Total Liabilities	<u>28,432</u>	<u>28,888</u>
Members' Equity		
Members' equity	121,568	121,112
Total Members' Equity	<u>121,568</u>	<u>121,112</u>
Total Liabilities and Members' Equity	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Statements Of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues		
Revenues	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>
Operating Expenses		
Legal and professional	5,079	28,888
Total Operating Expenses	<u>5,079</u>	<u>28,888</u>
Operating (Loss) / Income	<u>(5,079)</u>	<u>(28,888)</u>
Net (Loss) / Income	<u>\$ (5,079)</u>	<u>\$ (28,888)</u>

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Statements Of Members' Equity
Years Ended December 31, 2022 and 2021

Members' Equity At December 31, 2020	\$ -
Members' contributions	150,000
Net income / (loss)	(28,888)
Members' Equity At December 31, 2021	121,112
Members' contributions	5,535
Net income / (loss)	(5,079)
Members' Equity At December 31, 2022	\$ 121,568

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Statements Of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Activities		
Net (loss) / income	\$ (5,079)	\$ (28,888)
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in operating activities		
Change in other liabilities	(456)	456
Change in due to related parties	-	28,432
Net Cash (Used In) Provided By Operating Activities	<u>(5,535)</u>	<u>-</u>
Investing Activities		
Net Cash Flows (Used In) Provided By Investing Activities	<u>-</u>	<u>-</u>
Financing Activities		
Members' contribution	5,535	150,000
Net Cash Flows (Used In) Provided By Financing Activities	<u>5,535</u>	<u>150,000</u>
Net Change In Cash And Cash Equivalent During The Year	<u>-</u>	<u>150,000</u>
Cash and cash equivalent - beginning of the year	150,000	-
Cash And Cash Equivalent - End of The Year	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Notes To Financial Statements
December 31, 2022 and 2021

1. COMPANY AND NATURE OF OPERATIONS

Born From The Lime Truck, LLC ("The Company") is a franchise Company that was established under the laws of the State of Delaware in April 15, 2021, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business as a franchise. Born From The Lime Truck, LLC's primary business is offering franchises the operation of mobile food trucks that sell California-Mexican ("Cal-Mex") menu items prepared from scratch using high quality locally and ethically-sourced ingredients ("Food Truck").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

C. Accounts Receivable

Accounts Receivable arise primarily from notes receivable, Franchise Fee income, and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts.

D. Federal Income Taxes

Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of Partnership earnings. Partnership's net revenue is allocated on a pro-rata basis in accordance with Partnership interests to the partners after allowing for partner guaranteed payments.

E. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

F. Debt

The Partnership accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The Partnership accounts for debt as noncurrent if the obligation does not expire or is due within one year.

G. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a

straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The Company did not generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

H. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2021, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company is currently in the process of evaluating the impact of the adoption of this ASU on its financial statements and has not yet selected a transition method. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its results of operations, financial position and cash flows.

3. CASH AND CASH EQUIVALENT

The Company maintains cash and cash equivalents with major financial institutions. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2022 and 2021, the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company has approximately \$150,000 and \$150,000 in cash at their operating bank account as of December 31, 2022 and 2021 respectively.

4. RELATED PARTY TRANSACTIONS

The Company has related parties' transactions with its owners. The significant related party transactions consist of a loan from owners to pay for the entity's professional and legal expenses. The loan was obtained in the year ending December 31, 2021. Balances of amounts due to related parties were as follows:

	<u>2022</u>	<u>2021</u>
Loan from related parties	<u>\$28,432</u>	<u>\$28,432</u>

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 17, 2023, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

Born From The Lime Truck, LLC

**Independent Auditor's Report
And
Financial Statements
For The Period from April 15, 2021 to December 31, 2021**

Table of Contents

Independent Auditor's Report.....	3
Balance Sheet	5
Statement of Income	6
Statement of Members' Equity	7
Statement of Cash Flows	8
Notes To Financial Statements	9

Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

6245 RUFE SNOW DR Ste 280 PMB 34 Watauga TX 76148

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the members of
Born From The Lime Truck, LLC
2711 Centerville Rd, Suite 400
Wilmington, DE 19808

Opinion

We have audited the accompanying financial statements of Born From The Lime Truck, LLC (a Delaware Limited Liability Company), which comprise the balance sheet as of December 31, 2021, and the related statements of income, members' equity, and cash flows for the period from April 15, 2021 to December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Born From The Lime Truck, LLC as of December 31, 2021, and the results of its operations and its cash flows for the period from April 15, 2021 to December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Born From The Lime Truck, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Born From The Lime Truck, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Metwally CPA PLLC

Metwally CPA PLLC
Watauga TX
August 02, 2022

Born From The Lime Truck, LLC

Balance Sheet

December 31, 2021

	2021
ASSETS	
Current Assets	
Cash	\$ 150,000
Total Current Assets	150,000
Total Assets	\$ 150,000
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 456
Total Current Liabilities	456
Long-Term Liabilities	
Due to related parties	28,432
Total Long-Term Liabilities	28,432
Total Liabilities	28,888
Members' Equity	
Members' equity	121,112
Total Members' Equity	121,112
Total Liabilities And Members' Equity	\$ 150,000

Born From The Lime Truck, LLC
Statement Of Income
Period From April 15, 2021 to December 31, 2021

	2021
Revenues	
	\$ -
Total Revenues	<u>-</u>
Operating Expenses	
Legal and professional	28,888
Total Operating Expenses	<u>28,888</u>
Income (Loss) From Operations	<u>(28,888)</u>
Net Income (Loss)	<u>\$ (28,888)</u>

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Statement of Members' Equity
Period From April 15, 2021 to December 31, 2021

Members' Equity At April 15, 2021	\$ -
Capital contributions	150,000
Net income (loss)	(28,888)
Members' Equity At December 31, 2021	\$ 121,112

The accompanying notes are an integral part of the financial statements.

Born From The Lime Truck, LLC
Statement of Cash Flows
Period From April 15, 2021 to December 31, 2021

	2021
Cash Flows From Operating Activities:	
Net income / (loss)	\$ (28,888)
Adjustments to reconcile net income to net cash provided by operating activities:	
Change in accounts payable and accrued liabilities	456
Change in due to related parties	28,432
Net Cash Provided By (Used In) Operating Activities	-
Cash Flows From Investing Activities	
Net Cash Flows Provided By (Used In) Investing Activities	-
Cash Flows From Financing Activities	
Members' contribution	150,000
Net Cash Flows Provided By (Used In) Financing Activities	150,000
Net Change In Cash During The Year	150,000
Cash - beginning of the year	-
Cash - End Of The Year	\$ 150,000

Born From The Lime Truck, LLC
Notes To Financial Statements
Period From April 15, 2021 to December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Operations

Born From The Lime Truck, LLC is a franchise company that was established under the laws of the State of Delaware in April 15, 2021, for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business as a franchise. Born From The Lime Truck, LLC's primary business is offering franchises for the operation of mobile food truck that sells California-Mexican ("Cal-Mex") menu items prepared from scratch using high quality locally and ethically-sourced ingredients ("Food Truck").

B. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

C. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include bank accounts and cash in transit for bank deposit with maturities of three months or less to be cash equivalents.

D. Accounts Receivable

Accounts Receivable arise primarily from notes receivable, Franchise Fee income, and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts.

E. Federal Income Taxes

Federal income taxes are not payable by, or provided for, the Partnership. Partners are taxed individually on their share of Partnership earnings. Partnership's net revenue is allocated on a pro-rata basis in accordance with Partnership interests to the partners after allowing for partner guaranteed payments.

F. Use of Estimates

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates. Significant estimates include our provisions for bad debts, franchisee rescissions and refunds, and legal estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

G. Debt

The Partnership accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The Partnership accounts for debt as noncurrent if the obligation does not expire or is due within one year.

H. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Assets and Liabilities

Contract assets will consist of franchise contract costs paid to facilitate the franchise sale and will be amortized over the expected life of the franchisee. Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

The company didn't generate any revenue as of the balance sheet date but will be implementing ASC 606 to recognize its revenue once a sale has been made.

I. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize on the balance sheet certain operating and financing lease liabilities and corresponding right-of-use assets that have lease terms of greater than 12 months. This topic retains the distinction between finance leases and operating leases. The ASU is effective on a modified retrospective approach for annual periods beginning after December 15, 2021, with early adoption permitted. Entities are permitted to adopt this guidance either prospectively or retrospectively. The Company is currently in the process of evaluating the impact of the adoption of this ASU on its financial statements and has not yet selected a transition method. The Company is currently evaluating the effect that adopting this new accounting guidance will have on its results of operations, financial position and cash flows.

2. CASH AND CASH EQUIVALENT

Cash consists of an initiate business checking account maintained at one financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2021, the Company's cash balance doesn't exceed the FDIC insurance limits.

The Company considers all cash in bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The company has approximately \$150,000 in cash at their operating bank account.

3. RELATED PARTY TRANSACTIONS

The Company has related parties' transactions with its owners. The significant related party transactions consist of loan from owners to pay for the entity's professional and legal expenses. The loan was obtained in the year ending December 31, 2021.

	2021
Loan from related parties	<u>\$28,432</u>

4. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 02, 2022, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

EXHIBIT “H”-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS
ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,
AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR
Born From The Lime Truck, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the Born From The Lime Truck Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Born From The Lime Truck, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

**CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE
AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document at least 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
2. 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.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees listed in the Disclosure Document may be one source of this information.
5. Prospective franchisees 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 Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Delaware. In accordance with Section 310.114.1, this provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. OUR WEBSITE (www.thelimetruck.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS

CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
14. The highest interest rate allowed by law in California for late payments is 10% annually.
15. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
 - (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
 - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
 - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
 - (d) Violations of any provision of this division.

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

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

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: _____
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. 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 material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation,

waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:
 - a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
 - b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
 - c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
 - d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
 - e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

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

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.
5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
6. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

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 document relating to a franchise:

- a. A prohibition on the right of a franchisee to join an association of franchisees.
- b. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- c. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- d. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- e. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- f. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- g. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - i. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - ii. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- h. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has

breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

- 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of 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. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any

rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.

4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3 of the Disclosure Document:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable

civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities

exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4 of the Disclosure Document:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5 of the Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c) of the Disclosure Document, titled **“Requirements for franchisee to renew or extend,”** and Item 17(m) of the Disclosure Document, entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d) of the Disclosure Document, titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j) of the Disclosure Document, titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v) of the Disclosure Document, titled “Choice of forum”, and Item 17(w) of the Disclosure Document, titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. We will not require that you prospectively assent to a release, assignment, novation, waiver, or estoppel that purports to relieve any person from liability imposed by the New York Franchise Law.
10. We will not place any condition, stipulation, or provision in the Franchise Agreement that requires you to waive compliance with any provision of the New York Franchise Law.
11. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the New York Franchise Law is amended to provide for a three (3) year statute of limitations for purposes of bringing a claim arising under the New York Franchise Law.

12. Notwithstanding the transfer provision in the Franchise Agreement, we will not assign the Franchise Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the “Rhode Island Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law 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.” If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.
2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise

Agreement or Supplemental 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.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements 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 and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|
| ☐ California | ☐ Michigan | ☐ South Dakota |
| ☐ Hawaii | ☐ Minnesota | ☐ Virginia |
| ☐ Illinois | ☐ New York | ☐ Washington |
| ☐ Indiana | ☐ North Dakota | ☐ Wisconsin |
| ☐ Maryland | ☐ Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

Born From The Lime Truck, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT “H”-2

FRANCHISEE DISCLOSURE QUESTIONNAIRE

[See Attached]

*****MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE*****

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Born From The Lime Truck, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Born From The Lime Truck Food Truck. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- | | | | |
|-------|------|-----|---|
| Yes__ | No__ | 1. | Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement (“ADA”), together with all attachments to those agreements?
<i>[If you answer “no,” please explain in Explanation Section]</i> |
| Yes__ | No__ | 2. | Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
<i>[If you answer “no,” please explain in Explanation Section]</i> |
| Yes__ | No__ | 3. | Did you sign a receipt for the FDD indicating the date you received it? |
| Yes__ | No__ | 4. | Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?
<i>[If you answer “no,” please identify any information you don’t understand in Explanation Section]</i> |
| Yes__ | No__ | 5. | Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money? |
| Yes__ | No__ | 6. | Did you receive a complete execution copy of the Franchise Agreement at least seven (7) calendar days before you signed it? |
| Yes__ | No__ | 7. | Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor? |
| Yes__ | No__ | 8. | Have you discussed the benefits and risks of developing and operating a Born From The Lime Truck Food Truck with an existing Born From The Lime Truck franchisee? |
| Yes__ | No__ | 9. | Do you understand the risks of developing and operating a Born From The Lime Truck Food Truck? |
| Yes__ | No__ | 10. | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| Yes__ | No__ | 11. | Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the Born From The Lime Truck franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding? |

Yes__ No__ 12. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a Born From The Lime Truck franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

[If you answer “yes,” please describe the statement or promise in Explanation Section]

Yes__ No__ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?

[If you answer “yes,” please describe the statement or promise in Explanation Section]

Yes__ No__ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Born From The Lime Truck business may generate, other than any information included in Item 19 of the FDD?

[If you answer “yes,” please describe the statement or promise in Explanation Section]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated _____

Dated _____

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

EXHIBIT “H”-3

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Born From The Lime Truck, LLC, a Delaware limited liability company (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Born From The Lime Truck mobile food truck.
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, **[enter into a successor franchise agreement]** and we have consented to such transfer **[agreed to enter into a successor franchise agreement]**.
- C. As a condition to our consent to the transfer **[your ability to enter into a successor franchise agreement]**, you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer **[our entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree to the terms and conditions set forth below.

Agreement

1. **Release.** Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
2. **California Law.** You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. **Washington Franchise Law.** The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. **Nondisparagement.** Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.
5. **Representations and Warranties.** You and Owner each represent and warrant that: (i) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (ii) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (iii) you and Owner have not and shall not (a) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (b) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (iv) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. **Miscellaneous.**
- a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
 - b) This Agreement shall be construed and governed by the laws of the State of Delaware.
 - c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
 - d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
 - e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
 - f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 - g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

- h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

In Witness Whereof, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

By: _____

Name: _____

Its: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Born From The Lime Truck, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Born From The Lime Truck, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

_____ Daniel Shemtob; 16221 Construction Circle West, Irvine, California 92606; (424) 256-9588

_____ Justin Livingston; 2525 S Lowell Blvd, Denver, Colorado 80219; (720) 358-1212

_____ Angela Kelly; 2525 S Lowell Blvd, Denver, Colorado 80219; (720) 358-1212

_____ Issuance Date: April 19, 2024

Born From The Lime Truck, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	State Agencies and Administrators
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Brand Standards Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of Born From The Lime Truck, LLC
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire
EXHIBIT "H"-3	General Release
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Born From The Lime Truck, LLC.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language.

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Date

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