FRANCHISE DISCLOSURE DOCUMENT

BPM Franchise Corp.
An Illinois Corporation
1715 Cortland Court, Unit 4, Addison, IL 60101
Phone: 630-400-1009
https://www.burritopm.com/
franchise@burritopm.com

BPM Franchise Corp., an Illinois corporation, offers you the opportunity to own and operate a Burrito Parrilla Mexicana restaurant business, which offers products to the general public, with a menu featuring authentic and fresh Mexican food, including burritos, tacos, tortas, salads, fajitas, parrilla grill, enchiladas, appetizers, breakfast, desserts and drinks at the restaurant premises or by delivery or catering service under certain trademarks, trade names, service marks and logos (a "Burrito Parrilla Mexicana Business" or "Burrito Parrilla Mexicana Businesses").

The total investment necessary to begin operation of a Burrito Parrilla Mexicana Business ranges from $437,000 to $1,178,000, including $42,000 to $48,000 that must be paid to us or our affiliates.

This Franchise Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English (this "Franchise Disclosure Document"). Read this Franchise Disclosure Document and all accompanying agreements carefully. You must receive this Franchise Disclosure Document at least 14 calendar days before you may sign a binding agreement with, or make any payment to, us or our affiliates 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 Franchise Disclosure Document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Manuel Favela, at 1715 Cortland Court, Unit 4, Addison, IL 60101, 630-400-1009.

The terms of your contract will govern your franchise relationship. Don't rely on this Franchise Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Franchise Disclosure Document to a trusted advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, 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 29, 2026

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 on Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor at the franchisor's discretion. 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 C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Burrito Parrilla Mexicana 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 Burrito Parrilla Mexicana franchisee?	Item 20 or Exhibit E 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*

Continued 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.

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 franchised 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 on Exhibit A.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Illinois. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may cost more to arbitrate or litigate with the franchisor in Illinois than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

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

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EXHIBITS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we," "us," or "our" means BPM Franchise Corp., an Illinois corporation, the franchisor. "You" and "your" means the person who buys the franchise from us, the franchisee. You will establish a corporation, partnership, limited liability company or other entity to be the franchisee under the Franchise Agreement. Certain provisions of the Franchise Agreement and related agreements will apply to your owners as well as the franchise entity.

Franchisor, Predecessors, Parents and Affiliates

We are a limited liability company organized in Illinois on November 6, 2025. Our principal place of business is 1715 Cortland Court, Unit 4, Addison, Illinois 60101. We do business under our entity name and under the name "Burrito Parrilla Mexicana." We have been offering Burrito Parrilla Mexicana franchises since November 2025.

We do not have a parent company. We have no predecessors.

Our affiliates are Burrito, Inc. and M&G Management and Logistics, Inc. ("Affiliates"). Burrito, Inc. developed the Burrito Parrilla Mexicana System and have operated a business similar to the franchised businesses offered under this Disclosure Document since December 2010. Burrito, Inc. has granted us a license to use and to sublicense the service marks, trademarks, logos and designs and the intellectual property relating to the Burrito Parrilla Mexicana System. We have 1 Affiliate, M&G Management and Logistics, Inc., that sells products to our franchisees. The principal business address of Burrito, Inc. and M&G Management and Logistics, Inc. is 1715 Cortland Court, Unit 4, Addison, Illinois 60101.

We have never operated a business similar to the type of business you will operate. We have not offered franchises in any other lines of business. Our affiliate M&G Management and Logistics, Inc. has never operated a business similar to the type of business you will operate.

We have no affiliates that offer franchises in any lines of business.

Agents for Service of Process

Our agents for service of process are identified by state in Exhibit A to this Franchise Disclosure Document.

The Business We Offer

We and our affiliates have developed certain specified and distinct business formats, methods, and procedures, including distinctive exterior and interior design, décor, color scheme and furnishings, uniform standards, specifications and procedures for operations, quality and uniformity of products and services offered, procedures for management and inventory control, training and assistance. and advertising, marketing and promotional programs ("Systems") for operating a Burrito Parrilla Mexicana restaurant ("Burrito Parrilla Mexicana Business" or "Franchised Business"). The Burrito Parrilla Mexicana Business offers a menu featuring Italian beef sandwiches as well as a variety of other sandwiches, pasta, burgers, hot dogs, salads and desserts at the restaurant premises or by delivery service. You will also offer catering services to customers from your Burrito Parrilla Mexicana Business. Burrito Parrilla Mexicana Businesses are identified by the trademark and service mark "Burrito Parrilla Mexicana" and other trademarks, trade names, service marks and logos that our affiliates have developed (the "Marks").

The Burrito Parrilla Mexicana Business may be located in a free-standing building or may be in an in-line shopping center. The location may or may not provide for a drive through window.

You must sign our franchise agreement (the "Franchise Agreement"), a copy of which is attached as Exhibit B to this Franchise Disclosure Document. We will grant a franchise to qualified candidates for the operation of a Burrito Parrilla Mexicana Business. We are not presently engaged in business activities other than the development of the System and the offer, sale and support of the franchisees of the System.

Market Competition

The market for the products and services such as those offered by Burrito Parrilla Mexicana Businesses is highly competitive and well-developed. The fast casual restaurant industry is highly competitive and is often affected by current eating habits of the public, by local and national economic conditions affecting spending habits and by population and traffic patterns. In addition to general fast casual consumers, you will target your products and services to young families (including Hispanic/Latino families) and health conscious consumers. Sales are not seasonal. You will face competition from independent businesses, other franchise systems and national companies similar products and services as your franchised Burrito Parrilla Mexicana Business, and to a lesser extent grocery stores and other food service businesses offering similar products.

Regulations

In addition to laws and regulations that apply to businesses generally, your Burrito Parrilla Mexicana Business is subject to federal, state and local laws, regulations and guidelines governing the food service industry. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, and laws concerning menu item names and menu labeling and nutritional information. In addition, your state or local governments may require licensing or food handling certification. In addition, you must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

ITEM 2
BUSINESS EXPERIENCE

Manuel Favela – Co-Founder and President

Mr. Favela has been our Co-Founder and President since our inception in November 2025. He has also served as Vice President of our affiliate, Burrito Inc., in Addison, Illinois since January 2018 and has served as Secretary of our affiliate, M&G Management and Logistics, Inc., in Addison, Illinois since June 2017.

Martin Hernandez – Founder and Vice President

Mr. Hernandez has been our Founder and Vice President since our inception in November 2025. He has also served as Founder and President of our affiliate, Burrito Inc., in Addison, Illinois since December 2010 and has served as President of our affiliate, M&G Management and Logistics, Inc., in Addison, Illinois since June 2017.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FRANCHISE FEE

Initial Franchise Fee

The Initial Franchise Fee for a franchise granting the right to open one Burrito Parrilla Mexicana Business is $35,000.00. The Initial Franchise Fee is due in full upon your execution of the Franchise Agreement.

The Initial Franchise Fee is non-refundable.

Initial Inventory Product Purchases

Before you open your Burrito Parrilla Mexicana Business, you must purchase from our affiliate M&G Management and Logistics, Inc. an initial inventory of proprietary food products. You also may, but are not required to, purchase prepared meat products, packaging, containers, and disposables from our affiliate M&G Management and Logistics, Inc. The estimated cost of the initial purchase of inventory products ranges from $7,000 to $13,000.

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ITEM 6
OTHER FEES

Franchise Agreement

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of Gross Sales(1)	Payable each month for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment.
Marketing Fund contribution	Currently not being charged.	Payable each month for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days' advance notice before establishing the Fund or imposing any increase or decrease in the required contribution amount. We reserve the right to charge up to 3% of Gross Sales, but we have not yet established the Marketing Fund.
Technology Fund contribution	Currently not being charged.	Payable each month for Gross Sales during the preceding month.	We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days' advance notice before establishing the Fund or imposing any increase or decrease in the required contribution amount. We reserve the right to charge up to .5% of Gross Sales, but we have not yet established the Technology Fund.
Local Advertising	Minimum of 1% of Gross Sales (1)	As incurred by you.	Paid to third parties. Upon request, you must submit monthly reports to us documenting your expenditures for the previous calendar month.
Transfer Fee	$15,000	Upon the transfer of your Franchise to transferee.	

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Currently not being charged.	Payable each month.	We will charge this fee via an authorized ACH payment along with royalties. We will give you 60 days prior notice before changing the amount of the fee. We reserve the right to require you to pay a monthly Technology Fee of up to $500. However, we are currently not charging this fee.
Renewal Fee	$15,000	30 days prior to the signing of the renewal franchise agreement	
Interest on Late Payments	Highest rate of interest permitted by law not to exceed 1.5% per month	As incurred	This interest rate applies to any money you owe us or our affiliate that is more than 7 days overdue and will accrue until the amounts are paid in full. Interest is in addition to service and NSF charges.
Service Charges and Non-Sufficient Funds Fee	$150	Upon demand	Payable if an ACH transaction is not honored.
Initial Training	No charge for the first 2 attendees to the Initial Training Program. Additional parties pay a tuition fee of $300 per attendee per day.	As incurred	The cost of Initial Training (instruction and required materials) is borne by us. All other expenses, including travel, meals and lodging and your employee wages, are your responsibility. Additional attendees may attend the initial training program as space in available and for the tuition fee.

Type of Fee	Amount	Due Date	Remarks
Supplemental Training	$300 per attendee per day.	As incurred.	We may from time to time provide, and may require, that you, your owners and/or managers attend and successfully complete supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by us. We may require attendance at such training, seminars and meetings for up to 5 days each calendar year. We may charge a tuition fee for any such training, seminars, meetings or webinars and you will be responsible for all expenses incurred by you and your owners and/or managers in attending these programs.
Additional Training Assistance	$300 per trainer per day, plus any travel and living expenses incurred by our representative if travel to your location is necessary.	As incurred	Paid to us if you request additional training above our normal training offerings and we provide such training in our discretion, or if we require additional training in the event your Franchised Business is operating below required standards.
Conference Registration Fee	Currently not assessed.	As incurred	If we hold conferences, your owner(s) may be required to attend any conference for which we determine attendance is mandatory. We may charge you a fee to attend the conference. Any costs or expenses associated with your owner(s)'s attendance of such conferences will be borne solely by you. We have not yet held a conference and therefore have not yet determined the fee to be charged. When we first hold a conference, we reserve the right to charge up to $2,000 per required attendee.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Actual costs incurred by us.	As incurred	You must pay for us for any losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof, which arises out of, or is based upon any of the items listed in the section of the Franchise Agreement labeled "Indemnification."
Costs and Attorney's Fees	Actual costs incurred by us.	As incurred	You must pay all costs incurred in enforcing the Franchise Agreement.
Audit Fee	Sum equal to the highest rate of interest permitted by law or 1.5%, whichever is lesser, of the understated amount. If any understatement of Gross Sales exceeds 2%, then actual cost of audit.	The Royalty Fee, Advertising Fund Contribution and/or Technology Fund Fee with respect to the amount understated, in addition to the Late Payment Charge is due immediately. Cost of the audit is due immediately upon your receipt of written notice from us if the audit shows an understatement of Gross Sales of 2% or more.	If we conduct an audit of your books and records and determine that Gross Sales has been underreported by you or if the audit was made necessary by your failure to submit required reports or financial statements.
Taxes	Actual costs incurred by us.	Upon demand	If any taxes are assessed against us arising from payments you make to us or otherwise from the operation of your business, you shall reimburse us the actual amount of the taxes upon demand and upon receipt of proof of tax assessment

Type of Fee	Amount	Due Date	Remarks
Insurance Requirements	Cost of insurance plus interest at the maximum rate permitted by law, plus an administrative fee of 10% of the cost of the insurance	Upon written notice	If you fail to comply with any of the insurance requirements contained in Article XII of the Franchise Agreement, upon written notice to you by us, we may, without any obligation to do so, procure such insurance and you must pay us, upon demand, the cost of the insurance plus interest at the maximum rate permitted by law, plus 10% of the cost of the insurance.
Right to Operate Upon Default	Up to $750 per representative per day plus actual travel costs; currently $400 per representative per day plus actual travel costs	As incurred.	In the event that you have not cured a default under the Franchise Agreement within 14 days after receipt of a written notice of default, our agent or other representative designated by us may take over, control and operate the Franchised Business.
Management assistance upon death or incapacity	Up to $600 per representative per day plus actual travel costs; currently $400 per representative per day plus actual travel costs	As incurred.	If we provide management services upon the request of the executor, administrator or personal representative in the event of the death or incapacity of your owner until the franchise can be transferred.
Relocation	$15,000	50% when we grant you the approval to relocate and 50% upon our acceptance of your new site.	Payable if you request and we approve your request to relocate the Franchised Business.

Notes:

All fees described in this Item that are paid to us or our affiliates, are imposed uniformly and are not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. Unless otherwise designated by us, we currently require you to pay fees and other amounts due to us or our affiliates through electronic funds transfer via Automated Clearing House ("ACH") or similar means. You are required to complete the ACH authorization (in the form attached to the Franchise Agreement). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement.

Gross Sales. "Gross Sales" means all sales generated by the Franchised Business, including fees for any and all services Franchisee performs, whether for cash or credit (regardless of collectability) and revenues of every kind related to the Franchised Business, including but not limited to revenues from the sale of food, beverages, merchandise, proprietary products or clothing, delivery and catering not included in the price of menu items, and other services made and rendered in, on, or from the premises of the Franchised Business, or through any other means, including sales outside of the premises, that are in any way related

to the Franchised Business, whether for cash, exchange or credit (and regardless of collection in the case of credit), except that Gross Sales will not include sales, use or services taxes collected from customers and actually paid to the appropriate taxing authority.
No fees that are subject to change as noted above will be increased by more than 10% during any calendar year.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Initial Franchise Fee[1]	$35,000	Electronic Funds Transfer, Cash, or Certified Check	Upon signing the Franchise Agreement	Us
Travel and Living Costs While Training[2]	$2,000 to $5,000	As arranged with providers	Before and during training	Airlines, hotels, restaurants
Security Deposits (Leased and Utilities)[3]	$5,000 to $10,000	As arranged with Lessor and utility companies	As arranged with Lessor and utility companies	Lessor and Utilities
Lease Rental Payments (1st 3 months)[3]	$15,000 to $30,000	As arranged with Lessor	As arranged with Lessor	Lessor
Leasehold Improvements[4]	$200,000 to $600,000	As arranged with providers	As arranged with providers	Contractors
Signs, Furniture, Fixtures and Equipment[5]	$100,000 to $320,000	As arranged with providers	Prior to opening; as arranged with providers	Suppliers
Initial Inventory and supplies[6]	$15,000 to $40,000	Electronic Funds Transfer, Cash, or Certified Check; or as otherwise arranged with providers	Prior to opening; as arranged with providers	Our Affiliate and Various Approved Suppliers
POS System[7]	$11,000 to $13,000	As arranged with providers	Prior to opening; as arranged with providers	Supplier

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Paid
Professional Services	$1,000 to $5,000	As arranged with providers	As arranged with providers	Accountants, attorneys, other advisors
License, Permits, Registrations	$1,000 to $5,000	As arranged with licensing agencies	Prior to opening; as arranged with licensing agencies	Licensing agencies
Insurance	$2,000 to $5,000	As arranged with insurance agencies	As arranged with insurance agencies	Insurance Agencies
Grand Opening Advertising (8)	$0 to $10,000	As arranged with providers	As arranged with providers	Approved Suppliers and Advertising Agencies
Additional Funds – 3 Months(9)	$50,000 to $100,000	As arranged with third parties	As arranged with third parties	Third Parties
Estimated Total(10)	**$437,000 to $1,178,000**			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Burrito Parrilla Mexicana Business. We do not offer direct or indirect financing for these items. None of the fees payable to us are refundable. Fees paid to vendors or other suppliers may or may not be refundable depending on their policies or your arrangements with them.

(1) Initial Franchise Fee - Your Initial Franchise Fee is $35,000 and is payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable.

(2) Travel and Living Costs While Training - We cover the cost of the initial training program, but you will be responsible for the travel, lodging, meals and other living expenses of your Operating Owner and Designated Manager while attending the initial training program. (See Item 11 for information on the initial training program.) We provide training at our principal place of business located in the Chicago, Illinois area, or such other location we may select from time to time. These amounts do not include any fees or expenses for training any other personnel. There is no charge for the first 2 attendees; however, there is $300 per day per-attendee initial training charge for each additional attendee.

(3) Lease Deposit; Rent – These figures presume that you will be leasing your premises. Generally, you will need to lease a site of approximately 2,400 to 4,000 square feet. We may allow or require variations to this size under certain circumstances. Your landlord will typically require a security deposit equal to one

or two months' rent and may, in addition, require payment in advance of the first and/or last (or more) month's rent. These figures provide the estimated amount of the security deposit for a location meeting our typical size requirements. The expense of leasing will vary depending upon the size of the premises, its location (for example, downtown, mall, suburban or rural), landlord contributions and the requirements of individual landlords. The lease rental payments shown in the charts above includes 3 months' rent for your initial period of operation. We have not included estimates for purchasing the site for the Burrito Parrilla Mexicana Business as we recommend that you lease your premises.

(4) Leasehold Improvements – The cost of leasehold improvements will vary depending on numerous factors including the size and configuration of the premises (including whether the premises is a free-standing building or in an in-line shopping center) and pre-construction and construction costs. The low end of this range presumes that (i) the premises was formerly used as a restaurant and therefore the space is finished and outfitted with many of the fixtures necessary for the operation of a Buona Business and/or (ii) your landlord will provide a partial build-out allowance.

(5) Signs, Furniture, Fixtures, Equipment and Supplies (Excluding POS) - This estimate includes all necessary signs, equipment, furniture, fixtures, beverage systems. The estimate includes equipment and supplies for providing delivery and catering services. We have not included in the estimate any amount for the purchase or lease of a vehicle on the assumption that you either have an existing vehicle to use or you may use third party delivery services.

(6) Initial Inventory and Supplies - Initial inventory consists of various food products (including proprietary food products that must be purchased from our affiliate, as described in Item 5), beverages, packaging, containers, disposables, cleaning supplies, and other supplies utilized in operating the Restaurant, as well as other merchandise or products sold in the Restaurant. The initial inventory expenditure could vary due to factors such as anticipated sales volume, commodity costs, distribution fees and inflation.

(7) POS System - The estimate includes the cost to acquire and install the required point of sale system meeting our standards and specifications. The estimate does not include sales tax.

(8) Grand Opening Advertising and Marketing – We do not require you to conduct an advertising and marketing campaign to promote the grand opening of your Burrito Parrilla Mexicana Business. However, we recommend you spend between $5,000 and $10,000.

(9) Additional Funds (for 3 months of operation) - This is an estimate of your additional funds requirements for the first 3 months of operations, based on our affiliate's experience of opening and operating Burrito Parrilla Mexicana Businesses. New businesses often generate a negative cash flow. The estimated range for necessary additional funds for the first 3 months is as shown in the charts above, and includes general operating expenses, such as supplies, food and beverage products, packaging, payroll, payroll expenses, royalties, advertising, utilities, insurance, pest control, security, repairs, maintenance and complimentary sales and other costs. These amounts do not include any estimates for debt service.

(10) Totals - We relied on our experience and our owners' experience of over 30 years in the restaurant business to compile these estimates. Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. We do not offer any financing for your initial investment. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Designated and Approved Suppliers

You must purchase all proprietary food products and proprietary spice mixes, and other ingredients and food products, beverages, packaging, containers, disposables, equipment, signs, furniture, fixtures, point-of-sale system, software, gift card program services, and other materials and supplies required in the operation of the Franchised Business that are or incorporate our trade secrets or confidential information from either suppliers designated by us for some items or from suppliers approved by us, which suppliers may include us or our affiliates.

You must purchase other materials, supplies and services required for the operation of the Franchised Business solely from suppliers who demonstrate the ability to meet our standards and specifications for such item, who possess adequate quality controls and capacity to supply the needs of our franchisees promptly and reliably, who possess an ethical business reputation, and who have been approved by us in writing and such approval has not thereafter been revoked, or following our standards and specifications for such items. We will provide you with a list of designated and approved suppliers as well as other purchasing standards and specifications.

Our affiliate M&G Management and Logistics, Inc. is currently the only approved supplier of proprietary food products. They are also an approved supplier, but not the only approved supplier, of prepared meat products, packaging, containers, and disposables.

You must purchase, install, maintain in sufficient supply, and use, only other equipment, computer hardware and software, signs, insurance and other products and services that conform to the standards and specifications described in the Manual or otherwise in writing. Other than the requirements above and as more specifically set forth in the Manual, you are not obligated to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate from us or any other specifically designated source.

Approval of alternative suppliers

If you desire to purchase any such items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We may require, as a condition of approval, that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered either to us or an independent laboratory we designate for testing prior to granting approval. We will notify you of approval or disapproval of a supplier within 30 days. We do not publish or provide our criteria for approving suppliers to our franchisees. If a supplier is approved by us, you may contract with the supplier for purchases. We may re-inspect the facilities and products of any approved supplier at any time and revoke our prior approval by delivery of written notice upon failure of such supplier to continue to meet our criteria for supplier approval.

Other than direct and indirect interest in our affiliates, none of our officers owns an interest in any of the designated or approved suppliers.

Insurance Requirements

You must maintain in force the following insurance coverage with the following minimum limits:

(a) **Workers' Compensation Insurance**, with statutory limits as required by the laws and regulations applicable to the employees of Franchisee who are engaged in the performance of their duties relating to the Franchised Business, including any pre-opening training programs, as well as such other insurance as may be required by statute, ordinance or regulation of the state or locality in which the Franchised Business is located; Franchisor reserves the right to require that owners and executive officers not be excluded from this coverage. Such coverage must be obtained on or before the date Franchisee hires any employees.

(b) **Employer's Liability Insurance**, for employee bodily injuries, and deaths, with a limit of $500,000 each accident; and for employee disease with a limit of $500,000; Such coverage must be obtained on or before the date Franchisee hires any employees;

(c) **Comprehensive or Commercial General Liability Insurance,** covering claims for bodily injury, death and property damage, including Premises and Operations, Independent Contractors, Products and Completed Operations, Personal Injury, Contractual, and Broad Form Property Damage Liability coverages, to be obtained by the date the Approved Location has been determined, with limits as follows:

Occurrence/Aggregate Limit of $1,000,000 for bodily injury, death and property damage each occurrence and $2,000,000 for general aggregate; $2,000,000 for Products/Completed operations in the aggregate, $1,000,000 each occurrence; and $1,000,000 personal advertising injury.

(d) **Comprehensive Automobile Liability Insurance,** if applicable, covering owned, non-owned and hired vehicles, to be obtained prior to the use of any vehicles in the operation of the Franchised Business, with limits as follows:

Combined Single Limit of $1,000,000 for bodily injury, death and property damage per occurrence or Split liability limits of:

- $500,000 for bodily injury per person
- $500,000 for bodily injury per occurrence
- $250,000 for property damage;

(e) **All Risk Property Insurance,** on a replacement cost basis, with limits as appropriate, covering the real property of Franchisee and any real property which Franchisee may be obligated to insure by contract. Such real property may include, but is not limited to, buildings, equipment, furniture, fixtures and inventory; Such coverage must be obtained prior to the delivery of installation of any equipment, furniture, fixtures, or inventory are delivered to the premises of the Franchised Business.

(f) **Umbrella/Excess Liability Insurance** on a Follow Form basis with a limit of $1,000,000 per occurrence and in the aggregate with Employer's Liability, General Liability, Auto Liability and as applicable, Liquor Liability; to be obtained by the date the Approved Location has been determined;

(g) **Business Interruption Insurance,** covering Franchisee's loss of revenues and ongoing expenses and to cover any amounts due and owing to Franchisor under this Agreement, including but not limited to the royalties, advertising fund contributions, technology fund fees, and technology fees that would have been made by Franchisee had the business interruption not occurred, based upon the average of receipts of the Franchised Business for the trailing twelve months prior to the interruption, in an amount not less than the actual loss resulting from an interruption of business for a minimum of twelve (12) months; to be obtained prior to the opening of the Franchised Business; and

(h) **Cyber Insurance,** covering breach, system failure, extortion and crime coverage with a limit of $50,000 each occurrence and in the aggregate; to be obtained prior to the installation and use of the computer system for the Franchised Business.

All insurance policies must be issued by carriers we have approved and who are authorized to do business in the state where your Burrito Parrilla Mexicana Business is located, must contain the types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time in the Franchise Agreement or in the Manual, must name us as additional insured, must provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy and must include all other provisions we may require from time to time.

Revenue from franchisee purchases

In the year ending December 31, 2025, neither we nor any of our affiliates derived any revenue from franchisees' leases or purchases of products or services.

We do not currently receive payments from designated or approved suppliers with respect to your purchases, but we and/or our affiliates reserve the right to do so. There are currently no purchasing or distribution cooperatives. We will negotiate purchase arrangements with suppliers for the benefit of franchisees. You will receive no material benefits based on your purchases from approved suppliers. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

We estimate that the purchase of supplies, equipment, inventory, fixtures, goods, services and products from us or our designated or approved suppliers, or those meeting our standards and specifications, will be between 75% to 85% of your total initial cost and between 25% to 35% of the total ongoing costs to operate your Burrito Parrilla Mexicana Business.

Cooperatives
We do not have any purchasing or distribution cooperatives as of the date of this Franchise Disclosure Document.

Negotiated Prices; Rebates

We will negotiate purchase arrangements with other suppliers and distributors for the benefit of our franchisees. Currently, 2 approved suppliers, Coca Cola and Gordon Food Service, pay rebates to us based on purchases by franchisees, which we share with franchisees based on the volume purchased.

Material Benefits

We do not provide material benefits, such as renewing or granting additional franchises, to franchisees based on their use of designated or approved supplier's products or services.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you to find more detailed information about your obligations in these agreements and in other Items of this Franchise Disclosure Document.

Obligation		Section in Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 1.1, 6.2, 6.3 9.2(b), and 16.2(a) Exhibit A	Item 11
b.	Pre-opening purchases/leases	Sections 6.3 and 10.3	Items 5 and 7
c.	Site development and other pre-opening requirements	Sections 1.1, 5.5, 6.1 – 6.4, 8.2, and 8.3	Items 5, 6, 7, 8 and 11
d.	Initial and ongoing training	Article VIII	Item 11
e.	Opening	Section 6.6, 12.6 and 16.2(a)	Items 8 and 11
f.	Fees	Sections 2.2, Article III, 4.7, 4.8, 6.7, 8.2, 8.4, 8.5, 8.6, 10.3, 10.8, 12.3, 15.3, 15.4, 15.6, 16.8	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Article VII, 9.3, 9.4, 10.2, 10.5	Items 8 and 11
h.	Trademarks and proprietary information	Article V	Items 13 and 14
i.	Restrictions on products/services offered	Section 4.1 and Article X	Item 16
j.	Warranty and customer service requirements	Section 10.12	Item 11

Obligation		Section in Franchise Agreement	Disclosure Document Item
k.	Territorial development and sales quotas	Sections 1.2, 14.1	Item 12
l.	Ongoing product/service purchases	Section 10.3	Item 8
m.	Maintenance, appearance and remodeling requirements	Sections 2.2, 6.7, 10.1 and 10.12	Item 11
n.	Insurance	Article XII	Item 8
o.	Advertising	Section 1.6, 3.3, 10.5 and Article XI	Item 11
p.	Indemnification	Sections 10.10, 12.4, 15.6, 16.8 and 19.3	Item 6
q.	Owner's participation/management/staffing	Sections 6.1, 6.5, 10.6, 10.7, 10.12 and 14.1	Item 15
r.	Records/reports	Article IV	Item 11
s.	Inspections/audits	Sections 4.5, 4.7, 5.11, 9.4, 10.3, 10.13, 16.2(n)	Item 8
t.	Transfer	Article XV	Item 17
u.	Renewal	Sections 2.2 and 2.3	Items 6 and 17
v.	Post-termination obligations	Section 17.1	Item 17
w.	Non-competition covenants	Article XIV	Items 14, 15 and 17

Obligation		Section in Franchise Agreement	Disclosure Document Item
x.	Dispute resolution	Article XXIV	Item 17
y.	Other: Guaranty	Section 6.1(a) and Exhibit D	

ITEM 10
FINANCING

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

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

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

Pre-Opening Assistance

Franchise Agreement

After the Franchise Agreement is signed and before you open your Burrito Parrilla Mexicana Business, we or our designees will:

1. Grant you the right to use the Marks in connection with your Burrito Parrilla Mexicana Business (Franchise Agreement, Section 5.1).

2. Provide you with lists of designated and approved suppliers and other purchasing standards and specifications and guidance on ordering (Franchise Agreement, Section 9.2(a) and Section 10.3)

3. While we provide you assistance in selecting your site as we deem advisable (Franchise Agreement, Section 9.2(b)), it is your responsibility to decide on the location of your site for the Burrito Parrilla Mexicana Business, subject to our approval (Franchise Agreement, Section 1.1 and Exhibit A).

4. Designate a Protected Area for your Burrito Parrilla Mexicana Business (Franchise Agreement, Section 1.3 and Exhibit A).

5. Approve the letter of intent for your lease and your lease before execution by you as further discussed below (Franchise Agreement, Section 6.3)

6. Provide typical floor plans and site build-out specifications for the construction of your Burrito Parrilla Mexicana Business and further assist you with the design and layout of your Burrito Parrilla Mexicana Business (Franchise Agreement, Section 9.2(c)).

7. Provide your Operating Owner and Designated Manager with initial training. (Franchise Agreement, Section 8.2).

8. Provide pre-opening and grand opening assistance at your Burrito Parrilla Mexicana Business with one or more of our representatives. (Franchise Agreement, Section 8.3).

9. Give you online access to the Manual. (Franchise Agreement, Section 7.1). The Table of Contents for the Manual is attached Exhibit D to this Franchise Disclosure Document. As of the date of this Disclosure Document, the Manual had a total of 144 pages. The Manual may exist in multiple parts, be in various locations and formats and may include a combination of audio, video, written materials, electronic media, website content and/or software components.

10. Provide you with written consent to open the Burrito Parrilla Mexicana Business (Franchise Agreement, Section 6.5)

We have no other pre-opening obligations to you. We do not provide assistance with securing equipment, signs, fixtures, opening inventory, and supplies.

Continuing Assistance

During your operation of your Burrito Parrilla Mexicana Business, we or our designees <u>will</u>:

1. Provide you periodic advisory assistance with respect to the operation of the Burrito Parrilla Mexicana Business. (Franchise Agreement, Section 9.1).

2. Periodically as we deem advisable, conduct directly or through third parties, inspections of your Burrito Parrilla Mexicana Business and evaluate its operations (Franchise Agreement, Sections 5.11, 9.4, and 10.13).

3. Notify you about changes, additions, deletions and supplements to the Manual, all of which are incorporated into and become a part of the Manual, either in writing or by posting on our intranet or website (Franchise Agreement, Section VII). You are required to follow the Manual in the operation of the Burrito Parrilla Mexicana Business and implement any changes of which we notify you.

4. Have no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services, except that we reserve the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions (Franchise Agreement, Section 10.12)

During your operation of your Burrito Parrilla Mexicana Business, we or our designees <u>may</u>:

1. Provide additional training, seminars, meeting or webinars for franchisees and managers, and may hold national, regional and local conferences for franchisees to discuss updates to products, services, methods, operational standard, policies and procedures, and marketing and advertising (Franchise Agreement, Sections 8.4, 8.5 and 8.6).

2. Provide you a page on or link to our Burrito Parrilla Mexicana website for promotion of the Burrito Parrilla Mexicana Business (Franchise Agreement, Section 9.6)

Site Selection

You are responsible for locating a site for your Burrito Parrilla Mexicana Business, subject to our site approval process. Before leasing or purchasing the site for your Burrito Parrilla Mexicana Business, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. You must submit a proposed site that we approve within 12 months of signing the franchise agreement. If we disapprove of a proposed site, you must select and submit another site, subject to our approval. If you have not obtained our written approval of a site within these time frames, we may terminate your Franchise Agreement.

The factors we consider in approving sites include but are not limited to location, size, suitability, layout, access and visibility of the proposed location, proximity to other businesses, location and nature of any competitors, population density and demographics, household income, vehicle traffic, pedestrian traffic, existing tenant mix, parking convenience and any other factors that may be relevant to your market. We will endeavor to approve or disapprove the site within 30 days after we receive the information and materials to evaluate the proposed site. Once we have approved your location, we will amend your Franchise Agreement to show the specific location as the only location where you are authorized to operate your Burrito Parrilla Mexicana Business.

Once we have approved a site, you will prepare and submit a letter of intent to the landlord for the site and obtain a proposed lease. We must approve the letter of intent for your lease and the lease for your approved site before you execute them. The factors we consider in approving a lease include but are not limited to whether the terms are commercially reasonable based on the current market conditions, the length of the term, and the rights to cure upon default. In addition, a condition of approval of the lease will be the agreement of the landlord to execute our form of Addendum to Lease and Collateral Assignment of Lease that is attached to the Franchise Agreement as Exhibit B, or alternatively providing similar language in the executed lease in a form approved by us. These requirements apply whether the lessor is an unrelated third party or is an affiliate of yours. If the lease is not approved by us, you must locate another site that meets our approval.

You will provide a copy of the executed lease to us. You will provide to us the names and contact information for your landlord and/or management companies of the approved site of your Burrito Parrilla Mexicana Business.

You may not relocate your Burrito Parrilla Mexicana Business without first obtaining our prior written approval.

Time to Open

It is estimated that the length of time between your signing the Franchise Agreement and the opening of the Burrito Parrilla Mexicana Business will be approximately 12 to 24 months. Factors affecting this length of time include the time it takes to obtain financing, locate and obtain approval of the leased premises, build-out and equip the leased premises, hire a Designated Manager (if applicable), and for you and your Designated Manager to successfully complete the initial training program.

You must open your Burrito Parrilla Mexicana Business within 36 months after signing the Franchise Agreement. If extenuating circumstances beyond your control exist and you are making reasonable efforts to open the Burrito Parrilla Mexicana Business, we may (in our sole discretion) agree to extend that time period for an additional reasonable amount of time. Otherwise, we may terminate your Franchise Agreement for your failure to open your Burrito Parrilla Mexicana Business within the required time period.

Advertising

If established, we will administer a system-wide advertising fund ("Advertising Fund"). You will contribute to the Advertising Fund as described in Item 6. All franchisees will contribute to the Advertising Fund on the same basis. Restaurants owned by our affiliate may, but are not obligated to, contribute to the Advertising Fund.

We will be entitled to direct all advertising, marketing and promotional programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional or local advertising programs including, without limitation, direct mail and other media advertising, and employing advertising agencies to assist in those activities; establishing and maintaining the Burrito Parrilla Mexicana Website; internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering and loyalty rewards program; intranet development supporting public relations; market research and marketing activities; providing advertising, marketing and promotional materials to Burrito Parrilla Mexicana Businesses; and any and all other activities for the purpose of promoting the Marks and Burrito Parrilla Mexicana Businesses. The Advertising Fund will furnish you with approved advertising, marketing and promotional materials at its direct cost of producing those materials.

The Advertising Fund will be a separate and distinct account and will be accounted for separately from the our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Advertising Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Advertising Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Burrito Parrilla Mexicana Businesses to the Advertising Fund in that year. We may cause the Advertising Fund to borrow from us or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising, marketing and promotional costs of the Advertising Fund before other assets of the Advertising Fund are expended. We will prepare an annual unaudited statement of monies collected and costs incurred by the Advertising Fund and will furnish it to you on written request.

The Advertising Fund is intended to maximize recognition of the Marks and patronage of Burrito Parrilla Mexicana Businesses. Although we will endeavor to use the Advertising Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Burrito Parrilla Mexicana Businesses, we have no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Advertising Fund by Burrito Parrilla Mexicana Businesses operating in that geographic area or that any Burrito Parrilla Mexicana Business will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising, marketing and promotional materials or the placement of advertising. We assume no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Advertising Fund. We will give you 60 days' advance notice before establishing the Advertising Fund or imposing any increase or decrease in the required contribution amount. If established, we may terminate or discontinue the Advertising Fund upon 60 days' notice to our franchisees. In that event, we will distribute all unspent monies to our franchisees in proportion to their respective contributions made in the previous 12 months. We have the right thereafter to reinstate the Advertising Fund upon 60 days' notice to our franchisees.

We have no obligation to spend any money on advertising in your area.

We currently do not have an advertising council composed of franchisees.

We do not require but recommend that you conduct an advertising campaign announcing the grand opening of your Burrito Parrilla Mexicana Business. We recommend that you spend between $5,000 and $10,000 on grand opening advertising and marketing. If you choose to conduct a grand opening campaign, monies will be spent on social media, print, radio, digital advertising and/or other advertising or promotions that you and we agree is best suited for your campaign.

In addition to your contribution to the Advertising Fund, beginning on the date of opening of your Burrito Parrilla Mexicana Business, you must spend a minimum of 1% of the Gross Sales during each calendar month on local advertising, marketing and promotion. You will make these expenditures directly, subject to our approval and direction. At our request, you must furnish to us in a manner approved by us an accurate accounting of your local advertising and marketing expenditures for each calendar month.

You must obtain our prior written approval of any marketing materials you use. If you desire to use your own advertising materials, you must obtain our prior approval, which may be withheld in our sole discretion. We will review your request and we will endeavor to respond in writing within 15 days from the date we receive all requested information. Our failure to notify you will be deemed the disapproval of your request. Your use of the Marks and other name identification materials must follow our approved standards. You may not use the Marks or other name identification materials on items to be sold or services to be provided without our prior written approval, which may be withheld in our sole discretion.

You are not required to participate in any local or regional advertising cooperative.

Computer Systems

You must purchase and use a computer for use in your business operations and point-of-sale (POS) system and applications for the operation and marketing of the restaurant.

We require you to purchase a POS system that we designate along with various web-based platforms, software and/or applications, including but not limited to online ordering, third party delivery, gift card programs, payment processing. We reserve the right to require you to use inventory management, labor management, and accounting and bookkeeping software.

The estimated monthly cost for required software and applications is $600 to $750.

We estimate the initial cost of purchasing the POS system and related software and application, including installation, to be between $10,000 and $13,000.

You must install and maintain equipment and a high-speed internet connection to permit your POS to link to the cloud. We have the right to independently access your electronic information through the cloud and to retrieve and use your electronic information and data in any manner we deem necessary or desirable to promote or develop the System and the sale of franchises. There is no contractual limitation on our right to receive or use information we obtain from your Burrito Parrilla Mexicana Business. (Franchise Agreement, Section 10.10)

To ensure full operational efficiency and optimum communication capability, you must, at your expense, keep your POS and computer systems in good condition, and promptly install all additions, changes, modifications, substitutions or replacements to hardware, software, and other computer-related facilities, as we may direct from time to time. There is no limitation on the frequency or cost of your obligation to upgrade or replace your POS and computer systems. Neither we nor any affiliate have any ongoing obligation to provide ongoing maintenance, upgrades or updates to your computer system. You must obtain and pay for your own technical support for the computer system. The estimated annual cost to maintain the POS and computer systems is $500 to $1,500. You are also responsible for protection your POS and computer systems from virus, computer hackers and other computer-related and technology-related problems.

You must comply with all laws related to the operation of your Burrito Parrilla Mexicana Business, including those related to data security and privacy and you must comply with all payment card industry (PCI) data security standards. Your cost for this compliance is included in your estimated monthly cost for the POS system.

Training

Prior to opening the Burrito Parrilla Mexicana Business, an operating owner having at least 10% ownership in the franchisee entity (the "Operating Owner") and a designated manager ("Designed Manager") must attend and complete, to our satisfaction, our initial training program for owners and managers. All personal expenses, including without limitation travel, food and lodging costs, incurred by your owners and managers will be paid by you. Neither your owners nor your employees will receive any compensation from us for services performed during training.

We provide our initial training program to you to protect the System, the Marks and our goodwill, not to control the day-to-day operations of your Burrito Parrilla Mexicana Business. The initial training program will last approximately 2 to 3 weeks and will be conducted at one of our affiliate locations or other location we determine. Initial training will be conducted on demand as necessary for new franchisees. Training must be completed 60 days prior to the opening of your Burrito Parrilla Mexicana Business.

We conduct the initial training program on demand.

The training materials include the Manual.

The initial training will be conducted by Martin Hernandez, Manny Favela, Valeria Mayorga, and Jose "David" Perez, as well as others we designate:

> Martin Hernandez – Mr. Hernandez is the Founder Burrito Parrilla Mexicana. He is currently our Vice President and the President of our affiliates Burrito, Inc. and M&G Management and Logistics, Inc. He has over 30 years' experience in restaurant operations.
>
> Manny Favela – Mr. Favela is the Co-Founder of Burrito Parrilla Mexicana. He is currently our President, Vice President of our affiliate Burrito, Inc., and Secretary of our affiliate M&G Management and Logistics, Inc. Mr. Favel has over 30 years' experience in restaurant operations,

including 26 years working for McDonald's Corporations and retired as Chief Financial Officer for McDonald's Latin America. During his tenure, he oversaw the Finance, I/T, Development, and Franchising functions in Latin America.

Valeria Mayorga – Ms. Mayorga is currently Operations Manager of our affiliate, M&G Management and Logistics, Inc., and is responsible for the operation of 5 restaurants. She has over 8 years of experience in the operation of Burrito Parrilla Mexicana restaurants and has worked in all areas of operation.

Jose "David" Perez – Mr. Perez is currently Operations Manager of our affiliate, M&G Management and Logistics, Inc., and is responsible for the operation of 6 restaurants. He has over 15 years of experience in the operation of Burrito Parrilla Mexicana restaurants and has worked in all areas of operation.

All trainers will have at least 1 year of experience in the subjects taught.

You must replace any manager who fails to successfully complete a training program or who in our opinion is otherwise not qualified to manage your Burrito Parrilla Mexicana Business. If your Operating Owner fails to successfully complete the initial training, we reserve the right to terminate you Franchise Agreement.

Our entire training program is subject to change without notice to you due to updates in materials, methods, manuals and personnel. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience of those persons being trained.

The subjects covered and approximate hours of on-the-job training are described below.

SUBJECT	**HOURS OF CLASSROOM TRAINING**	**HOURS OF ON-THE-JOB TRAINING**	**LOCATION**
BPM History & Philosophy	1	0	DuPage County, Illinois Area
Tour of Existing Locations	3	0	DuPage County, Illinois Area
Preopening Procedures	1	0	DuPage County, Illinois Area
HR - Recruit, Train, Retain	2	4	DuPage County, Illinois Area
Advertising	1	2	DuPage County, Illinois Area
Management Procedures	1	8	DuPage County, Illinois Area
Accounting/Record Keeping	2	6	DuPage County, Illinois Area
Restaurant Internal Controls	1	3	DuPage County, Illinois Area

Franchise Reporting Requirements	1	2	DuPage County, Illinois Area
Customer Service	1	4	DuPage County, Illinois Area
Restaurant Manager Responsibilities	2	20	DuPage County, Illinois Area
Food Preparation(Cooking) Procedures	2	30	DuPage County, Illinois Area
Inventory Management	1	8	DuPage County, Illinois Area
Supply Chain/Ordering Procedures	1	5	DuPage County, Illinois Area
Food Safety Procedures	1	8	DuPage County, Illinois Area
POS System	2	8	DuPage County, Illinois Area
TOTALS	23	108	

Following your completion of the initial training program and prior to the opening of the Burrito Parrilla Mexicana Business, we will send our representatives to your restaurant for onsite training and opening assistance. Our trainers will work with your Operating Owner and Designated Manager. The training will take place immediately before and after the time of opening, for up to 30 days. However, the length of the training and the number of trainers will vary depending on your prior restaurant business experience and the quality and experience of the manager(s) and staff that you have hired.

Your designated owner and/or managers of your Burrito Parrilla Mexicana Business may be required by us to attend additional conferences, training programs, meetings, and webinars that we specify for up to 5 days each calendar year. We may charge a tuition fee for attendance at such training, meeting or webinars. You will be responsible for all costs or expenses associated with your owner's and/or managers' attendance at such training programs, meetings and webinars.

We may hold and require all franchisees to attend national, regional or local conferences for Burrito Parrilla Mexicana franchisees to discuss updates to products, services, methods, operational standards, policies and procedures, and marketing and advertising. We may charge you a fee to attend the conference ("Conference Registration Fee"). If your Operating Owner fails to attend any conference held during the term of this Agreement for which attendance is mandatory, you remain obligated to pay the Conference Registration Fee. Any costs or expenses associated with your owner's attendance at such conferences will be your responsibility.

You may request and we may provide additional initial or ongoing training beyond the amount normally provided to franchisees for our then-current training fees, plus any travel and living expenses incurred by our representative if travel to your restaurant is necessary to conduct the additional training.

ITEM 12
TERRITORY

You will receive an exclusive territory of a minimum 2-mile radius from your Approved Location. As long as you are in compliance with the Franchise Agreement, in your protected area ("Protected Area"), we will not establish a BPM Business, nor license or franchise another party to establish a Burrito Parrilla Mexicana Business.

We will grant you the right to operate a Burrito Parrilla Mexicana Business under the Marks at one specific location approved by us ("Approved Location"). Once a site is selected by you and approved by us, you may not relocate your Burrito Parrilla Mexicana Business without our prior written approval, which approval will not be unreasonably withheld provided you are not then in default under the Franchise Agreement or any other agreement between you and us or any of our affiliates. Our approval for relocation is based on the same standards we use to approve new Burrito Parrilla Mexicana Business sites.

Once the site for your Burrito Parrilla Mexicana Business is approved, we will assign a Protected Area for your Franchised Business. During the term of the Franchise Agreement, provided Franchisee or any of its affiliated companies is not in default of the Franchise Agreement or any agreement with us, a parent, subsidiary or affiliate, we will not establish, nor grant another the right to establish a Burrito Parrilla Mexicana Restaurant within the Protected Area that will be described in Exhibit A to the Franchise Agreement. Once the Approved Location has been determined, we shall complete Exhibit A to the Franchise Agreement with the description of the Protected Area.

You may not use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of and apart from your Burrito Parrilla Mexicana Business without our prior written consent, which we may withhold in our sole discretion. Otherwise, you are not prohibited from accepting orders from customers outside of your Protected Area, except that we will establish guidelines and standards for delivery and catering services, including restricting the area within which these services may be offered. The permitted area for delivery and catering services is not necessarily the same as the Protected Area.

We do not pay compensation for soliciting or accepting orders inside your Protected Area.

We retain the rights, among others, without any compensation to you:

1. To use, and to license others to use, the Marks and the System for the operation of Burrito Parrilla Mexicana Businesses at any location outside of your Protected Area;

2. To establish ourselves or through an affiliate or grant a franchise for a Burrito Parrilla Mexicana Business at Captive Locations within your Protected Area;

3. To establish company-owned or franchisee-operated businesses that sell similar products and/or services under different trade names or trademarks other than the Marks or System;

4. To sell products or services under the Marks, or any other marks, through any other wholesale or retail outlets;

5. To use the Marks or the System to sell any products, including products that are the same or similar to those which you will sell, within and outside of your Protected Area, through any alternative channels of distribution, regardless of their proximity to your location or their impact on your existing or potential customers. This includes without limitation grocery stores, convenience stores, club or warehouse stores, other retail outlets, direct marketing sales, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the internet. We exclusively reserve the internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the internet

or conduct e-commerce unless you have received our prior written permission (which we may withhold in our sole discretion) or unless such activities are expressly authorized by the Manual;

6. To acquire, merge with, or be acquired by any other business, including a business that operate or license businesses that compete directly with your Burrito Parrilla Mexicana Business; and

7. To implement multi-area marketing programs, including internet and regional or national accounts, which may allow us or others to solicit or sell to customers anywhere. We reserve the right to issue mandatory policies to coordinate these multi-area marketing programs.

You will not receive the right to acquire additional franchises or additional Burrito Parrilla Mexicana Businesses, or a right of first refusal on the sale of existing franchises under the Franchise Agreement.

Continuation of your rights to the Protected Area is not dependent upon achieving a certain sales volume, market penetration or other or market penetration or other contingency. We cannot alter your territorial rights.

ITEM 13
TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks under your Franchise Agreement. You may also use other current or future trademarks to operate your Burrito Parrilla Mexicana Business as we designate from time to time. Our affiliate Burrito, Inc. owns and is using the Marks in connection with Burrito Parrilla Mexicana Businesses and has granted a license to us to use and sublicense the use of the Marks to our franchisees. Burrito, Inc. has applied for and/or obtained a registration for the Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

Mark	Registration Date	Registration Number
burrito PARRILLA MEXICANA	November 6, 2018	5,598,528

Our affiliate will file all required affidavits necessary to maintain these registrations.

There is currently no pending material federal or state court litigation regarding our use or ownership rights in any of our Marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Before you sign the Franchise Agreement, you should investigate independently whether your use of the Marks in your area might infringe on the rights of any third party, particularly in your intended area of operation.

We have been granted the right to license the Marks and System to our franchisees by a License Agreement between us and our affiliate Burrito, Inc. dated November 6, 2025. Our License Agreement with Burrito, Inc. does not materially limit our rights to use or to license our franchisees to use the Marks and System. The term of the License Agreement is 20 years, with automatic 10-year renewals, unless Burrito, Inc. provides us a written notice of termination for good cause. We have the non-exclusive right to use the Marks and Proprietary System in connection with the offer and sale of franchises to third parties to own and operate Burrito Parrilla Mexicana Franchised Businesses. Burrito, Inc. may terminate our rights under the License Agreement in the event of our breach. Under the License Agreement we must furnish Burrito, Inc. with specimens of the use of the Marks, including, but not limited to advertising and promotions.

No other agreement significantly limits our right to use or license the Marks in a manner material to your Burrito Parrilla Mexicana Business.

You must follow our rules, guidelines and requirements when using the Marks. You cannot use our name or the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent, which we may withhold in our sole discretion. You must indicate to the public in any contract, advertisement and with a conspicuous sign in your Burrito Parrilla Mexicana Business that you are an independently owned and operated licensed franchisee of ours. You may not use the Marks in the sale of unauthorized services or products or in any manner we do not authorize. All rights and goodwill from the use of the Marks accrue to us.

We have the sole right to control use of the Marks on all websites, social media, digital marketing and mobile applications.

If it becomes necessary or advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must notify us immediately if you learn about an infringing or challenging use of the Marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging that your use of the Marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to the Marks. We have no obligation to pursue any infringing users of the Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving the Marks. You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or patents pending that are material to Burrito Parrilla Mexicana Business. We have not filed for any copyrights, but we claim common law copyright rights over the Manual, all advertising and marketing materials, all menus and the Burrito Parrilla Mexicana website www.burritopm.com. You may use the proprietary information in our Manual, so long as you follow all of the restrictions set forth in the Franchise Agreement. Any printed copies of the Manual or any other materials containing proprietary information must be destroyed or returned to us immediately upon the expiration or termination of your Franchise Agreement.

We also consider certain information, knowledge and know-how concerning us and the System to be trade secrets and proprietary information, including the standards, specifications, management systems, recipes, menus, techniques, financial information (such as product costs and sources of supply), the Manual and business operations and procedures that would, if used by others, give others a substantial competitive advantage presently enjoyed by us.

You may not, without our prior written consent, disclose, use, or permit the use of any part of the Manual or the System except as may be required by law or as authorized in the Franchise Agreement. You must use your best efforts to prevent any employee from using the System and any of the Marks, or from operating a restaurant that is substantially similar to a Burrito Parrilla Mexicana Business. There currently are no effective determinations of the United States Patent and Trademark Office, the Unites States Copyright Office, or a court regarding any copyrighted materials.

Except in connection with the operation of your Burrito Parrilla Mexicana Business, you must not use any proprietary information or trade secret without our written permission. You must immediately tell us if you learn about unauthorized use of this proprietary information. We are not obligated to take any action, but we will respond to this information as we deem appropriate. We will control any litigation related to the proprietary information. We will indemnify you against losses claimed by a third party concerning your authorized use of this information. Our right to use or license these copyrighted and proprietary materials is not materially limited by any agreement or known infringing use. There are no determinations of any administrative office or any court regarding these copyrighted and proprietary materials.

The Franchise Agreement also requires you to follow all of our security procedures, disclose our proprietary information to your employees only as needed to market our products and services, not use any proprietary information in any other business and exercise the highest degree of diligence to maintain our proprietary information as confidential.

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

We require that one of your principal owners who has at least a 10% ownership interest in Franchisee will have supervisory responsibility over the Franchised Business (the "Operating Owner"). The Operating Owner must participate in and complete our Initial Training Program and any post-training programs we develop in the future and must have authority to make decisions on your behalf and bind you with respect to matters and agreements between you and us.

Your Franchised Business must be managed and supervised by a Designated Manager, who may be the Operating Owner. Your Designated Manager will be responsible for all day-to-day operational decisions affecting your Franchised Business. Your Designated Manager must exert his or her full time best-efforts to the development and operation of your Franchised Business and must attend and complete the Initial Training Program and all other training programs that we require from time to time. The Designated Manager must have the authority to make all day-to-day operations decisions affecting your Franchised Business, and may not engage in any other business activity, directly or indirectly, that requires substantial management responsibility or time commitments or that otherwise interferes with his or her role as your Designated Manager. We do not require the Designated Manager to have an equity interest in your business entity. However, your

Designated Manager must sign confidentiality agreements, subject to state and local laws. There is no limit on who you can hire.

Any manager and any officer or manager of the franchisee entity who does not own an equity interest in the Franchisee entity, must sign a nondisclosure, non-solicitation and noncompetition Agreement in a form acceptable to us and in compliance with your local or state law**.** All of your employees, independent contractors, agents or representatives who may have access to our confidential information must sign a confidentiality agreement (unless they already signed a nondisclosure, non-solicitation and noncompetition agreement) in a form acceptable to us. Each owner of the Franchisee entity must sign a "Guaranty and Assumption of Franchisee's Obligations," the form of which is attached to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services at our discretion with prior notice to you. If we change or add to our required products or services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. Your Burrito Parrilla Mexicana Business may not offer any products or services that we have not authorized for Burrito Parrilla Mexicana Businesses without our prior written approval, which we may withhold in our sole discretion. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not use your Burrito Parrilla Mexicana Business premises for any purpose other than the operation of a Burrito Parrilla Mexicana Business, in compliance with the Franchise Agreement. You must at all times maintain sufficient inventory, supplies and personnel to operate your Burrito Parrilla Mexicana Business at its maximum capacity and efficiency.

You will offer third party delivery services (unless third party services are not currently available in your market) and catering services to your customers. We will establish guidelines and standards for delivery and catering services, including restricting the area within which these services may be offered. In addition, if you fail to maintain our then current operational standards and specifications for such services or if you are in default of your franchise agreement, we have the right to require you to cease offering the delivery and/or catering services.

You may not sell products through other channels of distribution such as wholesale, internet or mail order sales. Otherwise, except as provided in Item 12, we place no restrictions upon your ability to serve customers and we do not impose any restrictions limiting your access to customers.

The rest of this page has been left blank intentionally.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the Franchise term	Section 2.1	10 years from the date of the Franchise Agreement.
b. Renewal or extension of the term	Sections 2.2-2.3	If you are in good standing and you meet defined requirements, including a renewal fee, you may add 1 additional term of 10 years.
c. Requirements for you to renew or extend	Sections 2.2-2.3	You may renew for 1 additional term of 10 years each at a time if you have complied with the Franchise Agreement during the initial term; provide notice within the time limits set forth in the Franchise Agreement; execute a new Franchise Agreement in the form then in use by us (which may contain terms and conditions materially different from your original Franchise Agreement); execute a general release in a form satisfactory to us; you and your manager(s) comply with our then-current training requirements; maintain possession or secure a substitute location for your Burrito Parrilla Mexicana Business; pay us a renewal fee of $15,000.00; update, reimage, renovate, refurbish and modernize your Burrito Parrilla Mexicana Business to meet the then-current standards, specifications and designs of Burrito Parrilla Mexicana Businesses; and comply with other conditions.
d. Termination by you	None.	You may not terminate the Franchise Agreement.
e. Termination by us without "cause"	Not Applicable	We must have cause to terminate the Franchise Agreement.
f. Termination by us with "cause"	Sections 16.1-16.5	We may terminate only if you default as stated in the Franchise Agreement. We may terminate your Franchise Agreement if another Franchise Agreement you entered into with us is terminated.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	Sections 16.3-16.5, 16.7	You have 5 days to cure various defaults including failure to royalties, advertising fund contributions and other amounts owed to us; failure to timely pay for product purchases and other expenses of operating the Business; failure to submit reports or financial statements when due; failure to maintain insurance; failure to cure threats to public health or safety; and failure to cure misuse of the Marks. You have 30 days to cure a default under the Franchise Agreement that is not otherwise curable in only 5 days or not curable including your failure to follow the Systems, Manual and the terms of the Franchise Agreement.
h. “Cause” defined - non-curable defaults	Section 16.1-16.2	Non-curable defaults include (i) failure to obtain approval of a site by us within 6 months of executing your Franchise Agreement or (ii) failure to open your Burrito Parrilla Mexicana Business within deadlines for opening in Franchise Agreement; failing to operate your Burrito Parrilla Mexicana Business for a period of 48 hours or otherwise abandoning the Business or losing the right to possession of the premises of your Burrito Parrilla Mexicana Business; criminal conviction; physical or verbal abuse of our employees or other franchisees; unauthorized transfer of franchisee or Business; violation of noncompetition and nondisclosure agreements; unauthorized disclosure of proprietary or confidential information; failure to transfer after death or incapacity; maintaining false books; your or your affiliates commits any act of default under any agreement with us or our affiliates; more than one material default within any 12 months; sale of unapproved products or services; relocation without our consent; denies us access for an inspection of the Business; termination or expiration of lease; failure to timely pay loan guaranteed or provided by us; failure to timely pay suppliers or landlord more than 3 times; material misrepresentation in the purchase of the Franchise; receipt of 3 or more default notices during the term; and bankruptcy.

Provision	Section in Franchise Agreement	Summary
		Also the franchise agreement may be terminated without cure if any other agreement between us or between you and an affiliate is terminated.
i. Our right to operate your business upon your default	Section 16.8	If you have not cured a default under the Franchise Agreement within 14 days after receipt of a written notice of default, we, or our agent or other representative that we designate, may enter your business premises and exercise complete authority with respect to the operation of your Burrito Parrilla Mexicana Business until we determine that the default has been cured. You must pay us the then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by us so long as it shall be required to enforce compliance with the Franchise Agreement.
j. Your obligations on termination/non-renewal	Section 17.1	Obligations include the immediate cessation of operating the Burrito Parrilla Mexicana Business and use of any of our trade dress, Marks, or advertising materials; the immediate return of the Manual, training and other related materials; a complete de-identification from the Burrito Parrilla Mexicana Business; assignment of telephone numbers and internet accounts; cancellation of assumed name; the immediate notification of all your suppliers and others with whom you do business; and payment of all amounts due (See also s. below)
k. Assignment of contract by us	Section 15.1	No restrictions on our right to assign.
l. "Transfer" by you – defined	Section 15.2	You may not assign or transfer any of your interest in the Franchise Agreement or a substantial portion of the assets of the Burrito Parrilla Mexicana Business without our express written permission, which may be granted or denied at our discretion.
m. Our approval of transfer by you	Section 15.2, 15.3 and 15.4	We have the right to approve all transfers of your Franchise Agreement and your Burrito Parrilla Mexicana Businesses combined in accordance with the terms and conditions set out in the

Provision	Section in Franchise Agreement	Summary
		Franchise Agreement, but will not unreasonably withhold approval.
n. Conditions for our approval of transfer	Sections 15.3	A potential transfer will be approved if you are not in default under your Franchise Agreement or any other agreement with us; the new franchisee meets our qualifications and agrees to remain obligated under the covenants and various transfer obligations in your Franchise Agreement; you execute a general release in favor of us and our Affiliates, of any claims you may have against us or our Affiliates as well as, at our option, a written assignment to which the new franchisee would assume all of the obligations of you under your Franchise Agreement, or then-current franchise agreement, which may materially differ from your Franchise Agreement; the applicable transfer fee equal to ½ of the then-current Initial Franchise Fee is paid (unless transferred to a new entity of yours or to an existing shareholder partner, or member of your Burrito Parrilla Mexicana Business entity); the transfer agreement is provided to us at least 15 days prior to the proposed transfer and is approved by us; the training is completed, you sign a general release, the new franchisee signs a then-current franchise agreement; the new franchisee, at its sole cost, agrees to a renovation of the Burrito Parrilla Mexicana Business within the timeframe specified by us, unless it was renovated within the last 5 years prior to the transfer; the new franchisee's organizational documents (i.e. operating agreement or bylaws) provide that further assignments or transfers are subject to the Franchise Agreement; you execute a guaranty for the new franchisee's obligations under your Franchise Agreement, as requested by us; and you obtain an assignment of the current lease or a new lease for existing premises of the Burrito Parrilla Mexicana Business for a lease term (including renewal terms) equal to the franchise term. (See also s. below.)

Provision	Section in Franchise Agreement	Summary
o. Our right of first refusal to acquire your business	Section 15.9	We can match any bona fide written offer from a qualified third party for all or any part of your Burrito Parrilla Mexicana Businesses.
p. Our option to purchase your business	Section 17.2	Upon expiration or termination, we have the right to purchase improvements, furniture, fixtures, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods and any items bearing our Marks at the then-current fair market value, but specifically excluding any value for goodwill or going concern value. If you and us cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by us, and his/her determination of fair market value shall be binding.
q. Death or mental incapacity of you	Section 15.6	Upon the death or mental incapacity of any person with an interest in the Franchise Agreement, your designated personal representative must transfer the interest of such person to an approved third party within 12 months after the event.
r. Non-competition and Non-Solicitation covenants during the term of the franchise	Section 14.2, 14.4	No involvement in Competitive Business anywhere and no diversion of any business or customers of the Burrito Parrilla Mexicana Business. No solicitation of our employees or our franchisee' employees.
s. Non-competition and non-solicitation covenants after the franchise is terminated or expires	Section 14.3 – 14.4	No involvement in Competitive Business for 2 years within 5 miles of the site of any Burrito Parrilla Mexicana Business, whether or not formerly owned by you, except owning less than 2% of the outstanding shares of a publicly traded security. No solicitation of our employees or our franchisees' employees for 1 year.
t. Modification of agreement	Sections 7.1, 23.1, 25.1, 25.8	No modifications generally without mutual consent, but the Manual is subject to change.
t. Integration/merger clause	Section 23.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Franchise Disclosure Document.

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration	Sections 24.1 – 24.4	Illinois (subject to state law).
v. Choice of forum	Sections 24.5	Illinois (subject to state law).
w. Choice of law	Sections 24.5	Illinois (subject to state law).

ITEM 18
PUBLIC FIGURES

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

The rest of this page has been left blank intentionally.

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 particular location or under particular circumstances.

STATEMENT OF ANNUAL GROSS SALES FOR THE 12 MONTH PERIOD JANUARY 1, 2025 TO DECEMBER 31, 2025 OF 11 AFFILIATE-OWNED BUSINESSES

The following is a statement of annual gross sales for the 12 month period ended December 31, 2025 for 11 affiliate-owned businesses. The data presented includes average (mean) of annual gross sales, the median of annual gross sales, and a range of high and low annual gross sales.

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

	Mean (Avg) Annual Gross Sales (US$)	**Median Annual Gross Sales (US$)**	**High Annual Gross Sales (US$)**	**Low Annual Gross Sales (US$)**	**# Included in Segment Cal-culation**	**# in Segment at or above Mean**	**% in Segment at or above Mean**
11 Affiliate-Owned Businesses	$1,606,676	$1,398,845	$3,001,731	$963,077	11	4	36.36%

Notes to tables above:

1. Nearest whole numbers are used.
2. "Gross sales" is the total revenue earned by the affiliates, with only sales tax being deducted. The "Mean" is the average and is calculated by the sum of all gross revenue reported being divided by the number of territories included in the sum. The "Median" is the middle number of all gross revenue reported, and if there are two middle numbers, is calculated as the average of those two middle numbers. The gross revenue for each affiliate-owned business in the set is listed from high to low to determine the highest gross revenue number and the lowest gross revenue number.

This financial performance representation does not provide information on the net profits of affiliate-owned businesses. This financial performance representation does not include information concerning expenses or profits that may be realized in the operation of a Burrito Parrilla Mexicana Business.

The characteristics of the represented affiliate-owned operations do not materially differ from that of a new franchisee.

The financial performance representations in the Tables are historic information and not a forecast of future financial performance. The financial information we utilized in preparing the preceding financial performance representations was based on our unaudited financial statements of our affiliate Burrito, Inc. ended December 31, 2025. None of this information was audited by us or by any independent accountant or auditing firm, and no one had audited, reviewed or otherwise evaluated this information for accuracy or expressed his/her opinion with regard to its content or form.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, BPM Franchise Corp. does 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 Manuel Favela, at 1715 Cortland Court, Unit 4, Addison, IL 60101, 630-400-1009., the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2023 – 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Affiliate-Owned	2023	11	11	0
	2024	11	11	0
	2025	11	11	0
Total Outlets	2023	11	11	0
	2024	11	11	0
	2025	11	11	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2023– 2025

State	Year	Number of Transfers
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 – 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Total	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table No. 4
Status of Affiliate-Owned Outlets
For Years 2023 – 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois	2023	11	0	0	0	0	11
	2024	11	0	0	0	0	11
	2025	11	0	0	0	0	11
Total Outlets	2023	11	0	0	0	0	11
	2024	11	0	0	0	0	11
	2025	11	0	0	0	0	11

Table No. 5
Projected Openings as of
January 1, 2026

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
Illinois	0	1	3
Total	0	1	3

A list of the names of all franchisees as of December 31, 2025 and the addresses and telephone numbers of their franchises is attached to this Franchise Disclosure Document as Exhibit E. There were no franchisees that have had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our last fiscal year ending December 31, 2025, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this Franchise, your contact information may be disclosed to other potential buyers when you leave the System.

We have not required any franchisees to sign a confidentiality agreement or provision with us that would restrict your ability to speak openly about your experience with the System.

As of the date of this Franchise Disclosure Document, there is no (i) trademark-specific franchisee organization associated with the System being offered that we have created, sponsored or endorsed or (ii) independent franchisee organizations that have asked to be included in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit C is our audited balance sheet and statement of income as of December 31, 2025. Also attached at Exhibit C is our unaudited beginning balance sheet as of November 6, 2025. Since we have not been in business for 3 fiscal years, we cannot provide the prerequisite financial statements.

Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following agreements regarding the offering of a Franchise are attached as exhibits to this Franchise Disclosure Document:

Franchise Agreement (Exhibit B)

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.

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit H, are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A
LIST OF STATE AGENCIES/
AGENTS FOR SERVICE OF PROCESS

CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 **HAWAII** Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722 Agents for Service of Process: Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722 **ILLINOIS** Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 **INDIANA** Secretary of State Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	**MARYLAND** Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent for Service of Process: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 **MICHIGAN** MI Department of Attorney General. Consumer Protection Division Franchise Section G. Mennen Williams Building, 1st Floor 525 West Ottawa Street P.O. Box 30212 Lansing, MI 48909 (517) 373-7117 **MINNESOTA** Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1638 **NEW YORK** Administrator: Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax Agent for Service: New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518)-473-2492 **NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-4712	**RHODE ISLAND** Department of Franchise Regulation 1511 Pontiac Avenue John O. Pastore Complex Bldg. 69-1 Cranston, Rhode Island 02920 (401) 222-3048 **SOUTH DAKOTA** Department of Labor and Regulation, Division of Insurance, Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3652 **VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 Agent for Service of Process: Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, Virginia 23219 **WASHINGTON** Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 **WISCONSIN** Department of Financial Institutions Division of Securities 201 West Washington Avenue Suite 300 Madison, WI 53703 (608) 267-9140

EXHIBIT B
FRANCHISE AGREEMENT

BURRITO PARRILLA MEXICANA
FRANCHISE AGREEMENT

Contents

BURRITO PARRILLA MEXICANA
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made by and between BPM Franchise Corp., an Illinois corporation, having its principal place of business at 1715 Cortland Court, Unit 4, Addison, Illinois 60101 ("**Franchisor**") and the franchisee named on the signature page of this Agreement ("**Franchisee**").

WITNESSETH

WHEREAS, Franchisor and its affiliates have developed and own a unique system (the "**System**") for operating and granting others the right to own and operate a restaurant business (a "**BPM Business**" or "**Franchised Business**") offering products to the general public, with a menu featuring authentic and fresh Mexican food, including burritos, tacos, tortas, salads, fajitas, parrilla grill, enchiladas, appetizers, breakfast, desserts and drinks at the restaurant premises or by delivery or catering service.

WHEREAS, the distinguishing characteristics of the System include, without limitation, the name "Burrito Parrilla Mexicana," specially designed buildings, distinctive interior and exterior layouts, decor, color schemes, and furnishings, confidential food and ingredient formulas, recipes and preparation methods, specialized menus, standards and specifications for furniture, fixtures and equipment, restaurant design and layouts, operating procedures, and management programs, all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including but not limited to the mark "Burrito Parrilla Mexicana" ("**BPM**") and such other trade names, service marks, trademarks, logos, designs, and trade dress as are now, or may hereafter, be designated by Franchisor for use in connection with the System (collectively, the "**Marks**");

WHEREAS, Franchisor has received the nonexclusive right to use and sublicense the use of the Marks and System from its affiliate Burrito, Inc., and Franchisor and Franchisor's affiliate continue to develop, use, and control the use of such Marks to identify to the public the source of services and products marketed hereunder in the System and to represent the System's high standards of quality, appearance, and service;

WHEREAS, Franchisee wishes to be assisted, trained, and licensed by Franchisor as a Burrito Parrilla Mexicana franchisee and licensed to use the System in connection therewith; and

WHEREAS, Franchisee understands the importance of the System and BPM's high and uniform standards of quality, cleanliness, appearance, and service, and the necessity of opening and operating BPM Businesses in conformity with the System.

NOW, THEREFORE, the parties hereto agree as follows:

I. APPOINTMENT

1.1 Grant of Franchise. For the Term (as defined in Section 2.1), Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, a non-exclusive license to operate one BPM Business, and Franchisee accepts the obligation to operate the BPM Business during the Term, in the following general area: ______________________________. Upon approval of Franchisee's location by Franchisor, Franchisor and Franchisee shall execute **Exhibit A** attached hereto which will identify the Approved Location.

1.2 Operation of the Franchised Business. Franchisee shall operate the Franchised Business, and use the Marks and the System in connection with the Franchised Business, as the Marks and the System may be modified, improved and developed by Franchisor from time to time, only in accordance with the terms and conditions of this Agreement. Franchisee shall use its best efforts to develop and promote the Franchised Business. All BPM products must be sold by Franchisee only from the Approved Location. Franchisee may not use other channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing to make sales outside of and apart from the operation of the Franchised Business at the Approved Location without Franchisor's prior written consent, which may be withheld by Franchisor in its sole discretion.

1.3 Protected Area. Subject to the terms and conditions of this Agreement and provided Franchisee or any of its affiliated companies is not otherwise in default of this Agreement or in default of any other agreement with Franchisor or with a parent, subsidiary or affiliate of Franchisor ("**Affiliates**"), Franchisor shall not establish, nor grant another the right to establish a BPM Business, during the Term, within the area described in **Exhibit A** of this Agreement (the "**Protected Area**"), without Franchisee's prior written consent. The Protected Area will be a geographic area around the Approved Location with a minimum two (2) mile radius around the Approved Location. Upon determination of the Approved Location, Franchisor and Franchisee shall complete and execute **Exhibit A** with a description of the Protected Area.

1.4 Limitations to Protected Area. The provisions of Section 1.3 shall not apply if the Franchised Business is operated in any of the following types of locations and/or with respect to such locations within the Protected Area ("Captive Locations"), at which Franchisor retains the right, in its sole discretion, to franchise and/or operate BPM Businesses, and to distribute by any means BPM products:

(a) Transportation facilities (including but not limited to airports, train stations, bus stations, etc.);

(b) Educational facilities (including but not limited to schools, colleges and universities);

(c) Institutional feeding facilities (including but not limited to hospitals, hotels, and corporate or school cafeterias);

(d) Government institutions and facilities such as military bases;

(e) Enclosed shopping malls;

(f) Entertainment venues, including casinos;

(g) Sports stadiums; and

(h) Amusement and/or theme parks.

1.5 Reservation of Rights. Except as otherwise set forth herein, (a) the franchise granted to Franchisee under this Agreement is non-exclusive, and Franchisor grants to Franchisee the rights to establish and operate the Franchised Business at only the specific Approved Location, (b) no other exclusive, protected or other territorial rights related to the Franchised Business or otherwise is to be inferred and (c) Franchisor and/or its Affiliates have the right to operate and grant as many other franchises for the operation of BPM Businesses other than the Protected Area, anywhere in the world, as they shall, in their sole discretion, elect. Franchisor and its Affiliates retain the rights among others, within or outside of the Protected Area, without any compensation to Franchisee, to:

(a) distribute products and services which comprise, may in the future comprise or which do not comprise, a part of the System through any alternative distribution channels including, but not limited to, supermarkets and other retail facilities, wholesale sale, catalogs, direct marketing, the Internet or similar electronic media, using the Marks and other trademarks or service marks ("Alternate Distribution Channels");

(b) establish businesses which are franchised, licensed or owned by Franchisor or any affiliate at any locations Franchisor deems appropriate or distribute products or services which are similar to the products and services offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols other than the Marks.

(c) acquire or be acquired by a company establishing businesses identical or similar to the Franchised Business, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including the Protected Area; and

(d) implement and maintain multi-area marketing programs at any time, including internet and regional or national accounts. Franchisor reserves the right to establish mandatory policies and procedures for these multi-area marketing programs; and

(e) engage in any other business activities not expressly prohibited by this Agreement.

1.6 Marketing Restrictions**.** Throughout the term of the franchise, Franchisee must focus its marketing and promotion of the Franchised Business within the Protected Area. Further, Franchisee must not conduct targeted marketing outside of the Protected Area. "Targeted Marketing" shall include all forms of advertising and promotion for customers which can reasonably be restricted to an address, including, but not limited to, direct mailings, door leaflets, telephone solicitation, and localized signs. The purpose of this restriction includes, but is not limited to, preventing confusion in the marketplace among BPM Businesses soliciting the same customers.

II. TERM

2.1 Term. Except as otherwise provided in this Agreement and subject to earlier termination pursuant to this Agreement, the term of this Agreement (the "**Term**") shall commence on the date this Franchise Agreement is signed by Franchisor and Franchisee, and shall expire on the tenth (10^{th}) anniversary of the date this Franchise Agreement is signed. Franchisee agrees and shall be obligated to operate the Franchised Business and perform under the terms of this Agreement for the Term, except as otherwise noted below.

2.2 Renewal Options and Condition. Franchisee shall have the option to renew its right to operate the Franchised Business for one (1) additional term of ten (10) years, provided that Franchisor does not exercise its rights in accordance with Section 2.3 below, if and only if each and every one of the following conditions has been satisfied:

(a) Franchisee gives Franchisor written notice of its election to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Term;

(b) At least thirty (30) days prior to the expiration of the Term, Franchisee executes Franchisor's then-current standard form of franchise agreement, which may contain new or significantly different terms, including but not limited to a higher royalty fee and a higher advertising contribution and different territorial protections than contained in this Agreement;

(c) Franchisee executes a general release in the form prescribed by Franchisor, of any and all claims Franchisee may have against Franchisor and its Affiliates, and their respective shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns;

(d) Franchisee is not then in default of any provisions of this Agreement, or any other agreement between Franchisee or its affiliates and Franchisor, or its Affiliate;

(e) Franchisee has fully and faithfully performed all of Franchisee's obligations under this Agreement throughout the Term;

(f) Franchisee has paid or otherwise fully satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates and to designated suppliers and any indebtedness of Franchisee that is guaranteed by Franchisor, and Franchisee has timely paid or otherwise satisfied these obligations throughout the Term;

(g) Franchisee agrees, at its sole cost and expense, to remodel, reimage, renovate, refurbish and modernize the Franchised Business within six (6) months after execution of the then-current standard form of franchise agreement including but not limited to building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, equipment, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet Franchisor's then-current standards, specifications and design criteria for BPM Businesses, as contained in the then-current franchise agreement and Manual (as defined in Article VII), or otherwise in writing including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvement as may be necessary to do so;

(h) Franchisee maintains possession of the premises of the Approved Location, or if Franchisee is unable to maintain possession of the Approved Location, secures an approved substitute and agrees to expeditiously develop the substitute premises in compliance with the then current standards and specification for the development of BPM Businesses; and

(i) Franchisee pays to Franchisor a renewal fee in the amount of Fifteen Thousand Dollars ($15,000.00) at least thirty (30) days prior to the signing of the renewal Franchise Agreement.

2.3 Effect of Non-Renewal. Franchisee will not have the right to renew this Agreement upon its expiration if Franchisee fails to comply with any of the above conditions of renewal. Upon the expiration of the Term, Franchisee shall comply with the provisions of Article XVI of this Agreement.

2.4 Continued Operation Following Expiration. Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise Agreement in accordance with this Section 2. If Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Section 2.2, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at Franchisor's option by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

III. FEES

3.1 Initial Franchise Fee In consideration of the franchise granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee in the amount of Thirty-Five Thousand Dollars ($35,000.00) payable in one lump sum upon execution of this Agreement by Franchisee. The initial franchise fee is non-refundable. The Initial Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Franchisor in granting the franchise and for Franchisor's lost or deferred opportunity to grant a franchise to others.

3.2 Royalty. Franchisee shall pay to Franchisor a recurring, non-refundable royalty in the amount of five percent (5%) of Gross Sales (as defined herein) during the Term, payable monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) calculated on Gross Sales of the preceding month. Royalty fees shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided for in the Manual.

3.3 Advertising Fund Contribution. Recognizing the value of advertising and marketing to the goodwill and public image of BPM Businesses, Franchisor reserves the right to establish, maintain and administer an advertising, marketing and promotional fund (the "Advertising Fund") for such advertising, marketing and promotions as Franchisor may deem necessary or appropriate in its sole discretion. Franchisee shall contribute to the Advertising Fund an amount Franchisor designates up to three (3%) of the Gross Sales (as defined below) of the Franchised Business. Franchisor will give Franchisee sixty (60) days' notice prior to establishing the Advertising Fund, or implementing any increase or decrease in the Advertising Fund contribution. Once established, Franchisor has the right to discontinue or reestablish the Advertising Fund upon sixty (60) days' advance notice to you. In the event Franchisor discontinues the Advertising Fund, Franchisor will distribute all unspent amounts existing in the Advertising Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent six (6) months. If the Advertising Fund is established, this Advertising Fund contribution will be due monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) along with the royalty fee for the Gross Sales for the preceding month. A further description of the Advertising Fund and your obligations with respect to advertising, marketing and promoting the Franchised Business is set forth in Article XI of this Agreement. Advertising Fund contributions shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided in the Manual.

3.4 Technology Fee. Franchisee shall pay to Franchisor a technology fee in an amount determined by Franchisor, not to exceed Five Hundred Dollars ($500.00) per month. Franchisor has the right to determine how and for what purposes the technology fees will be used, which may include covering Franchisor's costs or paying fees to third party providers for technology development, maintenance, and usage for the franchise system, and subscription and license fees paid by Franchisor in order for franchisees to have access to and use certain technology tools, and for related research and development conducted by Franchisor. The technology fee shall be paid at times, in the manner, and in amounts as designated by the Franchisor. Franchisor will give Franchisee at least sixty (60) days' prior notice before Franchisor before changing the amount of the technology fee.

3.5 Technology Fund Fee. If Franchisor establishes a Technology Fund, Franchisee shall pay Franchisor, in the manner prescribed by Company the monthly Technology Fund Fee of up to one half percent (0.5%) of Gross Revenues to be paid into the Technology Fund to be administered by Franchisor for the benefit of all franchisees. Franchisor and its affiliate may, but is not obligated to, pay the same Technology Fund Fee for its own BPM businesses. Franchisor will give Franchisee sixty (60) days' notice prior to establishing the Technology Fund, or implementing any increase or decrease in the Technology Fund contribution. Once established, Franchisor has the right to discontinue or reestablish the Technology Fund upon sixty (60) days' advance notice to you. In the event Franchisor discontinues the Technology Fund, Franchisor will distribute all unspent amounts existing in the Technology Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent six (6) months. If the Technology Fund is established, this Technology Fund contribution will be due monthly (or on such other basis as may be set forth in the Manual or otherwise agreed to in writing by Franchisor) along with the royalty fee for the Gross Sales for the preceding month. A further description of the Technology Fund is set forth in Article XI of this Agreement. Technology Fund contributions shall be paid in the manner set forth in Section 3.7 of this Agreement or as otherwise provided in the Manual.

3.6 Late Payment Charge. If any monetary obligations owed by Franchisee to Franchisor or to its Affiliates are more than seven (7) days overdue, Franchisee shall, in addition to any other obligations, pay to Franchisor a sum equal to one and one-half percent (1.5%) of the overdue balance per month, or the highest rate permitted by law, whichever is less, from the date said payment is due ("**Late Payment Charge**").

3.7 Pre-Authorized Payment Methods. Franchisee shall pay for all purchases from, or fees owed to Franchisor or its Affiliates by automated clearing house ("**ACH**"), as Franchisor may require, or by other means as set forth in this Agreement or in the Manual. Franchisor or its Affiliates shall have the right to withdraw the entire amount of any amounts owed to Franchisor or its Affiliates from Franchisee's designated bank account ("**ACH Account**") in accordance with the terms set forth in the Manual, as modified by Franchisor periodically. Franchisee shall, upon execution of this Agreement or any time after at Franchisor's request, execute all documents or forms as Franchisor determines are necessary for Franchisor to process ACH withdrawals from Franchisee's ACH Account for payments due, including the ACH Authorization Form attached hereto as **Exhibit B.** Franchisee agrees that it shall be responsible for any ACH transfer fee or similar charge imposed by the bank. Should any ACH not be honored by Franchisee's bank for any reason, Franchisee shall be responsible for that payment plus any service charge applied by Franchisor and the bank. Franchisee agrees that any time an ACH transaction is not honored, Franchisee shall pay to Franchisor One Hundred Fifty Dollars ($150.00). Franchisee's failure to maintain, at all times, an ACH Account in accordance with this Agreement shall be a material default of this Agreement. Franchisor has the right to periodically specify (in the Manual or otherwise in writing) different payees and/or payment methods, such as weekly/biweekly/monthly payment, payment by auto-draft and payment by check.

3.8 Gross Sales. For purposes of this Agreement, the term "**Gross Sales**" means all sales, revenues and receipts generated by the Franchised Business, including fees for any and all services Franchisee performs, whether for cash or credit (regardless of collectability) and revenues of every kind related to the Franchised Business, including but not limited to revenues from the sale of food, beverages, merchandise, proprietary products or clothing, delivery and catering not included in the price of menu items, and other services made and rendered in, on, or from the premises of the Franchised Business, or through any other means, including sales outside of the premises, that are in any way related to the Franchised Business, whether for cash, exchange or credit (and regardless of collection in the case of credit), and proceeds of business interruption insurance policies, except that Gross Sales will not include sales, use or services taxes collected from customers and actually paid to the appropriate taxing authority.

IV. ACCOUNTING AND RECORDS

4.1 Maintenance and Retention of Books and Records; Designated Accounting Services. During the Term, Franchisee shall maintain and preserve complete and accurate books, records and accounts in accordance with U.S. Generally Accepted Accounting Principles and in the form and the manner prescribed by Franchisor from time to time in the Manual or otherwise in writing, which may include the use of designated software or a web-based platform, standard chart of accounts, and specified reporting periods for uniformity throughout the franchise system, and Franchisor access to financial data. Franchisee agrees to elect a fiscal year the same as Franchisor's fiscal year.

4.2 Royalty Reports. The parties acknowledge and agree that Franchisor shall have full access to Franchisee's point-of-sale system, back of house software and any other systems, software or applications as may be used by Franchisee in operating the Franchised Business in the future to retrieve Gross Sales, financial data and other information relating to the Franchised Business. Franchisor shall provide a monthly Gross Sales report to Franchisee based on the information retrieved upon which Franchisee shall pay royalties. Franchisor reserves the right to change the manner in which Gross Sales reports are prepared in the future.

4.3 Monthly Statements. During the Term, Franchisee shall, at its expense, submit to Franchisor within ten (10) days following the end of each month, a statement providing certain sales and other financial data in a form and format as Franchisor may reasonably require ("**Monthly Statement**") together with a certificate executed by Franchisee or an officer of Franchisee stating that such financial statement is true and accurate. Upon Franchisor's request, Franchisee shall submit to Franchisor, with each Monthly Statement, copies of any state or local sales tax returns filed by Franchisee for the period included in the Monthly Statement.

4.4 Financial Statements. Franchisee shall, at its expense, submit to Franchisor during the Term of this Agreement, unaudited financial statements for the preceding Period and for the preceding fiscal year ("**Financial Statements**"), together with a certificate executed by Franchisee certifying that such financial statement, as applicable, is true and accurate and such other information in such form as Franchisor may reasonably require. The foregoing Financial Statements shall include both a profit and loss statement and a balance sheet, and shall be prepared in accordance with generally accepted accounting principles. Franchisee must furnish Franchisor with any additional financial statements and any tax returns for the Franchised Business within fifteen (15) days after Franchisee's receipt of Franchisor's written request for the information. In the event Franchisee defaults under this Agreement, Franchisor may require, upon written notice to Franchisee, that all Financial Statements submitted thereafter include a "Review Report" prepared by an independent Certified Public Accountant (CPA).

4.5 Other Reports; Reporting Requirements. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, financial statements, reports, records, information and data as Franchisor may reasonably designate, in the form and in the manner and at the times and places reasonably required by Franchisor, upon request and as specified from time to time in the Manual or otherwise in writing. If Franchisee has combined or consolidated financial information relating to the Franchised Business with that of any other business or businesses, including a business licensed by Franchisor, Franchisee shall simultaneously submit to Franchisor, for review or auditing, the forms, reports, records and financial statements (including but not limited to the Period, Quarterly and annual Financial Statements) which contain the detailed financial information relating to the Franchised Business, separate and apart from the financial information of such other businesses. Franchisor may from time to time change the form, manner and times relating to submission of Period Statements, Quarterly Statements, Financial Statements and/or other reports as specified in the Manual or otherwise in writing

4.6 Equipment. Franchisee shall record all sales on point-of-sale equipment as required by the Manual or as otherwise approved in writing by Franchisor.

4.7 Franchisor's Right to Audit. Franchisor or its designated agents or auditors shall have the right at all reasonable times to audit, review and examine by any means, including electronically through the use of telecommunications devices or otherwise, at its expense, the books, records, accounts and tax returns of Franchisee. If any such audit, review or examination reveals that Gross Sales have been understated in any report to Franchisor, Franchisee shall immediately pay to Franchisor the royalty fee, Advertising Fund Contribution, and Technology Fund Fee due with respect to the amount understated, in addition to the Late Payment Charge. If any such understatement exceeds two percent (2.0%) of Gross Sales as set forth in the report, or if such audit is made necessary by Franchisee's failure to furnish reports, financial statements or other documents or information as herein required, Franchisee shall, in addition, immediately reimburse Franchisor for any and all costs and expenses connected with such audit, review or examination (including but not limited to reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other rights and remedies Franchisor may have under this Agreement or applicable law.

4.8 Failure to Comply with Reporting Requirements. If Franchisee's records and procedures are insufficient to permit a proper determination of Gross Sales, Franchisor shall have the right to deliver to Franchisee an estimate, made by Franchisor, of Gross Sales for the period under consideration, and Franchisee shall pay to Franchisor any amount determined by Franchisor to be due based on such Gross Sales estimates within five (5) business days of the date of the estimate. Any estimated payments shall be deemed the minimum amount of fees due for the required reports, and Franchisee shall remain liable for all fees in excess of these amounts once the actual Gross Sales related to these reports are determined. Franchisee shall also pay to Franchisor the Late Payment Charge on all unpaid amounts.

4.9 Financial Information from Third Parties. Franchisee authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers, distributor, trade creditors and landlord relating to the Franchised Business, and Franchisee agrees to direct relevant persons and companies to provide to Franchisor this information and copies of documents relating to the Franchised Business as Franchisor may request.

4.10 Personal Information Privacy. Franchisor has the right, and Franchisee hereby consents, to Franchisor using and disclosing all personal information collected from Franchisee and its owners for any purpose connected with the System, and this Agreement and its enforcement, including providing or listing contact information for Franchisee and its owners and management employees for System communication purposes, including with landlords and other suppliers of goods or services, or prospective franchisees; posting on franchise system websites listing franchisees; in or in connection with Franchisor's disclosure documents and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from Franchisee pertaining to the Franchised Business, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in Franchisor's disclosure documents for prospective franchisees regarding the subject matter of such reports or information, as the same pertain to the Franchised Business or the System in general. Franchisor may also share such personal information where needed with its professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchised Business or the System. Franchisor may give access to or transfer its files containing such personal information to a prospective purchaser or purchaser of the franchise system. Franchisee is responsible to obtain any required consents from its owners and management employees as may be necessary for it to comply with these provisions.

V. PROPRIETARY MARKS AND SYSTEM

5.1 Marks. It is understood and agreed that the license granted under this Agreement to use the Marks applies only to use in connection with the operation of the Franchised Business at the Approved Location set forth on **Exhibit A**, and includes only the Marks as are now designated or which may hereafter be designated, and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor. Franchisee acknowledges that it has not acquired any right, title, or interest in the Marks except for the right to use the Marks in the operation of the Franchised Business in compliance with this Agreement.

5.2 System. Franchisee acknowledges that Franchisor and Franchisor's affiliate, Burrito, Inc., own and control the distinctive plan for the establishment, operation, and promotion of a BPM Business and all related methods of doing business, previously defined as the System, which include, but are not limited to, standards and specifications for BPM Businesses, operational methods, food and preparation methods, products, supplies, equipment, marketing techniques, written promotional materials, advertising, and accounting systems, all of which constitute confidential information and trade secrets of Franchisor, and Franchisee acknowledges that Franchisor has valuable rights in and to this confidential information and trade secrets. Franchisee additionally acknowledges that it has not acquired any right, title, or interest in the System, except for the right to use the System in the operation of the Franchised Business as governed by this Agreement and Franchisee is obligated to maintain the confidentiality of the System in accordance this Agreement. Any improvements in or additions to the System, Franchisor's copyrighted materials, website or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Franchised Business (collectively, the "**Improvements**") conceived or developed by Franchisee shall become the property of Franchisor and/or Franchisor's affiliate. Franchisee agrees to assign and does hereby assign to Franchisor and/or Franchisor's affiliate, all right, title and interest in and to the Improvements, including but not limited the right to grant sublicenses to any such Improvement. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor and all other franchisees of the System without any obligation to Franchisee for royalties or other fees. Franchisor and/or Franchisor's affiliate may, at its discretion, apply for and own copyrights, patents, tradenames, trademarks and service marks relating to any such Improvements and Franchisee shall cooperate with Franchisor or Franchisor's affiliate in securing such rights. Franchisor and/or Franchisor's affiliate may also consider such Improvements as its property and trade secrets. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. All Improvements created by Franchisee or any other authorized person or entity retained or employed by Franchisee is the property of Franchisor and/or Franchisor's affiliate, and Franchisor and Franchisor's affiliate shall be entitled to use and license others to use such Improvements unencumbered by moral rights. If any of the Improvements are copyrightable materials, they shall be works made for hire within the meanings of the United States Copyright Act and, to the extent such copyrighted materials do not automatically accrue or inure to Franchisor or Franchisor's affiliate, Franchisee irrevocably assigns and agrees to assign to Franchisor and/or Franchisor's affiliate, and their successors and assigns, the entire right, title and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such copyrighted materials, which Franchisor and/or Franchisor's affiliate and the author of such copyrighted materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or entity necessary to ensure Franchisor's right to the Improvements as required in this Section.

5.3 Conditions and Limitations. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

(a) Franchisee shall not use any of the Marks as part of Franchisee's electronic mail address (except for any e-mail address assigned by Franchisor), or as part of any URL, web page, domain name, locator, link, metatag, or on any sites on the internet or the world wide web;

(b) Franchisee shall use no service mark or trademark other than the "Burrito Parrilla Mexicana" mark or any other Marks as may be specified by Franchisor for use in the identification, marketing, promotion, or operation of the Franchised Business;

(c) Franchisee shall not hold out or otherwise use the Marks to perform any activity or incur any obligation or indebtedness in such manner as might, in any way, make Franchisor liable therefore, without Franchisor's prior written consent; and

(d) Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain the continued validity of the Marks.

5.4 Franchisee's Business Name. Franchisee acknowledges that between Franchisor and Franchisee, Franchisor has a prior and superior claim to the "Burrito Parrilla Mexicana" trade name. Franchisee shall not use the words "Burrito Parrilla Mexicana" or any combination thereof, in the legal name of its corporation, limited liability company, partnership, or any other business entity used in conducting the Franchised Business. Franchisee also agrees not to register or attempt to register a trade name using the words "Burrito Parrilla Mexicana" in Franchisee's name or that of any other person or business entity, without the prior written consent of Franchisor. Franchisee shall not identify itself as being "Burrito Parrilla Mexicana" or as being associated with Franchisor or its Affiliates in any manner other than as a franchisee or licensee. Franchisee shall, in all advertising and promotion and promotional materials, display its business name only in obvious conjunction with the phrase "an independent Burrito Parrilla Mexicana Licensee" or "an independent Burrito Parrilla Mexicana Franchisee" or with other words and in other phrases so as to identify itself as an independent owner of the Franchised Business, or as otherwise may be required in the Manual.

5.5 Signage. Franchisee shall display a standard sign in the Franchised Business, as may be specified by Franchisor, indicating to the public that the Franchised Business is independently owned and operated as a franchisee or licensee of the System.

5.6 Use Outside the Scope of License. Franchisee acknowledges that the use of the Marks outside the scope of this Agreement, without Franchisor's prior written consent, is an infringement of Franchisor's and Franchisor's affiliate's exclusive right to use the Marks. During the Term and after the expiration or termination of this Agreement, Franchisee covenants not to, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity of ownership of the Marks, or take any other action in derogation of Franchisor's ownership of the Mars.

5.7 Mark Infringement. Franchisee shall immediately notify Franchisor in writing of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's and Franchisor's affiliate's right to use, the Marks. Franchisee acknowledges that Franchisor and Franchisor's affiliate have the right, in their sole discretion, to determine whether any action will be taken on account of any possible infringement or illegal use of the Marks. Franchisor and/or Franchisor's affiliate may prosecute the action in Franchisor's or Franchisor's affiliate's own name and may join Franchisee as a party to the action if Franchisor or Franchisor's affiliate determines it to be reasonably necessary for the continued protection and quality control of the Marks and the System. Franchisor or Franchisor's affiliate shall bear the reasonable cost of any such action, including attorneys' fees. Franchisee shall fully cooperate with Franchisor in any such litigation.

5.8 Reservation of Rights. Franchisee understands and agrees that its license with respect to the Marks is non-exclusive and that Franchisor has and retains the sole right under this Agreement:

(a) To grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees;

(b) To develop and establish other franchise systems for the same, similar, or different products or services utilizing proprietary marks not now or hereafter designated as part of the System, and to grant licenses thereto, without providing Franchisee any such rights;

(c) To develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Marks, without providing Franchisee any such rights; and

(d) As otherwise provided in this Agreement.

5.9 Goodwill. Franchisee acknowledges and expressly agrees that any and all goodwill associated with the System and identified by the Marks used in connection therewith inures directly and exclusively to the benefit of Franchisor and/or Franchisor’s affiliate and is the property of Franchisor and/or Franchisor’s affiliate, and that upon the expiration or termination of this Agreement or any other agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchisee's activities in the operation of the Franchised Business granted herein, or Franchisee’s use of the Marks.

5.10 Covenants. Franchisee understands and acknowledges that each and every detail of the System is important to Franchisee, Franchisor, Franchisor’s affiliate and other franchisees in order to develop and maintain high and uniform standards of quality and services, and hence to protect the reputation and goodwill of BPM Businesses, Franchisor, Franchisor’s affiliate and the System. Accordingly, Franchisee covenants:

(a) To operate and advertise the Franchised Business, at Franchisee’s own expense, under the name “Burrito Parrilla Mexicana,” without prefix or suffix;

(b) To adopt and use the Marks licensed under this Agreement solely in the manner prescribed by Franchisor; and

(c) To observe such reasonable requirements with respect to trademark registration notices as Franchisor may from time to time direct in the Manual or otherwise in writing.

5.11 Inspections. In order to preserve the validity and integrity of the Marks and to assure that Franchisee is properly employing the same in the operation of the Franchised Business, Franchisor or its agents shall at all reasonable times have the right to inspect Franchisee's operations, business premises and the Franchised Business and to make periodic evaluations of the services provided and the products sold and used therein. Franchisee shall cooperate with Franchisor's representatives in such inspections and render such assistance to the representatives as may reasonably be requested.

5.12 Change of Marks. If Franchisor, in its sole discretion, shall determine it necessary to modify or discontinue use of any Mark, or to develop additional or substitute marks, Franchisee shall, within a reasonable time after receipt of written notice of a modification or discontinuation from Franchisor, take such action, at Franchisee’s sole expense, as may be necessary to comply with the modification, discontinuation, addition or substitution.

5.13 Consents to Use of Marks. Franchisee additionally agrees to execute all additional documents and assurances in connection with the use of the Marks as reasonably requested by Franchisor and/or Franchisor's affiliate and agrees to fully cooperate with Franchisor or Franchisor's affiliate in securing all necessary and required consents of any state agency or legal authority to the use of the Marks or any other name that is or becomes a part of the System.

5.14 Name, Photo/Video and Other Information. Franchisee acknowledges and authorizes Franchisor and its Affiliates to use Franchisee's name, photographs or videos of Franchisee and/or the interior or exterior of the Franchised Business, biographical information on Franchisee, and operational information and data on the Franchised Business in any and all of Franchisor's publications and promotions, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph or video of Franchisee or the Franchised Business will become Franchisor's property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph or video of Franchisee for any lawful purpose. Franchisee waives any rights to royalties or any other compensation related to Franchisor's use of any photograph or video of Franchise or the Franchised Business. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization.

VI. BUSINESS DEVELOPMENT AND OPENING; RELOCATION

6.1 Ownership of Franchisee. Prior to the opening of the Franchised Business, any individual signing as franchisee shall establish a corporation, limited liability company, general partnership or limited partnership ("**Entity**"), to own and operate the Franchised Business and shall assign this Agreement to the Entity. Franchisee's owners, shareholders, officers, directors, members, managers and partners (or persons holding comparable positions in non-corporate entities) shall be referred to herein as "**Principals**". Franchisee must complete and update throughout the Term, as necessary, the "Statement of Ownership" attached as **Exhibit C**, and:

(a) All persons who own any interest in the Entity must guaranty Franchisee's performance under this Agreement by signing the "Guaranty and Assumption of Franchisee's Obligations" attached as **Exhibit D**;

(b) Franchisee shall provide to Franchisor a resolution signed by all shareholders, directors, members, managers or partners, as appropriate, designating the principal contact for the Entity and Franchisee. This principal contact must be a controlling shareholder, managing member or general partner. This representative shall have the authority to speak for and bind Franchisee in all matters pertaining to this Agreement, and all matters regarding the Franchised Business;

(c) Franchisee shall designate one owner of the entity having an ownership interest of ten percent (10) or more who will be the Operating Owner for the Franchised Business and will devote full-time and best efforts to the management of the Franchised Business. The Operating Owner must successfully complete Franchisor's initial training program. Franchisee shall give Franchisor immediate notice of any change in the Operating Owner and must arrange for the new Operating Owner to attend Franchisor's initial training program. The Operating Owner may also be the Designated Manager providing the direct on-site supervision of the operation of the Franchised Business.

(d) The Entity shall engage in no other business than the operation of the Franchised Business unless Franchisor approves such other business in writing. Franchisor may, in its sole discretion, for any reason, elect to withhold approval;

(e) Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee's articles of incorporation, articles of organization, bylaws, operating agreement, partnership agreement or equivalent governing document, as applicable, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto;

(f) Franchisee shall promptly furnish Franchisor, on a regular basis, with certified copies of such Entity records material to the Franchised Business as Franchisor may require from time to time in the Manual or otherwise in writing; and

(g) Franchisee shall maintain transfer restrictions on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each certificate of Franchisee representing ownership or equity interests in the Entity, shall have conspicuously endorsed upon it the following legend:

> The transfer of this *[stock/membership interest/ownership interest]* is subject to the terms and conditions of a BPM Franchise Agreement with BPM dated___. Reference is made to the provisions of said Franchise Agreement and to the governing documents of *[name of Franchisee Entity]*.

6.2 Site Selection and Approval. If the location is not designated on Exhibit A at the time this Agreement is executed, it is Franchisee's sole responsibility to undertake site selection activities and otherwise secure the premises for the Franchised Business. Prior to entering into a lease for a site, Franchisee must submit to Franchisor a letter of intent, proposed lease, or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor in its discretion shall determine what factors it will consider in approving or disapproving a site, including but not limited to characteristics of the location and premises and financial terms of the proposed purchase agreement or lease. In the event that Franchisee proposes to lease the proposed site from an affiliated entity, or an entity that includes any member or shareholder of the Franchisee business entity as a member or shareholder, Franchisor may be required to submit a proforma and/or draft lease to Franchisor before a determination is made by Franchisor regarding approval of the site. Franchisee or the affiliated entity shall not secure financing or purchase the property until the site has been approved by Franchisor. Franchisor will provide Franchisee written notice of approval or disapproval of the proposed site within thirty (30) days after receiving Franchisee's written proposal and all required documents. Franchisee must obtain Franchisee's written approval of a proposed site before entering into a lease. Franchisee must have a proposed site approved by Franchisor within twelve (12) months of the date of the execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if Franchisee has not obtained Franchisor's written approval of a site for the Franchised Business within time frames described above. While Franchisor may use its experience in providing any assistance to Franchisee regarding site selection and in approving a site, nothing contained herein shall be interpreted as a guarantee of success for said location.

6.3 Lease of Premises. Any letter of intent for a lease for the premises of the BPM Business and any proposed lease for the premises of the BPM Business must be approved by Franchisor before it is executed by Franchisee. Franchisor may, in its discretion, require that the letter of intent and the lease contain commercially reasonable terms based on current market conditions and that certain terms and provisions be included in the letter of intent and the lease. The requirements set forth herein apply whether the lessor is an unrelated third party or is an affiliate of Franchisee. Once executed, Franchisee will provide Franchisor with a fully signed copy of the complete lease for the premises of the Franchised Business.

6.4 Premises Development**.** Prior to obtaining possession of the site for the BPM Business, Franchisee shall secure all financing required to fully develop the BPM Business. Promptly after obtaining possession of the site for the Franchised Business, Franchisee will: (i) cause to be prepared and submit for approval by Franchisor a site plan. Franchisor shall then provide basic drawings and specifications, including requirements for dimensions, exterior design, materials, interior layout, equipment, fixtures, furniture, signs, and decorating required for the development of the Franchised Business; Franchisee is required to hire a licensed architect designated by Franchisor and have these drawings and specifications modified by the architect as required, to meet applicable ordinances, building codes or permit requirements (Franchisor must approve any such modifications to the drawings and specifications); and to fit the configuration of the approved site; (ii) obtain all required zoning changes, all required building, utility, health, sanitation and sign permits and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as hereinafter provided; (iv) complete the construction and/or remodeling, equip, furnish and decorate the Franchised Business in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and (vi) upon completion of construction, furnish Franchisor final costs for the construction, equipment, build-out, deposits, and total development of the Franchised Business. Once the premises of the Franchised Business is established and approved by Franchisor, no changes in the interior or exterior design of the Franchised Business or the equipment or fixtures used within may be made without prior written consent of Franchisor.

6.5 Designated Manager. The BPM Business must at all times have a "Designated Manager," which may be the Operating Owner, other owner of Franchisee, or another individual Franchisee designates. Franchisee's appointment of a Designated Manager must be approved in writing by Franchisor. The Designated Manager must complete the initial training program to the Franchisor's satisfaction. The Designated Manager shall devote his or her full time and best efforts to the personal supervision and conduct of the BPM Business. The Designated Manager may be, but does not have to be, an owner of Franchisee. The Franchisee's appointment of any Designated Manager shall be approved in writing by Franchisor. The Designated Manager must complete the initial training program to Franchisor's satisfaction. The Designated Manager shall devote his or her full time and best efforts to the personal supervision and conduct of the BPM Business.

(a) If the Designated Manager originally appointed is no longer serving as Designated Manager, Franchisee shall provide written notice of same to Franchisor within seven (7) days of the last day of service of the Designated Manager. Within three (3) months of the last day of service of the former Designated Manager, Franchisee shall have appointed another person who has been approved in writing by Franchisor as Designated Manager and such Designated Manager shall have completed Franchisor's training program.

(b) Each Designated Manager shall join in the execution of this Agreement for the purpose of evidencing his or her acceptance of, and agreement to be personally bound by covenants contained in this Agreement pertaining to the Designated Manager; provided that Designated Manager shall not thereby become personally bound to the other provisions of this Agreement. Further, the Designated Manager shall execute the Confidentiality Agreement in a form acceptable to us and subject to applicable law. Franchisee shall deliver a copy of the executed Confidentiality Agreement to Franchisor within five (5) business days of execution of said agreement.

6.6 Franchisor Consent to Open. Franchisee shall not commence operation of the Franchised Business until: (1) the Franchisee entity has been established in accordance with Section 6.1 herein; (2) the premises of the Franchised Business has been developed in accordance with Section 6.4 herein; (3) Franchisee's Operating Owner and required managers have successfully completed the initial training program, Franchisee has hired the necessary staff of employees, and Franchisee has initiated a training program for its employees; (4) Franchisee has obtained all required certifications and license for operating the Franchised Business; (5) Franchisee has furnished Franchisor with copies of all insurance policies required by Article XII of this Agreement, and (6) Franchisee requests and obtains Franchisor's written consent to open for business. Franchisee must have met the foregoing requirements and opened the Franchised Business within thirty-six (36) months of the date of the execution of this Agreement. Franchisor has the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to Franchisee if it fails to open the Franchised Business with Franchisor's approval within the applicable time periods above. If extenuating circumstances beyond Franchisee's control delay the opening of the Franchised Business and Franchisee has been making reasonable efforts to open the Franchised Business, Franchisor may (in its sole discretion) agree to extend the date for opening for an additional reasonable amount of time determined by Franchisor based on the circumstances.

6.7 Relocation of Store.

(a) If Franchisee's lease for the premise of the Franchised Business terminates without fault of Franchisee, or expires without any possibility of renewal by Franchisee on commercially reasonable terms as determined by Franchisor, or if in the judgment of Franchisor and Franchisee there is a change in the character of the location of the Franchised Business sufficiently detrimental to its business potential to warrant its relocation, Franchisor shall grant permission for relocation of the Franchised Business to a location approved by Franchisor. Franchisee may not open a relocated Franchised Business without the on-site presence of Franchisor's representative, unless a waiver is requested in writing by Franchisee and approved in writing by Franchisor. Even if the aforementioned request and approval are granted, Franchisee must obtain Franchisor's written authorization, in its sole discretion, of the specific date that the Franchised Business may open. In the event of relocation, the parties will enter into an agreement which will set forth the new location for Franchisee's Franchised Business and a deadline by which Franchisee must open for business at the new location, after which time Franchisee will be obligated to resume paying the royalty and Advertising Fund Contributions whether or not the new location has opened for business. Until such time that the new location is open for business, the amount of the royalty and Advertising Fund Contribution will be based on the Franchisee's average weekly level of Gross Sales during the one-year period prior to closing the first Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall not be undertaken without Franchisor's prior written consent. Franchisee shall pay to Franchisor a relocation fee in the amount of Fifteen Thousand Dollars ($15,000.00) to cover Franchisor's services and associated costs in connection with such relocation, including those related to (i) reviewing and approving the new location and the construction drawings for the Franchised Business at its new location and (ii) providing additional on-site training and assistance. Franchisee shall pay fifty percent (50%) of the relocation fee when Franchisor grants the approval to relocate and the balance of the relocation fee upon Franchisor's acceptance of the new location for the Franchised Business.

(b) Franchisor shall also have the right to require Franchisee to upgrade the relocated Franchised Business to conform to Franchisor's then current image, standards, and specifications for construction and equipment for all new Franchised Businesses.

(c) In the event of a relocation of the Franchised Business, Franchisee shall promptly remove from the former Franchised Business premises any and all signs, fixtures, furniture, posters, furnishings, equipment, menus, advertising materials, stationery, supplies, forms and other articles which display any of the Marks and distinctive features or designs associated with the System. Any articles which display any of the Marks or any distinctive features or designs associated with the System which are not used by Franchisee at the new Franchised Business location shall be disposed of by Franchisee as directed by Franchisor following notice to Franchisor to the effect such articles will not be used at the new Franchised Business. Furthermore, Franchisee shall, at Franchisee's expense, immediately make such modifications or alterations as may be necessary to distinguish the former Franchised Business premises so clearly from its former appearance and from other Franchised Businesses so to prevent any possibility of confusion by the public (including, without limitation, removal of all distinctive physical and structural features identifying Franchised Businesses and removal of all distinctive signs and emblems). Franchisee shall, at Franchisee's expense, make such specific additional changes as Franchisor may reasonably request for this purpose. If Franchisee fails to initiate immediately or complete such alterations within such period of time as Franchisor deems appropriate, Franchisee agrees that Franchisor or its designated agents may enter the premises of the former Franchised Business and adjacent areas at any time to make such alterations as Franchisor deems appropriate to distinguish Franchisee's former Franchised Business premises, without liability for trespass. Franchisee expressly acknowledges that failure to make such alterations will cause irreparable injury to Franchisor and hereby consents to entry, at Franchisee's expense, of any ex parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take such action, if Franchisor seeks such an order. Compliance with the foregoing shall be a condition subsequent to Franchisor's approval of any relocation request by Franchisee, and in the event complete de-identification of the former Franchised Business premises is not properly and completely undertaken, Franchisor may then revoke its permission for relocation and declare a default under this Agreement.

(d) In the event Franchisee loses possession of the Franchised Business for whatever reason prior to the expiration of the term of this Agreement, Franchisee is required to diligently search for a new location and open and operate the Franchised Business as promptly as commercially practicable.

VII. CONFIDENTIAL OPERATIONS STANDARDS MANUAL

7.1 Compliance With Confidential Operations Standards Manual. In order to protect the reputation and goodwill of Franchisor and the System and to maintain uniform standards of operation under the System and the Marks, Franchisee shall conduct the Franchised Business in accordance with Franchisor's Confidential Franchise Operations Manual (together with any other manuals and written materials created or approved for use in the operation of the Franchised Business granted herein, and all amendments and updates thereto, collectively the "**Manual**"), which contains the standards, specifications, procedures and techniques of the System. The Manual may exist in multiple parts, be in various locations and formats and may include a combination of audio, video, written materials, electronic media, website content and/or software components. The Manual may include but is not limited to a Operations Manual, a Policies and Procedures Manual and Recipe Manual. The Manual shall remain the sole property of Franchisor and must be returned to Franchisor at Franchisor's direction. Franchisee, and its Principals acknowledge that the contents of the Manual and Franchisee's knowledge of Franchisor's processes, services, products, know-how and the System, are secret, unique, and confidential and contain trade secrets and other material proprietary to Franchisor. Franchisee acknowledges that its entire knowledge of the operation of the Franchised Business is and shall be derived from information disclosed to Franchisee by Franchisor and that certain of the information is proprietary, confidential and a Trade Secret of Franchisor. "**Trade Secrets**" refers to the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures or improvements regarding the Franchised Business or the System that is valuable and secret in the sense that it is not generally known to competitors of BPM Businesses. Franchisee shall maintain the absolute confidentiality of all Trade Secrets during and after the Term, and shall not use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee agrees not to disclose the contents of the Manual to unauthorized persons and to use Franchisee's best efforts to prevent unauthorized disclosure to any person, as this disclosure would cause irreparable harm to Franchisor and the System. Franchisee understands that the Manual is loaned to Franchisee, and that at all times, the Manual remains the sole property of Franchisor. The Manual may be provided in printed or electronic form and Franchisee agrees to return any printed copies of the Manual to Franchisor or destroy any files containing the Manual upon the termination of this Agreement or at times as may otherwise be directed by Franchisor. Franchisee shall not copy or otherwise duplicate the Manual or any other proprietary materials without Franchisor's consent. The Manual may contain both mandatory as well as certain optional or advisory terms which Franchisor includes as a convenience to Franchisee and to assist in the operation of the Franchised Business as Franchisee deems appropriate in its business judgment. Franchisee must comply with all mandatory specifications, standards, and procedures set forth in the Manual. Franchisor retains the right to modify, change, add to, delete, or supplement the Manual and to specify other systems, procedures or forms in any manner it deems necessary, in its sole discretion, and shall notify Franchisee about changes in writing by mail, electronic mail or postings on Franchisor's intranet system or website on the internet. Upon receipt of notice of changes to the Manual, Franchisee must comply with any such changes that are mandatory.

VIII. TRAINING

8.1 Training Generally. Before Franchisee opens the Franchised Business, and from time to time thereafter, Franchisor will make available to Franchisee various mandatory and optional training programs. Franchisee must timely complete all mandatory training as set forth in this Article VIII. Franchisee acknowledges that, as the owner of the Franchised Business, Franchisee is responsible for the training of its employees.

8.2 Initial Training. The Operating Owner and Designated Manager(s) must attend and successfully complete Franchisor's initial training program. The length of training will be determined at Franchisor's discretion and may be dependent upon the prior experience of the attendees. The cost of Initial Training for both the Operating Owner and Designated Manager(s) (instruction and required materials) is borne by Franchisor. All other expenses, including travel, meals and lodging and Franchisee's employee wages, are the responsibility of Franchisee. Additional owners and managers may attend the initial training program as space is available and Franchisee shall pay Franchisor a tuition fee of Three Hundred Dollars ($300) per attendee per day. The initial training program will be furnished at Franchisor's offices or other locations designated by Franchisor.

If, during the initial training program, Franchisor determines, in its sole discretion, that Franchisee's Operating Owner did not successfully complete the initial training, Franchisor has the right to require the Operating Owner to attend and successfully complete additional training or to require a different owner to be designated Operating Owner to attend and successfully complete training, and/or Franchisor has the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee.

If during any training program, Franchisor determines, in its sole discretion, that any proposed manager is not qualified to manage the Franchised Business, Franchisor will notify Franchisee of that determination and Franchisee must then select and enroll a substitute manager in such training program, and such substitute manager must attend and successfully complete the initial training program. If Franchisee desires to have additional managers trained by Franchisors, Franchisor will make this opportunity available to Franchisee provided training space is available in a regularly scheduled class. For each such additional manager, Franchisee will pay shall pay Franchisor a tuition fee of Three Hundred Dollars ($300) per attendee per day.

8.3 On-Site Opening Assistance. One or more of Franchisor's representatives will provide on-site training and opening assistance to Franchisee and Franchisee's managers and employees prior to and immediately following the date of the opening of the Franchised Business. Franchisor's representatives will spend up to thirty (30) days at Franchisee's BPM Business to provide the on-site portion of the initial training program (on-site launch support) to Franchisee and the Designated Manager, to assist Franchisee in training Franchisee's employees, and to assist in the opening of the BPM Business. Franchisor shall have no obligation to begin on–site launch support until Franchisee has completed all opening requirements as described in Section 6.6 above and in the Manual. The actual length of the on-site launch support may be less than thirty (30) days if Franchisor, in its discretion, determines that adequate support has been provided to Franchisee.

8.4 Supplemental Education**.** Franchisor may from time to time provide, and may require, that Franchisee, its owners and/or managers attend and successfully complete supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by Franchisor. Franchisor may require attendance at such training, seminars and meetings for up to five (5) days each calendar year. Franchisor may charge a tuition fee of Three Hundred Dollars ($300) per attendee per day for any such training, seminars, meetings or webinars and Franchisee will be responsible for all expenses incurred by Franchisee's owners and/or managers in attending these programs.

8.5 Conferences and Conventions. Franchisor reserves the right to hold and require all franchisees to attend national, regional or local conferences for BPM franchisees to discuss updates to products, services, methods, operational standards, policies and procedures, and marketing and advertising. If Franchisor holds such conferences, Franchisee's owner(s) may be required to attend any conference for which Franchisor determines attendance is mandatory. Franchisor may charge Franchisee a fee to attend the conference, which may not exceed Two Thousand Dollars ($2,000) per required attendee ("Conference Registration Fee"). If Franchisor's owner(s) fail to attend any conference held during the term of this Agreement for which attendance is mandatory, Franchisee remains obligated to pay the Conference Registration Fee. Any costs or expenses associated with Franchisee's owner(s)'s attendance of such conferences will be borne solely by Franchisee.

8.6 Additional Training. Franchisee may request and Franchisor may, in its sole discretion, provide additional initial or ongoing training beyond the amount normally provided to franchisees (**"Additional Training**"). If Franchisor provides such Additional Training, Franchisee shall pay Franchisor Three Hundred Dollars ($300) per trainer per day for such Additional Training, plus any travel and living expenses incurred by Franchisor's representative if travel to Franchisee's location is necessary to conduct such Additional Training.

IX. DUTIES OF FRANCHISOR

9.1 Continuing Advisory Assistance. Franchisor will make available to Franchisee such continuing advisory assistance in the operation of the Franchised Business, in person or by electronic or written communications made available from time to time as Franchisor deems advisable.

9.2 Pre-Opening Assistance. Franchisor, in its sole discretion, may provide opening assistance to Franchisee at the Franchised Business, including but not limited to the following:

(a) Provide Franchisee with lists of designated and approved suppliers and other standards and specifications for purchasing initial furniture, fixtures, equipment, products, materials and supplies necessary for commencement of operations and guidance for ordering same;

(b) Provide site selection assistance and guidance, as Franchisor deems advisable, subject to the availability of Franchisor's personnel. However, the selection of a site for the Approved Location is the sole responsibility of Franchisee;

(c) Provide typical floor plans and site build-out specifications for the construction of the Franchised Business; and

(d) Provide training to Franchisee's Operating Owner and Designated Manager as set forth in Article VIII of this Agreement.

9.3 Standard Plans and Specifications. Franchisor will make available to Franchisee standard plans and specifications to be utilized only in the construction of the Franchised Business. The standard plans and specifications will be initially provided in the Manual. No modification to or deviations from the standard plans and specifications may be made without the written consent of Franchisor. Franchisee shall obtain, at its expense, further qualified architectural and engineering services to prepare surveys, site and foundation plans, and to adapt the standard plans and specifications to applicable local or state laws, regulations or ordinances. Franchisee shall bear the cost of preparing plans containing deviations or modifications from the standard plans.

9.4 Uniformity; Suppliers. Franchisor will continue its reasonable efforts to assist BPM Businesses in maintaining high and uniform standards of quality, cleanliness, appearance and service, to protect and enhance the reputation of the System and the demand for the products and services of the System. Franchisor will establish uniform criteria for approving suppliers and make every reasonable effort to disseminate its standards and specifications to prospective suppliers of Franchisee upon written request of Franchisee. However, Franchisor may elect not to make available to prospective suppliers the standards and specifications for such formulae or equipment designs deemed by Franchisor in its sole discretion to be confidential. Franchisor may conduct periodic inspections of the business premises and evaluations of the products used and sold at the Franchised Business.

9.5 Delegation. Franchisee agrees that Franchisor shall have the right to delegate to third-party designees, whether Franchisor's agents or independent contractors with whom Franchisor has contracted, the performance of any portion or all of Franchisor's obligations under this Agreement, and any right Franchisor has under this Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisor in compliance with this Agreement.

9.6 Website. Franchisor and its affiliate have developed and maintain a website relating to the BPM Businesses (the "BPM Website"). Franchisor and its affiliates may market and sell from the BPM Website various products and services worldwide that may compete with Franchisee and other franchisees within and outside the Protected Area. The BPM Website as it may be developed and changed from time to time is Franchisor's sole property or the sole property of its affiliate. Franchisor may provide to Franchisee a page on or linked to the BPM Website.

9.7 Ongoing Advice and Assistance. Franchisor shall render ongoing advice and assistance to Franchisee in the operation of the Franchised Business as it deems necessary, and shall provide advice and written and/or electronic (digital) materials and/or applications concerning techniques of managing the Franchised Business, which may include new developments and improvements in restaurant equipment and in food products, packaging and preparation.

X. DUTIES OF FRANCHISEE

10.1 Maintenance and Renovation of the Franchised Business. Franchisee understands and acknowledges that every detail of the System is important to Franchisor, Franchisee and other franchisees so as to develop and maintain high and uniform operating standards, to increase the demand for BPM products and services and to protect the reputation and goodwill of Franchisor, the System and the Marks. Accordingly, Franchisee agrees that:

(a) Franchisee shall maintain, at all times during the Term, at Franchisee's expense, the premises of the Franchised Business and all fixtures, furnishings, signs, systems and equipment, in conformity with Franchisor's high standards and public image and to make such additions, alterations, improvements, repairs, and replacements (but no others, without Franchisor's prior written consent) as may be required by Franchisor from time to time, including but not limited to the following, at Franchisee's sole cost and expense:

i. To keep the Franchised Business in the highest degree of cleanliness, sanitation and repair, including but not limited to such periodic repainting, repairs or replacement of damaged or obsolete, furniture, fixtures and equipment, and replacement of obsolete signs, as Franchisor may reasonably direct;

ii. To meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchised Business; and

iii. For the Franchised Business to be able to offer new products or services or to permit the Franchised Business to operate more efficiently.

(b) In addition to the maintenance described in (a) above, Franchisee must complete a full reimaging, renovation, refurbish and modernization of the Franchised Business, within the time frame required by Franchisor, including the building design, parking lot, landscaping, equipment, point of sale system, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials, to meet the then-current design criteria for BPM Businesses, including but not limited to such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (a "**Franchised Business Renovation**"). Franchisee shall only be required to conduct a Franchised Business Renovation once during the Term and shall not be required to perform a Franchised Business Renovation if there is less than one (1) year remaining in the Term. Nothing herein shall be deemed to limit Franchisee's other obligations during the Term to operate the Franchised Business in accordance with Franchisor's standards and specifications for the System including but not limited to the obligations set forth in this Article X.

10.2 System Compliance. Franchisee shall operate the Franchised Business in strict conformity with such uniform methods, standards and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing to insure that the highest degree of quality, service and cleanliness is uniformly maintained, and Franchisee shall refrain from any deviation from such methods, standards and specifications, and shall refrain from otherwise operating in any manner which reflects adversely on Franchisor's name and goodwill or on the Marks or the System. In connection therewith, Franchisee agrees as follows:

(a) To maintain in sufficient supply, and use at all times, only such ingredients, products, materials, supplies, and paper goods that conform to Franchisor's standards and specifications, and to refrain from deviating from such standards and specifications by using nonconforming items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(b) To sell or offer for sale only such products and menu items that have been expressly approved for sale in writing by Franchisor, and that meet Franchisor's uniform standards of quality and quantity and have been prepared in accordance with Franchisor's methods and techniques for product preparation; including Franchisor's recipes, cooking techniques and processes as designated in the Manual. Franchisee shall not alter, dilute, substitute or otherwise change the quality or composition of any ingredients and materials. Franchisee acknowledges that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared menu items) shall be detrimental to the System and Marks;

(c) To sell or offer for sale the minimum menu items specified in the Manual or otherwise in writing;

(d) To refrain from any deviation from Franchisor's standards and specifications for preparing, serving or selling the menu items, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(e) Upon thirty (30) days' written notice from Franchisor, to sell or offer for sale only such food products or beverages produced by Franchisor's designated food or beverage suppliers in accordance with Section 10.3 below, and to discontinue selling or offering for sale such items as

Franchisor may, in its discretion, disapprove in writing at any time in its sole discretion;

(f) To use the premises of the Franchised Business solely for the purpose of conducting the Franchised Business, and to conduct no other business or activity from the premises, whether for profit or otherwise, without Franchisor's prior written consent, which Franchisor may withhold in its sole discretion;

(g) To keep the Franchised Business open and in normal operation during such business hours as Franchisor may prescribe from time to time in the Manual or otherwise in writing;

(h) To permit Franchisor or its agents, at any time during ordinary business hours, to remove from the Franchised Business samples of any ingredients, products, materials, supplies and paper goods used in the operation of the Franchised Business, without payment, in amounts reasonably necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications;

(i) To purchase, install and construct, at Franchisee's expense, all improvements, furniture, fixtures, equipment and signage specified in the approved standard plans and specifications, and such other furnishings, fixtures, equipment and signage as Franchisor may direct from time to time in the Manual or otherwise in writing, and to refrain from installing or permitting to be installed on or about the premises of the Franchised Business, without Franchisor's written consent, any improvements, furniture, fixtures, equipment or signage not first approved in writing by Franchisor in its sole discretion;

(j) To comply with and obey all applicable civil and criminal laws, ordinances, rules, regulations, rulings and orders of public authorities of every nature which in any way regulate or affect the operation of the Franchised Business including but not limited to obtaining all required food handling and other permits, certificates, business licenses, health department approvals and similar items;

(k) To pay promptly all taxes and business expenses; and

(l) To comply with all laws, ordinances, rules and regulations, rulings and orders of public authorities covering occupational hazards, accommodations for the disabled and equal access laws including but not limited to the Americans with Disabilities Act, workers' compensation insurance, and unemployment insurance.

10.3 Purchase of Products and Services; Designated and Approved Suppliers. The reputation and goodwill of BPM Businesses is based on, and can be maintained only by, the provision and sale of high-quality services and products and the provision, presentation and packaging of those services and products in an efficient and appealing manner. Franchisor has developed standards and specifications for various services, products, furniture, fixtures, signs, equipment and supplies incorporated in or used in connection with the services and products authorized for sale at BPM Businesses. Franchisor has also developed standards and specifications for suppliers of certain of the above products and services, including standards and requirements relating to product quality, prices, consistency, safety, reliability, financial capability, and customer relations. Franchisor will provide Franchisee with a list of designated and approved suppliers. Franchisee must purchase all fixtures, furniture, signs, equipment, and other equipment, materials, products and supplies, and certain services, including but not limited to design and architectural services, from distributors and suppliers that Franchisor has designated or approved (which may include Franchisor or its affiliates) and/or that conform to Franchisor's specifications and standards.

If Franchisor or an affiliate is a designated or an approved supplier, Franchisor has the right to make a profit on the sale of products or services to its franchisees. Franchisor reserves the right to receive rebates from any suppliers Franchisor has designated or approved.

Franchisor may approve a single distributor or supplier for any product or service and may approve a supplier only as to certain products or services. Franchisor may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of BPM Businesses franchised or operated by Franchisor or an affiliate. Franchisor may, if it chooses, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell these products at a profit to franchisees. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending Franchisor's continued evaluation of the supplier from time to time.

Franchisor may from time to time modify the list of designated suppliers, list of approved suppliers and list of approved products, furniture, fixtures, signs, play equipment, and other equipment, materials and supplies, and Franchisee may not, after receiving written notice of modification of the lists, reorder any such items that are no longer approved or reorder from a supplier that is no longer approved. If Franchisee would like to purchase any of the foregoing items of any brand or type or from a supplier which is not then approved, Franchisee must submit to Franchisor a written request for approval of the proposed product or supplier and such other information as Franchisor requires. Franchisor has the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered, at Franchisor's option, either directly to Franchisor or to any independent, certified entity which Franchisor designates for testing of the product. Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier and to revoke Franchisor's approval of the supplier or product if the supplier does not continue to meet all of Franchisor's criteria. Franchisor will, within thirty (30) days of Franchisee's request for approval, notify Franchisee as to whether or not the proposed product and/or supplier is approved.

Franchisee must use only signs, promotional supplies, branded merchandise, cups, boxes, bags, napkins, wrappers and other packaging, and any other items imprinted with the Marks ("Trademarked Products") as Franchisor prescribes from time to time. Franchisee must purchase the imprinted items only from designated suppliers licensed by Franchisor to duplicate the Marks on such items.

Franchisee will at all times maintain an inventory of approved products, materials and supplies in sufficient quantity and variety to realize the full potential of the Franchised Business.

10.4 Proprietary Products. In order to protect Franchisor's trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary products ("Proprietary Products"), Franchisor or an affiliate shall (i) manufacture, supply, and sell Proprietary Products to its franchisees, and/or (ii) disclose the formulae for and methods and preparation of the Proprietary Products to a limited number of suppliers who shall be authorized by Franchisor to manufacture Proprietary Products to Franchisor's precise specifications and sell Proprietary Products to its franchisees. Franchisee acknowledges that Franchisee may be required to purchase and use Proprietary Products from Franchisor or a limited number of suppliers so authorized by Franchisor in the operation of the Franchised Business and that Franchisee shall be required to maintain a sufficient inventory of the Proprietary Products as specified by Franchisor for the Franchised Business. Franchisor and/or its affiliates may profit from the sale of Proprietary Products to franchisees.

10.5 Advertising Standards; Approval Procedures. All local advertising by Franchisee shall be (i) in such media and of such type and format as Franchisor may approve in its sole discretion, and (ii) conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify from time to time. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in this Section. All advertising and promotional plans proposed to be used by Franchisee, except such plans and materials that have been previously approved by Franchisor, shall be submitted to Franchisor for Franchisor's written approval (except with respect to prices to be charged) prior to any use thereof. Franchisor shall endeavor to complete its review of Franchisee's proposed advertising and promotional plans within fifteen (15) days after Franchisor receives such plans. If written approval is not received by Franchisee from Franchisor within fifteen (15) days after receipt by Franchisor of such plans, Franchisor shall be deemed to have disapproved such plans. Franchisee agrees to cooperate with Franchisor in displaying Franchisor's franchising information within the premises of the Franchised Business or on local advertising used by Franchisee and Franchisee will not be entitled to any compensation for displaying any such information at Franchisor's request.

10.6 Delegation of Operating or Managing Duties. If at any time Franchisee proposes for the Franchised Business to be operated or managed by an Entity or individual other than Franchisee, Franchisor reserves the right to review and approve the operating or managing entity or individual and to require and approve an operating or management agreement prior to such party's assumption of operations. Franchisor may, in its sole discretion, reject the operating entity, the individual operator or the operating or management agreement. If approved by Franchisor, the operating entity and/or individual shall agree in writing to attend all training required by Franchisor and to comply with all of Franchisee's obligations under this Agreement as though such party were the franchisee designated therein, on such form as may be designated by Franchisor. The operation of the Franchised Business by any party other than Franchisee, without Franchisor's prior written consent, shall be deemed a material default of this Agreement for which Franchisor may terminate this Agreement pursuant to the provisions of Section 16.

10.7 Staffing. Franchisee agrees to staff the Franchised Business with the number of managers, assistant managers and employees sufficient to operate the Franchised Business in compliance with this Agreement and the standards and specifications in the Manual and to provide proper customer service during all hours of operation. Franchisee shall hire all employees of the Franchised Business, be exclusively responsible for complying with all employment laws and for all employment decisions and functions related to the operation of the Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, recordkeeping, supervision and discipline of employees. Franchisee shall implement a training program for said employees in compliance with Franchisor's requirements. Franchisee and Franchisor acknowledge that the employees of the Franchised Business are employees of Franchisee and not employees of Franchisor, that they should not be held out to third parties to be employees of Franchisor, and that Franchisee has the sole right to control employment and personnel policies and the day-to-day operations of the Franchised Business. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

10.8 Catering and Delivery Services. Franchisee shall offer and sell the following services in accordance with Franchisor's current standards, specifications and procedures as set forth in the Manual or otherwise in writing.

(a) Catering Services. Franchisee shall offer catering services to customers of the Franchised Business. In providing catering services, Franchisee shall (i) comply with all applicable health, sanitation, food handling, and food transportation requirements in connection with offering catering services, and (ii) shall purchase and maintain such vehicles, equipment and supplies necessary to offer catering services in compliance with Franchisor's standards, specifications and procedures. Franchisor shall have the right to revoke Franchisee's right to offer and sell catering services if Franchisor determines in its sole discretion that Franchisee is not maintaining Franchisor's standards, specifications and procedures for catering or not complying with all applicable health, sanitation, food handling, and food transportation requirements, or if

Franchisor determines in its sole discretion that offering such additional services is having an adverse impact on the quality of the operation of the Franchised Business.

(b) Third Party Delivery Services. Franchisee shall offer delivery to customers through Third Party Delivery Services unless such services are not available in Franchisee's market. A "Third Party Delivery Service" as used herein shall mean a company or business through which customers purchase menu items from the Franchised Business, that delivers said menu items to the customer at a location other than the Franchised Business. The Third Party Delivery Service typically charges the Franchisee a fee for this service which may be automatically deducted from the funds that are collected from the customer prior to disbursement of the funds by the Third Party Delivery Service to the Franchisee. Current examples of Third Party Delivery Services include, but are not limited to GrubHub, DoorDash, UberEats, ezCater. Franchisee shall, within seven (7) days of selling any menu items for the first time through a Third Party Delivery Service company, inform Franchisor in writing of the name of said company, and furnish Franchisor with access information to the websites of any Third Party Delivery Service being used in order to enable Franchisor to verify Franchisee's Gross Sales from all sources. This obligation shall apply to each Third Party Delivery Service company that submits an order to Franchisee's Store for the first time. Franchisor reserves the right to approve or disapprove any particular Third Party Delivery Service based on whether the service provided by the Third Party Delivery Service meets Franchisor's specifications and standards. Franchisee may be required to obtain and use software and/or applications required by Franchisor for the use of Third Party Delivery Services.

10.9 Security Agreement. In order to secure the prompt performance by Franchisor of the obligations of this Agreement, Franchisee hereby grants Franchisor a security interest in all rights, entitlements, licenses and interests granted under this Agreement or otherwise inuring to Franchisee by reason hereof, and all goods, wares, products, inventory, accounts, proceeds, furniture, equipment, fixtures, commercial tort claims, general intangibles and all other personal property interests of Franchisee arising or used in connection with the Franchised Business, whether at the Approved Location or elsewhere, and whether now owned or hereafter acquired by Franchisee. This Agreement shall, in and of itself, constitute a Security Agreement within the meaning of the Uniform Commercial Code. In addition, and as a supplement to this Agreement, Franchisee shall execute Franchisor's standard Security Agreement as set forth in Exhibit E to this Agreement In order to perfect the security interest granted hereby and by the Security Agreement attached hereto, Franchisee authorizes Franchisor to file any financing statement, continuation statement, statement of amendment, other statement or filing used or useful under the Uniform Commercial Code, including any amendment or replacement thereof, to perfect Franchisor's security interest as provided herein.

10.10 Computer/Point-of-Sale System Requirements. (a) Franchisee shall be required to purchase and use a point-of sale system, computer system and/or web-based platforms, including a customer order processing and inventory control system and/or cash register and credit/debit card system as specified by Franchisor in the Manual or otherwise in writing, and pay all associated fees. Franchisee is responsible for becoming proficient in the use of any required point-of-sale, computer systems and/or web-based platforms and software. Franchisee hereby grants to Franchisor without any further consent required, full access to, for any purpose or use related to the operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale system, computer systems and/or web-based platform. Franchisor shall have the right to require Franchisee to replace any of the components of your point-of-sale and/or computer systems if Franchisee deems the component to be (a) undersized or otherwise insufficient of the efficient operation and management of the Franchised Business, or (b) incompatible with Franchisor's computer system or the computer system that Franchisor designates for the franchise network use. Throughout the term of this Agreement, Franchisee shall be responsible for maintaining and upgrading as necessary all point-of-sale and/or computer hardware and software required to be used in the operation of the Franchised Business and shall be solely responsible for any and all consequences of not doing so.

(b) If Franchisor develops and custom designs a software program and hardware system for conducting accounting, inventory, point-of-sale or marketing functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Franchisor regarding the Software Program as provided from time to time in the Manual. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Franchisor. At such time as Franchisor requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with the Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Franchisor or its suppliers.

(c) Throughout the term of this Agreement, Franchisee must have and maintain high-speed access to the Internet for promoting and operating the Franchised Business and for communicating with and receiving information from Franchisor in the manner Franchisor designates, including but not limited to system-wide area computer networks, intranet system or extranet system. Franchisee shall use any system-wide computer network or intranet or extranet system in compliance with the Manual.

(d) Franchisee shall be solely responsible for protecting Franchisee's point-of-sale and computer systems from viruses, computer hackers and other computer-related and technology-related problems, and Franchisee releases Franchisor from all claims it may have as result of viruses, hackers or other computer-related or technology-related problems.

(e) Franchisee shall make arrangements for and accept payments systems which Franchisee designates from time to time, as part of the operation of the Franchised Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any procedures required by the Manual to prevent credit card fraud. Franchisee shall defend at its own cost and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Industry Data Security Standards or data privacy laws.

10.11 Gift Cards/Loyalty Programs. Franchisee agrees:

(a) to offer for sale gift cards and/or the loyalty program, which must be in the form and version designated by Franchisor ("Official Gift Card/Loyalty Program"), as it may be amended from time to time;

(b) not to offer for sale or give away any form of Gift Card or Loyalty Program other than the Official Gift Card/Loyalty Program;

(c) not to create Franchisee's own Gift Card or Loyalty Program;

(d) to accept and honor the Official Gift Card/Loyalty Program in exchange for product when presented for redemption at Franchisee's Store;

(e) to obtain and maintain whatever is the currently designated equipment and/or software necessary to process the authorized Gift Cards/Loyalty Program, which may be through a Mobile Application; and

(f) to comply with any policy promulgated by Franchisor regarding changes to the form and use of Gift Card/Loyalty Program, including transition periods for the phasing in of modifications to the Official Gift Card/Loyalty Program.

10.12 Appearance and Customer Service. Franchisee, its managers, employees and agents shall (i) maintain a clean and attractive appearance, including wearing uniforms required by Franchisor for brand recognition, (ii) give prompt, courteous, and efficient service to the public and (iii) otherwise operate the Franchised Business in strict compliance with the policies, practices, and procedures set forth in this Agreement and contained in the Manual, in order to preserve, maintain and enhance the reputation and goodwill of the System. Franchisee may not alter, change, or modify the System, the Franchised Business, the products, supplies or equipment in any way without the prior written consent and approval of Franchisor, which Franchisor may withhold in its sole discretion. Franchisor reserves the right to establish maximum resale prices for use with multi-area marketing programs and special price promotions.

10.13 Protection of Brand. Franchisee agrees to the following acknowledging that Franchisor must protect the brand and image of all BPM Businesses for the protection of Franchisor's Marks and the franchise system:

(a) Food Borne Illness and other Public Health or Safety Issues**.** Franchisor has the right to require Franchisee to close its Franchised Business if Franchisor determines that Franchisee's Franchised Business has deficiencies relating to food safety and cleanliness or other public health and safety issues. Franchisee may not reopen the Franchised Business until Franchisor has re-inspected the Franchised Business and determined that it meets Franchisor's standards. In the event of an outbreak of a food borne illness, or any other public health or safety issue that potentially could negatively impact Franchisor's Marks and brand, Franchisee must immediately notify Franchisor of such event, but no later than the next day following the occurrence. Further, Franchisee is strictly prohibited from speaking or communicating with the media in the event of an outbreak of a food borne illness or any other public health or safety issue, whether at Franchisee's Franchised Business or at any other BPM Business. Franchisor has the right to be the sole spokesperson on these issues.

(b) Restrictions Against Potentially Offensive Items. Franchisee is prohibited from displaying in the Franchised Business, or allowing any employees to wear, items that are potentially offensive to customers or other employees. By way of example only and not limiting the scope or applicability of this provision, such items include those that express any religious, political, or personal views. The Franchisor's determination in this regard shall be final.

(c) Anti-Discrimination. Franchisee shall not discriminate against any employees or against any customers (in the products or services that Franchisee provides or by refusing to provide products or services) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin, or disability. Franchisee will further comply with any anti-discrimination policies in the Manual.

10.14 Technology Use and Restrictions. (a) the terms website, Social Media, Mobile Application and Digital Marketing are defined as follows for purposes of this Agreement:

(i) Website. As used in this Agreement, a "website" is a collection of related web pages, including multimedia content, which is accessible via the

Internet, that Franchisor operates or authorizes others to operate and that refers to the BPM Businesses, the Marks, Franchisor and/or the System.

(ii) Social Media. As used in this Agreement, the phrase "Social Media" means interactive computer-mediated technologies that facilitate the creation and sharing of information, ideas, interests and other forms of expression via virtual communities and networks, such as Facebook, You Tube, LinkedIn, Twitter, Instagram, Pinterest, TikTok, blogs, or other similar communication methods.

(iii) Mobile Application. As used in this Agreement, a "Mobile Application" or Mobile App is a software application designed for use on mobile devices, such as smartphones and tablets, rather than desktop or laptop computers.

(iv) Digital Marketing. As used in this Agreement, "Digital Marketing" means the integrated marketing services used to attract, engage and convert customers online. Digital Marketing utilizes multiple channels such as content marketing, influencer marketing, SEO, social media and online advertising to help brands connect with customers.

(b) In connection with any Website, Social Media and/or Digital Marketing, Franchisee agrees as follows:

(i) Franchisee is prohibited from establishing or maintaining any Websites, Social Media accounts or domain names which incorporate any of the Marks, name or initials into its web address without the prior written authorization of Franchisor. Moreover, Franchisee is prohibited from establishing websites or domain names linking to Franchisor's websites without the prior written authorization of Franchisor.

(ii) Franchisor will have the sole right to create, establish, own, and control the BPM Website and any page for Franchisee's Franchised Business linked to the BPM Website.

(iii) Franchisor will have the sole right to create, establish, own, and monitor all Social Media postings for Franchisee's Franchised Business. Franchisee may participate in the content and maintenance of Social Media for Franchisee's Franchised Business, only in accordance with Franchisor's guidelines, specifications, standards, policies and procedures on Social Media that Franchisor may issue from time to time in the Manual or otherwise, and subject to Franchisor's right to alter or delete postings made by Franchisee.

(iv) Franchisee must engage in Digital Marketing in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Digital Marketing that Franchisor may issue from time to time in the Manual or otherwise in writing.

(c) Franchisor will have the sole right to develop Mobile Applications using the Marks and relating to the operation of the Franchised Business. Franchisor may require that Franchisee participate and use any Mobile Applications designated by Franchisor and must do so in compliance with Franchisor's guidelines, specifications, standards, policies or procedures on Mobile Applications that Franchisor may issue from time to time in the Manual or otherwise in writing.

10.15 Generative AI. Franchisee will not, without Franchisor's prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (collectively, "Generative AI") directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business, communications with customers, business planning, analysis or optimization, or in any social media. Franchisee acknowledges and agrees not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by Franchisor. In addition, Franchisee will prohibit its employees from using any Confidential Information in Generative AI. In the event Franchisee utilize any Generative AI, with or without Franchisor's prior approval, Franchisee must comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and must not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

XI. MARKETING

11.1 Advertising Fund. Franchisor reserves the right to administer a national advertising fund ("Advertising Fund"). If established, Franchisee's required contributions to the Advertising Fund is set forth in Section 3.3 of this Agreement.

If the Advertising Fund is established, Franchisor will be entitled to direct all advertising, marketing and promotional programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. Franchisee agrees that the Advertising Fund may be used to pay the costs of preparing and producing video, audio, digital and written advertising materials; administering national, regional or local advertising programs including, without limitation, direct mail and other media advertising, and employing advertising agencies to assist in those activities; establishing and maintaining the BPM Website; internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering and loyalty rewards program; intranet development supporting public relations; market research and marketing activities; providing advertising, marketing and promotional materials to BPM Businesses; and any and all other activities for the purpose of promoting the Marks and BPM Businesses. The Advertising Fund will furnish Franchisee with approved advertising, marketing and promotional materials at its direct cost of producing those materials.

The Advertising Fund will be a separate and distinct account and will be accounted for separately from the other funds of the Franchisor and will not be used to defray any of Franchisor's general operating expenses, except for any reasonable salaries, administrative costs and overhead Franchisor may incur in activities reasonably related to the administration of the Advertising Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Advertising Fund). Franchisor may spend in any fiscal year an amount greater or less than the total contribution of BPM Businesses to the Advertising Fund in that year. Franchisor may cause the Advertising Fund to borrow from Franchisor or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising, marketing and promotional costs of the Advertising Fund before other assets of the Advertising Fund are expended. Franchisor will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and will furnish it to Franchisee on written request.

Franchisee understands and acknowledges that the Advertising Fund is intended to maximize recognition of the Marks and patronage of BPM Businesses. Although Franchisor will endeavor to use the

Advertising Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all BPM Businesses, Franchisor undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Advertising Fund by BPM Businesses operating in that geographic area or that any BPM Business will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Except as expressly provided in this Section 11.1, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction, or administration of the Advertising Fund.

Franchisor reserves the right, in its sole discretion, to establish, terminate or discontinue the Advertising Fund upon thirty (30) days' notice to Franchisee. All unspent monies on the date of termination or discontinuance shall be distributed to franchisees of Franchisor in proportion to their respective contributions made to the Advertising Fund during the previous twelve (12) month period. Franchisor shall have the right to reinstate the Advertising Fund upon the same terms and conditions herein set forth upon thirty (30) days' prior written notice to Franchisee.

11.2 Technology Fund. Franchisor reserves the right to administer a technology fund ("Technology Fund"). If established, Franchisee's required contributions to the Technology Fund is set forth in Section 3.5 of this Agreement.

If the Technology Fund is established, Franchisor shall be entitled to direct all technology research and development programs financed by the Technology Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the allocation of the programs. The Franchisee agrees that the Technology Fund may be used to pay the costs of research, development, implementation, and support of new technology, as well as the modifications and updates of existing technology, including, but not limited to, platforms such as hosting, integration development, server infrastructure, application, and software development and support. The Technology Fund will furnish Franchisee with approved technology and support on the same terms and conditions as such technology and support are furnished to other BPM franchisees.

The Technology Fund will be a separate and distinct account, and will be accounted for separately from the other funds of the Franchisor and will not be used to defray any of the Franchisor's general operating expenses, except for any reasonable salaries, administrative costs and overhead the Franchisor may incur in activities reasonably related to the administration of the Technology Fund and its technology research and development programs (including, without limitation, conducting research, integrating and supporting new technologies, and collecting and accounting for contributions to the Technology Fund). Franchisor may spend in any fiscal year an amount greater or less than the total contribution of franchisees to the Technology Fund in that year. Franchisor may cause the Technology Fund to borrow from the Franchisor or other lenders to cover deficits of the Technology Fund or cause the Technology Fund to invest any surplus for future use by the Technology Fund. All interest earned on monies contributed to the Technology Fund will be used to pay the costs of research, development, implementation and support of new technology of the Technology Fund before other assets of the Technology Fund are expended. The Franchisor will prepare an annual statement of monies collected and costs incurred by the Technology Fund and will furnish it to the Franchisee on written request.

The Franchisee understands and acknowledges that the Technology Fund is intended to maximize technological innovations within the System. Although Franchisor will endeavor to use the Technology Fund to develop and implement technologies in a manner that will benefit all franchisees, the Franchisor undertakes no obligation to ensure that any franchisees will benefit directly or in proportion to their contribution to the Technology Fund from the development of new technologies. Except as expressly provided in this Section 11.2, Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Technology Fund.

11.3 Local Advertising. Beginning on the date of opening of the Franchised Business, in addition to the requirement for Franchisee to contribute to the Advertising Fund, each Period Franchisee must spend a minimum of one percent (1%) of the Gross Sales of the Franchised Business on local advertising, marketing and promotion. Such expenditures will be made directly by Franchisee, subject to Franchisor's approval and direction. At Franchisor's request, Franchisee must furnish to Franchisor in a manner approved by Franchisor an accurate accounting of Franchisee's local advertising and marketing expenditures for each year.

XII. INSURANCE

12.1 Insurance Program. Franchisee shall procure, by the deadlines listed in Section 12.2, and shall maintain in full force and effect during the Term at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, members, managers, employees, agents and invitees, against any loss, liability, or expense whatsoever from personal injury, death or property damage or casualty, including fire, lightning, theft, vandalism, malicious mischief, and other perils normally included in an extended coverage endorsement arising from, occurring upon or in connection with the construction, operation or occupancy of the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection.

12.2 Insurance Requirements. Such policy or policies shall be written by an insurance company satisfactory to Franchisor, and shall include, at a minimum the following coverage:

(a) **Workers' Compensation Insurance**, with statutory limits as required by the laws and regulations applicable to the employees of Franchisee who are engaged in the performance of their duties relating to the Franchised Business, including any pre-opening training programs, as well as such other insurance as may be required by statute, ordinance or regulation of the state or locality in which the Franchised Business is located; Franchisor reserves the right to require that owners and executive officers not be excluded from this coverage. Such coverage must be obtained on or before the date Franchisee hires any employees.

(b) **Employer's Liability Insurance**, for employee bodily injuries, and deaths, with a limit of $500,000 each accident; and for employee disease with a limit of $500,000; Such coverage must be obtained on or before the date Franchisee hires any employees;

(c) **Comprehensive or Commercial General Liability Insurance,** covering claims for bodily injury, death and property damage, including Premises and Operations, Independent Contractors, Products and Completed Operations, Personal Injury, Contractual, and Broad Form Property Damage Liability coverages, to be obtained by the date the Approved Location has been determined, with limits as follows:

> Occurrence/Aggregate Limit of $1,000,000 for bodily injury, death and property damage each occurrence and $2,000,000 for general aggregate; $2,000,000 for Products/Completed operations in the aggregate, $1,000,000 each occurrence; and $1,000,000 personal advertising injury.

(d) **Comprehensive Automobile Liability Insurance,** if applicable, covering owned, non-owned and hired vehicles, to be obtained prior to the use of any vehicles in the operation of the Franchised Business, with limits as follows:

> Combined Single Limit of $1,000,000 for bodily injury, death and property damage per occurrence or Split liability limits of:
>
> - $500,000 for bodily injury per person
> - $500,000 for bodily injury per occurrence
> - $250,000 for property damage;

(e) **All Risk Property Insurance,** on a replacement cost basis, with limits as appropriate, covering the real property of Franchisee and any real property which Franchisee may be obligated to insure by contract. Such real property may include, but is not limited to, buildings, equipment, furniture, fixtures and inventory; Such coverage must be obtained prior to the delivery of installation of any equipment, furniture, fixtures, or inventory are delivered to the premises of the Franchised Business.

(f) **Umbrella/Excess Liability Insurance** on a Follow Form basis with a limit of $1,000,000 per occurrence and in the aggregate with Employer's Liability, General Liability, Auto Liability and as applicable, Liquor Liability; to be obtained by the date the Approved Location has been determined;

(g) **Business Interruption Insurance,** covering Franchisee's loss of revenues and ongoing expenses and to cover any amounts due and owing to Franchisor under this Agreement, including but not limited to the royalties, advertising fund contributions, technology fund fees, and technology fees that would have been made by Franchisee had the business interruption not occurred, based upon the average of receipts of the Franchised Business for the trailing twelve months prior to the interruption, in an amount not less than the actual loss resulting from an interruption of business for a minimum of twelve (12) months; to be obtained prior to the opening of the Franchised Business; and

(h) **Cyber Insurance,** covering breach, system failure, extortion and crime coverage with a limit of $50,000 each occurrence and in the aggregate; to be obtained prior to the installation and use of the computer system for the Franchised Business.

12.3 Additional Insurance Requirements. All such policies of insurance shall be placed with an insurance company that has a claims rating ability of at least A- from A.M. Best and shall provide that the same shall not be canceled, modified or changed without first giving thirty (30) days' prior written notice thereof to Franchisor. No such cancellation, modification or change shall affect Franchisee's obligation to maintain the insurance coverages required by this Agreement. Except for Workers' Compensation Insurance, Franchisor shall be named as an Additional Insured on a primary and non-contributory basis for ongoing and completed operations on all such required policies. Workers' Compensation Insurance, General Liability, Auto Liability, and Umbrella/Excess Liability policies shall include a waiver of subrogation in favor of Franchisor. All liability insurance policies shall be written on an "occurrence" policy form. Franchisee shall be responsible for payment of any and all deductibles from insured claims under its policies of insurance. Franchisee shall not satisfy the requirements of this Article XII unless and until certificates of such insurance, including renewals thereof, have been delivered to Franchisor. Franchisee shall not self-insure any of the insurance coverages required by this Agreement, or non-subscribe to any state's applicable workmen's compensation laws without the prior written consent of Franchisor which Franchisor may withhold. Franchisor shall have the right, at any time during the Term to increase the minimum limits of insurance coverage or otherwise modify the insurance requirements of this Agreement upon written notice in the Manual or as otherwise prescribed by Franchisor in writing. If Franchisee shall fail to comply with any of the insurance requirements contained in this Article XII, upon written notice to Franchisee by Franchisor, Franchisor may, without any obligation to do so, procure such insurance and Franchisee shall pay Franchisor, upon demand, the cost thereof plus interest at the maximum rate permitted by law, and an administrative fee equal to ten percent (10%) of the cost of the insurance.

12.4 Primary Coverage. Franchisee agrees that all insurance policies obtained by Franchisee pursuant to this Article XII shall be primary coverage, the applicable limits of which shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to Franchisor. In the event payments are required to be made under Franchisor's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, then Franchisee hereby agrees to reimburse, hold harmless and indemnify Franchisor and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use its best efforts to obtain an endorsement on each policy it obtains pursuant to this Article XII stating as follows:

> The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to BPM Franchise Corp., an Illinois corporation. All insurance coverage obtained by BPM Franchise Corp. shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

12.5 No Limitation on Coverage. Franchisee's obligation to obtain and maintain the foregoing policy or policies of insurance in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Article XIX of this Agreement.

12.6 Issuance of Insurance. Franchisee must obtain the insurance required by this Agreement no later than fifteen (15) days before the date on which any construction or build-out at the premises of the Franchised Business is commenced. The Franchised Business shall not be opened for business prior to Franchisor's receipt of satisfactory evidence that all insurance required by this Agreement is in effect. Upon obtaining such insurance, and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment therefore to Franchisor, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor.

XIII. CONFIDENTIAL INFORMATION

13.1 Definition. For purposes of this Agreement, the term "Confidential Information" means information relating to Franchisor or the System that is not generally available to the public, including the Manual, operational standards, specifications, procedures and methods, recipes and food and preparation methods, prepared mixes, products, supplies, equipment, marketing, advertising and promotional material and methods, and accounting systems, and all other information and know-how relating to the methods of developing, operating and marketing the Franchised Business and the System. Further, Confidential Information shall include all customer information, lists, data and records of the Franchised Business. Confidential Information does not include information Franchisee can demonstrate came to Franchisee's attention through legal methods other than by disclosure by Franchisor, or which, at the time of disclosure thereof by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

13.2 Maintenance of Confidential Information. During the Term, and after the expiration or termination of this Agreement, Franchisee must use its best efforts to protect the Confidential Information. Accordingly, Franchisee must not communicate, divulge, or use for the benefit of any other person, persons or entity, any part of the Confidential Information. Franchisee may divulge such Confidential Information only to such employees of Franchisee who must have access to it in order to carry out Franchisee's obligations under this Agreement, and as may be required by law, provided

Franchisee shall give Franchisor prior written notice of any such required disclosure by law immediately upon receipt of notice by Franchisee in order for Franchisor to have the opportunity to seek a protective order or take such other actions as it deems appropriate under the circumstances. Franchisor reserves the right to require Franchisee, or any of its owners, officers, partners, principals, managers, and employees having access to the Confidential Information to execute a confidentiality agreement or similar instrument(s) containing restrictions as those provided in this Section and, as applicable, throughout this Agreement. Such requirement shall not create an employee or joint employee relationship between Franchisor and Franchisee's employees, nor does it constitute control by Franchisor over Franchisee's employment matters.

XIV. COVENANTS

14.1 Franchisee's Best Efforts. Franchisee covenants that, during the Term, except as otherwise approved in writing by Franchisor, Franchisee and its Designated Manager shall devote full time energy and best efforts to the development and promotion of the Franchised Business and to the management and operation of the Franchised Business. In the event that Franchisor determines, in its sole discretion, that Franchisee and/or its Designated Manager are not devoting full time, energy and best efforts to the management, operation and promotion of the BPM Business, Franchisor shall deliver written notice of such failure to Franchisee and designate a reasonable time in which Franchisee must cure this deficiency.

14.2 Non-Competition and Non-Solicitation During Term. Franchisee acknowledges that Franchisee will receive valuable, specialized training and the Confidential Information. Franchisee covenants that, during the Term, Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, shall not, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity:

(a) Divert or attempt to divert any business or customer of the Franchised Business to a Competitive Business (defined in Section 14.5) by direct or indirect inducements or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;

(b) Have any ownership interest in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business. However, this covenant shall not apply to any business operated by Franchisee under a franchise agreement with Franchisor or any of its Affiliates.

14.3 Post-Termination Covenants. Franchisee covenants that Franchisee and any of its shareholders, officers, directors, members, managers, partners and guarantors, either directly or indirectly, for itself or themselves or on behalf of, or in conjunction with, any other person or entity, regardless of the cause for termination shall not:

(a) For a period of two (2) years following the expiration or termination of this Agreement, have any ownership interest in, maintain, operate, engage in, serve as a director, officer, manager, employee, consultant or representative of, grant a franchise to, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a Competitive Business that is located within a radius of five (5) miles of (i) the location specified in the Approved Site Location Addendum as described in Article I or (ii) the location of any other BPM Business, whether owned by Franchisor or any other BPM franchisee, in existence as of the date of expiration or termination of this Agreement. This restriction will not apply to the ownership of less than 2% of the outstanding shares of a publicly-traded security. Franchisee and its officers, directors, shareholders, managers, members, partners and guarantors expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting those skills. As a result, adherence to this restriction will not deprive them of their personal goodwill or ability to earn a living.

14.4 Nondisclosure and Noncompetition Agreement. Franchisee must have its shareholders, officers, directors, members, managers, partners, guarantors, supervisory and principal employees, including managers and assistant managers (as a condition to their employment), anyone Franchisee may choose to send to training, and anyone who has access to the Manual or any of Franchisor's proprietary information or Confidential Information, execute Franchisor's standard Nondisclosure and Noncompetition Agreement (which is an exhibit to the Franchise Disclosure Document and as may be updated in the Manual) before performing any work at the Franchised Business or otherwise having access to Franchisor's proprietary information. A copy of all the signed agreements shall be delivered to Franchisor within one (1) week of their execution. The failure of Franchisee to obtain execution of such Nondisclosure and Noncompetition Agreements as required by this Section shall constitute a material breach of this Agreement.

14.5 Competitive Business. For purposes of this Article XIV, a "**Competitive Business**" is defined as any retail establishment that derives more than ten percent (10%) of its gross sales from burritos, tacos, tortas, taco salads, fajitas, parrilla grill, enchiladas, and other Mexican specialties.

14.6 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article XIV, is held unenforceable by a court or other tribunal having jurisdiction on a final decision, then Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Article XIV.

14.7 Right to Reduce Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article XIV, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article XXIII.

14.8 Injunctive Relief. The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by Franchisee of any of the covenants contained in this Article XIV. It is further agreed and acknowledged that any violation by Franchisee of any of said covenants will cause irreparable harm to Franchisor. Accordingly, Franchisee agrees that upon proof of the existence of a violation of any said covenants, Franchisor will be entitled to injunctive relief against Franchisee in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorneys' fees incurred by Franchisor in bringing such action.

14.9 Interpretation. ALL PARTIES TO THIS AGREEMENT ACKNOWLEDGE THAT THIS SECTION HAS BEEN FULLY NEGOTIATED AND HAS BEEN ENTERED INTO FREELY. If any provision of this Article XIV shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent to make the provision valid. This Article XIV shall not be interpreted against either party as drafter.

XV. TRANSFERABILITY OF INTEREST

15.1 Transfer by Franchisor**.** This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to transfer or assign its interest in this Agreement to any person, persons or Entity. If Franchisor's assignee assumes all the obligations of Franchisor hereunder and sends Franchisee written notice of the assignment so attesting, Franchisor will have no further obligation under this Agreement, and Franchisee agrees promptly to execute a general release of Franchisor and its Affiliates, from claims or liabilities of Franchisor under this Agreement.

15.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Agreement in reliance on Franchisee's business skills and financial capacity. Accordingly, neither (i) Franchisee, nor (ii) any immediate or remote successor to Franchisee, nor (iii) any individual or any Entity which directly or indirectly owns any interest in Franchisee or in this Agreement, shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise encumber any direct or indirect interest in (i) this Agreement, (ii) Franchisee, or (iii) a substantial portion of the assets of the Franchised Business without the prior written consent of Franchisor. Acceptance by Franchisor of any royalty fee, advertising fund contributions, technology fund fees, or any other amount accruing hereunder from any third party, including but not limited to any proposed transferee, shall not constitute Franchisor's approval of such party as a transferee or the transfer of this Agreement to such party. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void, and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 16.2(e) of this Agreement.

15.3 Conditions of Consent. Franchisor shall not unreasonably withhold its written approval of a transfer, provided Franchisee and the assignee or transferee have met all of the following conditions as determined by Franchisor in its sole discretion:

(a) Franchisee shall not be in default under this Agreement or any agreement with Franchisor and its Affiliates at the time Franchisee requests the right to transfer the franchise or at the time the Franchised Business is to actually be transferred. All accounts payable and other monetary obligations to Franchisor and its Affiliates shall be paid in full;

(b) Franchisee shall have agreed to remain obligated under the covenants contained in Article XIV hereof as if this Agreement had been terminated on the date of the transfer;

(c) The transferee must be of good moral character and reputation, in the reasonable judgment of Franchisor;

(d) Franchisor shall have determined, to its satisfaction, that the transferee's qualifications meet Franchisor's then-current criteria for new franchisees;

(e) The terms and conditions of the proposed transfer, including all financial terms of the proposed transfer, shall be provided in writing to Franchisor at least fifteen (15) business days prior to the proposed effective date of the transfer, and shall be approved in writing by Franchisor;

(f) The transferee shall execute, at Franchisor's option, (i) written assignment, in form satisfactory to Franchisor, pursuant to which the transferee shall assume all of the obligations of Franchisee under this Agreement and any other agreement relating to the Franchised Business to be transferred; or (ii) the then-current form of BPM Franchise Agreement and such other then-current ancillary agreements as Franchisor may reasonably require. The then-current form of the Franchise Agreement may contain new or significantly different terms, including but not limited to a higher royalty fee, advertising fund contribution, technology fund fee and less territorial protection than contained in this Agreement. The then-current form of the Franchise Agreement will expire on the expiration date of this Agreement and will contain the same renewal rights, if any, as are available to Franchisee under this Agreement;

(g) Franchisee shall execute a general release in favor of Franchisor and its Affiliates of any claims it may have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successors and assigns relating to the Franchised Business, unconditionally releasing them from any and all claims Franchisee might have against Franchisor and its Affiliates, or their shareholders, officers, directors, members, managers, employees and agents, predecessors, successor and assigns, as of the date of the assignment;

(h) The transferee shall agree at its sole cost and expense, to complete a Franchised Business Renovation, within the time frame required by Franchisor, unless a Franchised Business Renovation was completed less than three (3) years prior to the date of the transfer, and perform such other scope of work as may be determined by Franchisor;

(i) The transferee and such other individuals as may be designated by Franchisor in the Manual or otherwise in writing, must have successfully completed the training courses then in effect for new franchisees which will be covered by the Transfer Fee paid. However, the Transferee shall be responsible for payment for any onsite training fees incurred for onsite training conducted by Franchisor after the transfer;

(j) The transferee's Entity's operating agreement, bylaws, partnership agreement or equivalent governing document shall provide that further assignments or transfers of any interest in the Entity are subject to all restrictions imposed upon assignments and transfers in this Agreement;

(k) Franchisee shall, at Franchisor's option and request, execute a written guarantee of the transferee's obligations under this Agreement, which guarantee shall not exceed a period of three (3) years from the date of the transfer;

(l) Transferee obtains an assignment of Franchisee's existing lease with the lessor's written consent or executes a new lease with the lessor for the premises of the Franchised Business and the remaining term of the assigned lease or the term of the new lease plus any renewals equals the franchise term hereunder; and

(m) Except as provided for in Section 15.4 below, prior to the proposed transfer, Franchisee shall pay to Franchisor a non-refundable transfer fee equal to Fifteen Thousand Dollars ($15,000.00). The transfer fees required cover Franchisor's administrative expenses in connection with the transfer.

15.4 Transfer to a New Entity or Existing Franchisee. If a proposed transfer is (i) individual owners assigning this Agreement to a newly established Entity pursuant to Section 6.1 of this Agreement; or (ii) among existing shareholders, partners or members of Franchisee the transfer fees shall be One Thousand Five Hundred Dollars ($1,500.00). In the event of such transfer, Franchisor reserves the right to waive conditions or requirements contained in Section 15.3 in its sole discretion and to require the Principals of the transferee to execute a Guaranty and Assumption of Franchisee's Obligations as required by Section 6.1.

15.5 Grant of Security Interest. Franchisee shall grant no security interest in any of its assets without the prior written consent of Franchisor and unless the secured party agrees that, in the event of any default by Franchisee under any documents related to the security interest (i) Franchisor shall be provided with notice of default and given a reasonable time within which to cure said default, (ii) Franchisor shall have the right and option, but not the obligation, to be substituted as obligor to the secured party and to cure any default of Franchisee or to purchase the rights of the secured party upon payment of all sums then due to such secured party, except such amounts which may have become due as a result of any acceleration of the payment dates based upon Franchisee's default and (iii) the secured party shall agree to such other requirements as Franchisor, in its sole discretion, deems reasonable and necessary to protect the integrity of the Marks and the System. In the event Franchisor purchases the rights of the secured party in any assets, upon payment of all sums then due to such secured party, Franchisor shall receive title to such assets. Under no circumstances that Franchisee grant a security interest in this Agreement or the franchise granted hereunder.

15.6 Transfer on Death or Mental Incapacity. Upon the death or mental or physical incapacity of any person with an interest in this Agreement as determined by a physician, the Franchised Business or Franchisee, the executor, administrator, or personal representative of such person shall transfer his interest to a third party approved by Franchisor within twelve (12) months after such death or mental incapacity. Such transfer, including but not limited to transfer by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Article XV, the personal representative of the deceased Franchisee shall have a reasonable time, but in no event more than twelve (12) months from Franchisee's death, to sell or transfer the deceased's interest in this Agreement and the Franchised Business, which sale or assignment shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement. If the interest is not sold or assigned within the twelve (12) month period, Franchisor may terminate this Agreement.

Upon request by Franchisee's executor, administrator, or personal representatives, Franchisor, in its sole discretion, may agree to enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisee's executor, administrator or personal representative transfers Franchisee's interest in the Franchised Business as provided herein. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee for such management service, which shall not exceed Six Hundred Dollars ($600) per person per day, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as Franchisor is operating the Franchised Business. Franchisee further acknowledges that if Franchisee temporarily operates the Franchised Business on Franchisee's behalf under this Section 15.6, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Section 15.6. Nothing herein shall require Franchisor to operate the Franchised Business upon the request of Franchisee's executor, administrator or personal representative.

15.7 Involuntary Transfers. Involuntary transfers of this Agreement by Franchisee are not binding on Franchisor and constitute grounds for the termination of this Agreement without the opportunity to cure. Franchisee agrees that using this Agreement as security for a loan or otherwise encumbering this Agreement is prohibited, unless Franchisor specifically consents to such action in writing prior to the proposed transaction. Franchisee shall not grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by Franchisee under it. Any attempt to transfer this Agreement in whole or part, or any material portion or property used by Franchisee in connection with this Agreement, whether or not binding on Franchisor, shall be grounds for the termination of this Agreement without the opportunity to cure, unless the transfer is authorized in writing by Franchisor.

15.8 Transfer by Court Order. If a court of competent jurisdiction orders an individual owner of Franchisee to transfer to his or her spouse all or any part of Franchisee's interest in this Agreement or the Franchised Business, or any of the assets of the Franchised Business, such an order shall constitute a transfer under the terms of this Agreement and shall cause the transferee to be subject to all of the terms and conditions concerning transfers set forth in this Agreement.

15.9 Right of First Refusal.

15.9.1 Franchisee grants to Franchisor the right, but not the obligation, to acquire the Franchised Business on the same terms and conditions specified in a bona fide written offer from a qualified third party. However, Franchisor may substitute the cash equivalent for any portion of the purchase price to be paid by non-cash consideration. Franchisor may purchase the interest for itself or assign its right without recourse to a nominee who will purchase the interest directly from Franchisee. Franchisee shall notify Franchisor in writing of the terms and conditions of each proposed transfer, including the interest proposed to be transferred, the purchase price or other consideration to be paid, any financing terms being extended by Franchisee, the date of the proposed transfer and all other pertinent provisions of the proposed sale. In addition, a copy of the contract, agreement, memorandum of sale, deposit receipt, or letter of intent shall also be forwarded to Franchisor as soon as it is received by Franchisee. Following its receipt of all pertinent data and documents concerning the proposed transfer, including any additional data concerning the transaction requested by Franchisor from Franchisee, Franchisor shall have thirty (30) days within which to advise Franchisee in writing of Franchisor's election to acquire the interest proposed to be transferred on the same terms and conditions agreed to by the prospective transferee. Should Franchisor elect to acquire the interest proposed to be transferred pursuant to its right of first refusal, Franchisee and Franchisor shall cooperate to consummate the transfer. The date for the completion of the transfer may be extended at Franchisor's option for up to thirty (30) days beyond the date originally indicated for the completion of the transfer in order to allow the completion of the transaction in a manner more convenient to Franchisor. The above right of first refusal provisions shall apply to any sale, pledge, assignment, trade or transfer of any ownership interests in the Entity.

15.9.2 If Franchisor does not elect to purchase the interest proposed to be transferred, Franchisee may complete the proposed transfer on the terms and conditions set forth in its notice to Franchisor subject to Franchisor's right to approve the proposed transferee and the terms and conditions set forth under Section 15.3 above. However, if there are any changes in the terms and conditions of the proposed transfer after Franchisee notifies Franchisor of the proposed transfer, including any changes in the terms and conditions occurring after Franchisor notifies Franchisee of its election not to purchase the interest pursuant to its right of first refusal, Franchisee must notify Franchisor of the changes in writing and Franchisor shall have an additional thirty (30) days within which to elect to purchase the interest proposed to be transferred on the revised terms and conditions. If the proposed transfer is not completed for any reason after Franchisor elects not to purchase the interest being transferred, Franchisor's right of first refusal is reinstated as to any later proposed sales or transfers by Franchisee.

XVI. DEFAULT AND TERMINATION

16.1 Termination Without Notice Due To Insolvency. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; if Franchisee is adjudicated bankrupt or insolvent; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under applicable law of any jurisdiction should be instituted by Franchisee or against Franchisee and not opposed by Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's property or business; if suit to foreclose any lien or mortgage against the premises or equipment of the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereon by any sheriff, marshal or constable.

16.2 No Cure Period. Franchisee shall be in default under this Agreement and Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted to Franchisee, without affording Franchisee any opportunity to cure the same effective upon receipt of notice from Franchisor to Franchisee, upon occurrence of any of the following events:

(a) Franchisee fails to obtain site approval for the Franchised Business within twelve (12) months of the date of the execution of this Agreement; or Franchisee fails to open the Franchised Business with Franchisor's approval as required in Section 6.6 within thirty-six (36) months of the date of the execution of this Agreement. However, Franchisor may in its sole discretion extend this period for matters not within control of Franchisee or for other mutually agreed upon grounds;

(b) Franchisee at any time ceases to operate the Franchised Business for forty-eight (48) hours or more or otherwise abandons the Franchised Business, or loses the right to possession of the premises of the Franchised Business, or causes its lease for the premises of the Franchised Business to be terminated, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located. However, if, through no fault of Franchisee, the premises are damaged or destroyed by an event not within the control of Franchisee such that repairs or reconstruction cannot be completed within six (6) months thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate the Franchised Business and/or reconstruct the premises, which approval shall not be unreasonably withheld, provided Franchisee is not then in default under this Agreement or any other agreement between Franchisee and Franchisor or any of its Affiliates, but may be conditioned upon the payment of an agreed minimum royalty to Franchisor during the period in which the Franchised Business is not in operation;

(c) Franchisee, or any of its shareholders, members, managers, partners, officers, directors or guarantors, is indicted for, convicted of, or pleads guilty to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, or the goodwill associated with the System and the Marks, or Franchisor's interest in the System or the Marks;

(d) Franchisee, or any of its shareholders, members, managers, partners, officers or directors verbally or physically assaults or abuses any other franchisee, any officer, director, member, manager or employee of Franchisor or any of its Affiliates, customers or employees of Franchisee, after receiving a verbal or written warning against this conduct from Franchisor regarding this conduct;

(e) Franchisee, or any of its shareholders, members, managers, partners, officers or directors, transfers, hypothecates, pledges, sells, or assigns all or any part of this Agreement, the Franchised Business, the Franchisee Entity or any interest in the Franchisee Entity, or any material portion of the property associated with the Franchised Business or attempts to sublicense to another party any of the rights or property licensed to Franchisee under this Agreement without first receiving written authorization from Franchisor;

(f) Franchisee, or any of its shareholders, members, managers, partners, officers, directors, guarantors or principal employees violate any provisions under the Noncompetition and Nondisclosure Agreement;

(g) Contrary to the terms of Article VII hereof, Franchisee or any of its shareholders, members, managers, partners, officers, directors or principal employees discloses or divulges the contents of the Manual or other Confidential Information, or participates in the unauthorized use of the Confidential Information;

(h) An approved transfer is not effected as required by Section 15.6, following Franchisee's death or mental incapacity;

(i) Franchisee knowingly maintains false books or records, submits any false reports to Franchisor or otherwise commits an act of fraud with respect to Franchisee's acquisition or performance of this Agreement;

(j) Franchisee or any Affiliate of Franchisee defaults under any other agreement with Franchisor or its Affiliates, or any predecessor or successor to Franchisor, including but not limited to another franchise agreement or an area development agreement, and such agreement is thereafter terminated. For purposes of this Section 16.2(j), "Affiliate of Franchisee" means a corporation, partnership or limited liability company whose equity is owned in whole or in part by (i) Franchisee, (ii) one or more of Franchisee's shareholders, partners or members, (iii) one or more parent, spouse, sibling, child or grandchild or another blood relation of a shareholder, partner or member of Franchisee, or (iv) any other entity of which Franchisee is a shareholder, partner or member.

(k) Franchisee defaults more than once in any twelve (12) month period under Sections 16.4 or 16.5, for failure to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

(l) Franchisee sells unapproved products or goods from or through the Franchised Business;

(m) Franchisee relocates the Franchised Business without obtaining Franchisor's advanced written permission as required by this Agreement;

(n) Franchisee denies Franchisor, or its designee, the right to inspect the premises of the Franchised Business;

(o) Franchisee lease or sublease for the premises of the Franchised Business is terminated or expires and Franchisee is unable to retain possession of the premises of the Franchised Business and fails to relocate in accordance with Section 6.7;

(p) Franchisee fails to timely pay any lender to whom Franchisor has guaranteed Franchisee's obligations, or if Franchisor has entered into any financing arrangement with Franchisor (i) more than three (3) times if the default is cured, or (ii) one time if the default is not cured during the financing term; and

(q) Franchisee fails to timely pay any vendors, suppliers or the lessor of the premises of the Franchised Business more than three (3) times during the term of this Agreement;

(r) Franchisee has made any material misrepresentation or omission in its application for the franchise; and

(s) Franchisee has received three (3) or more notices for the same default during the term, regardless of whether the default was cured after receipt of notice.

16.3 Five-Day Cure Period. Except as provided in Sections 16.1, 16.2 and 16.3 of this Agreement, Franchisor shall have the right to terminate this Agreement if Franchisee commits any of the following breaches and fails to cure the same within five (5) days following Franchisor's written notice to Franchisee:

(a) Franchisee fails to pay any money owed to us, including but not limited to royalties, advertising fund contributions and any other financial obligations owed to Franchisor by Franchisee; or Franchisee fails to submit monthly gross sales reports necessary for a determination of the amount of fees due;

(b) Franchisee fails to pay for any products, supplies or equipment, or fails to pay any fees or other amounts due to Franchisor, or any of its Affiliates or assigns of Franchisor, or Franchisee fails to pay third parties for amounts related to the operation of the Franchised Business within the applicable time period;

(c) Franchisee fails to submit to Franchisor such reports or other financial statements required to be delivered to Franchisor by Franchisee when due, or fails to submit any other report or statement to Franchisor or its Affiliates required by this Agreement or otherwise requested by Franchisor or its Affiliates, by its due date;

(d) A threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Franchised Business; or Franchisee violated any law, regulation, or order or any guideline set forth in the Manual relating to health, sanitation or safety;

(e) Franchisee uses the Marks in any unauthorized manner or is otherwise in default of the provisions of Article V hereof; or

(f) Franchisee fails to maintain insurance as required by this Agreement.

16.4 Thirty-Day Cure Period. Except as provided in Sections 16.1, 16.2 and 16.3 of this Agreement, Franchisor shall have the right to terminate this Agreement if Franchisee commits any of the following breaches and fails to cure the same within thirty (30) days following Franchisor's written notice to Franchisee:

(a) Franchisee fails or refuses to maintain and operate its Franchised Business in compliance with this Agreement, the System and the Manual (other than in a manner that constitutes a default of Sections 16.1, 16.2 or 16.3 for which those sections are controlling), including, but not limited to failing to complete a Franchised Business Renovation, within the time frame required by this Agreement, at Franchisee's expense; or

(b) Franchisee fails to comply with any other term or condition in this Agreement not specifically listed in Sections 16.1, 16.2, or 16.3 above.

16.5 Cross-Default and Cross-Termination Provisions.

(a) A default by Franchisee under this Agreement will be deemed a default of all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates. A default by Franchisee under any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be deemed a default under this Agreement. A default by the guarantors of this Agreement or any other agreement of guaranty will be deemed a default of this Agreement. For purposes of clarity, any agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates include, without limitation, any other Franchise Agreement or Area Developer Agreement.

(b) If this Agreement is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor or its Affiliates may, at their option, elect to terminate any or all other agreements between Franchisee (or an affiliate of Franchisee) and Franchisor or its Affiliates. If any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates is terminated as a result of a default by Franchisee (or any affiliate of Franchisee), Franchisor may, at its option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any other agreement between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates will be grounds for termination of this Agreement and/or all agreements between Franchisee (or any affiliate of Franchisee) and Franchisor or its Affiliates without additional notice or opportunity to cure.

16.6 Arrearage Agreement. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee hereby acknowledges that any agreement between Franchisee and Franchisor or its Affiliates relating to past due amounts accruing hereunder (an "**Arrearage Agreement**"), including but not limited to any promissory note, payment plan or amendment to this Agreement shall be deemed to be a material part of this Agreement and shall be incorporated herein by reference. A default under any Arrearage Agreement shall be deemed a material default of this Agreement, regardless of the reason Franchisee fails to pay the amount that is the subject of an Arrearage Agreement. This provision does not require Franchisor to waive any payments due from Franchisee or to enter into any Arrearage Agreement.

16.7 Statutory Cure Period. If a default is curable under this Agreement, and the applicable law in the state in which the Franchised Business is located requires a longer cure period than that specified in this Agreement, the longer period will apply.

16.8 Right to Operate Upon Default**.** In addition to Franchisor' right to terminate this Agreement and not in lieu of such right or any other rights, in the event that Franchisee has not cured a default under this Agreement within fourteen (14) days after receipt of a written notice of default, Franchisor may, at its option, enter upon the Premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default has been cured and that there is compliance with the requirements of this Agreement. Franchisee acknowledges and agrees that Franchisor's agent or other representative designated by Franchisor may take over, control and operate the Franchised Business, that Franchisee shall pay Franchisor the then-current published fee for such management service, which shall not exceed Seven Hundred Dollars ($750) per person per day, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. Franchisee further acknowledges that if Franchisor temporarily operates the Franchised Business on Franchisee's behalf under this Section 16.8, Franchisee will indemnify and hold harmless Franchisor and Franchisor's agent or representative respecting any and all claims arising out of Franchisor's operation of the Franchised Business under this Section 16.8. Nothing herein shall require Franchisor to operate the Franchised Business when Franchisee is in default.

XVII. EFFECT OF TERMINATION OR EXPIRATION

17.1 Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights granted to Franchisee under this Agreement will immediately terminate, Franchisee shall cease to be a licensed franchisee of Franchisor, and:

(a) Franchisee shall immediately cease to operate the Franchised Business as an BPM Business, and shall not thereafter, directly or indirectly, represent to the public that the restaurant is or was a BPM Business;

(b) Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any menus, recipes, confidential formulae, equipment, methods, procedures, techniques associated with the System, the Marks, and Franchisor's other trade names, trademarks and service marks associated with the System. In particular, and without limitation, Franchisee shall cease to use all signs, menus, advertising and promotional materials, stationery, forms, packaging, containers and any other articles which display the Marks;

(c) In the event Franchisee continues to operate or subsequently begins to operate a restaurant or other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks in conjunction with such other business which is likely to cause confusion or mistake or to deceive, and further agrees to remove all unique markings, colors, décor, Marks and other features ("**Trade Dress**") that identify the Franchised Business as a former BPM Business, and otherwise take all necessary steps to disassociate itself from the System and Franchisor, including but not limited to, the removal of signs and all Trade Dress from the premises of the Franchised Business and destruction of printed materials.

(d) Franchisee acknowledges that all telephone numbers, facsimile numbers, telephone directory listings, e-mail addresses, social media accounts, websites, internet addresses, listings or other presence on the Internet (collectively "**Identifiers**") used in the operation of the Franchised Business constitute Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five (5) days to assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks of the termination or expiration of Franchisee's right to use any Identifiers, and to authorize a transfer of the same to Franchisor, or at Franchisor's direction, to its designee. Further, Franchisee shall deliver to Franchisor any passwords or account manager access information for any Identifiers. Franchisee acknowledges that Franchisor has the sole right to, and interest in, all Identifiers used by Franchisee to promote the Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks or any other third parties having control over the Identifiers to transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company and all listing agencies, internet service providers, domain name registrars, social media platforms or networks or any other third parties having control over the Identifiers may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer.

(e) Franchisee shall immediately take all actions as shall be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration that contains any

Marks or other trademarks of Franchisor or in any way identifies Franchisee as being affiliated with the System;

(f) Franchisee shall immediately notify all of its suppliers, utilities, landlords, creditors and others with whom it is doing business that Franchisee is no longer affiliated with the Franchised Business or the System and provide proof to Franchisor of this notification within five (5) days of the termination or expiration of this Agreement;

(g) Franchisee shall immediately make such modifications or alterations to the Franchised Business premises or cessation of operation of the Franchised Business as may be necessary to prevent the operation of any businesses thereon by Franchisee or others in derogation of this Article XVII, and shall make such specified additional changes thereto as Franchisor may reasonably request for that purpose. The modifications and alterations required by this Article XVII shall include but are not limited to removal of all trade dress, proprietary marks and other indicia of the System;

(h) Franchisee shall immediately pay to Franchisor and its Affiliates all sums, fees or charges owed to Franchisor or its Affiliates;

(i) Franchisee shall immediately turn over to Franchisor the Manual, training materials and any other materials containing the Confidential Information and other data, records, files, instructions, correspondence and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession and all copies thereof (all of which are acknowledged to be Franchisor's property) and shall retain no copy or record of any of the foregoing, in any format whether electronic or otherwise, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law; and

(j) Franchisee and its owners shall comply with all of the post-termination covenants set forth in Article XIV.

17.2 Franchisor's Right to Purchase. Franchisor shall have the right (but not the duty) to exercise by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any and all improvements, furniture, fixtures, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods and any items bearing Franchisor's Marks at then-current fair market value, but specifically excluding any value for goodwill or going concern value. If the parties cannot agree on a fair market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and his/her determination of fair market value shall be binding. If Franchisor elects to exercise any option to purchase provided in this Section, it shall have the right to set-off all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any, against any payment therefor. In the event the premises are leased to Franchisee, Franchisee shall, upon termination of this Agreement and upon request by Franchisor, immediately assign, set over and transfer unto Franchisor, at Franchisor's sole option and discretion, said lease and the premises, including improvements. Any such lease entered into by Franchisee shall contain a clause specifying the landlord's consent to assign such lease to Franchisor or its assignee in the event this Agreement is terminated.

17.3 Damages Resulting From Breach. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in seeking recovery of damages caused by any action of Franchisee in violation of, or in obtaining injunctive relief for the enforcement of, any portion of this Article XVII. Franchisee acknowledges and agrees that any failure to comply with the provisions of this Article XVII shall result in irreparable injury to Franchisor.

17.4 Additional Documents. Franchisee shall execute such documents as Franchisor may reasonably require to effectuate termination of the Franchised Business and Franchisee's rights to use the Marks and the System.

17.5 Acknowledgements. Upon the termination or expiration of this Agreement for any reason, Franchisee acknowledges and agrees that:

(a) No payment is due to Franchisee from any source for any claimed goodwill or other equity claimed by Franchisee based on Franchisee's operation or ownership of the Franchised Business, or otherwise; and

(b) No fees, charges, or other payments of any kind from Franchisee to Franchisor or its Affiliates are refundable wholly or partially.

XVIII. TAXES AND PERMITS

18.1 Taxes. Franchisee shall promptly pay when due all taxes, accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Franchisor will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against Franchisee or the Franchised Business or on Franchisor in connection with your operation of the Franchised Business, or any payments Franchisee makes to Franchisor pursuant to this Agreement, including but not limited to royalties and advertising fund contributions (except for Franchisor's own income taxes). If any such taxes are assessed against Franchisor, Franchisee shall reimburse Franchisor the actual amount of the taxes upon demand and upon receipt of proof of tax assessment.

18.2 Permits. Franchisee, in the conduct of the Franchised Business, shall comply with all applicable laws and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business operated under this Agreement, including but not limited to licenses to do business, food service certifications, trade name registrations, sales tax permits and fire clearances.

XIX. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

19.1 Independent Contractor. This Agreement does not establish Franchisee as an agent, legal representative, joint venturer, partner, joint employer, employee or servant of Franchisor for any purpose whatsoever, and Franchisor shall not be construed to be jointly liable for any of Franchisee's or its employees' acts or omissions under any circumstances. Franchisee is solely responsible for the day-to-day operation of the Franchised Business. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The parties further agree that this Agreement does not create any fiduciary relationship between them. During the Term and any extension hereof, Franchisee agrees to take such action as Franchisor deems reasonably necessary for Franchisee to inform and hold itself out to the public, its employees and suppliers as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall prominently display, by posting of a sign within public view on or in the premises of the Franchised Business, and on any stationery, forms and promotional material a statement that clearly indicates that the Franchised Business is independently owned and operated by Franchisee as a franchisee of Franchisor.

19.2 No Employment Relationship**.** Franchisee expressly acknowledges that Franchisee is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards, specifications, policies and procedures required by Franchisor hereunder and in the Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and Confidential Information, goodwill and brand consistency. The parties acknowledge and agree that Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator.

19.3 Indemnification.

(a) Franchisee agrees to defend, indemnify and hold harmless Franchisor and its Affiliates, and their respective officers, directors, members, managers, employees, agents, predecessors, successors and assigns from all claims, demands, losses, damages, liabilities, cost and expenses (including attorneys' fees and expenses of litigation) resulting from, or alleged to have resulted from, or in connection with Franchisee's operation, possession or ownership of the Franchised Business, the Franchised Business premises, or Franchisee's use of the Marks and the System in any manner not in accordance with this Agreement, including but not limited to any claim or action based on or arising out of any injuries, including death, to persons or damage to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the Franchised Business and/or the performance of this Agreement by Franchisee, its shareholders, officers, directors, members, managers, partners, employees, agents, employees, and its subcontractors, their agents and employees or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost or expense is caused in whole or in part by the negligence of Franchisor, Franchisor's representatives, or the employees, agents, invitees, or licensees thereof.

(b) Franchisor shall advise Franchisee in the event Franchisor receives notice that a claim has been or may be filed with respect to a matter covered by this Agreement, and Franchisee shall immediately assume the defense thereof at Franchisee's sole cost and expense. In any event, Franchisor will have the right, through counsel of its choice, to control any matter to the extent it could directly or indirectly affect Franchisor and/or its Affiliates or their officers, directors, employees, agents, successors or assigns. If Franchisee fails to assume such defense, Franchisor may defend, settle, and litigate such action in the manner it deems appropriate and Franchisee shall, immediately upon demand, pay to Franchisor all costs (including attorneys' fees and cost of litigation) incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor.

(c) Franchisor's right to indemnity hereunder shall exist notwithstanding that joint or several liabilities may be imposed upon Franchisor by statute, ordinance, regulation or judicial decision.

(d) Franchisee agrees to pay Franchisor all expenses including attorneys' fees and court costs, incurred by Franchisor or its Affiliates, and their successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

XX. APPROVALS;WAIVERS; VARIATION OF STANDARDS

20.1 Approvals.

(a) Whenever this Agreement requires the prior approval of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval, and such approval or consent must be in writing.

(b) Franchisor makes no warranties or guarantees upon which Franchisee may rely. Franchisor assumes no liability or obligation to Franchisee or any third party to which Franchisor would not otherwise be subject by Franchisor providing any waiver, approval, advice, consent or suggestions to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

20.2 Waiver. No failure of Franchisor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand strict compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any rights under this Agreement, or its right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

20.3 Variation of Standards. Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, as Franchisor considers to be best, to vary standards described in this Agreement for any franchise owner based upon the peculiarities of any condition that Franchisor considers important to that franchise owner's successful operation. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

XXI. NOTICES

21.1 Notices. All notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by U.S. Certified mail, Return Receipt Requested, or commercial overnight delivery service, or by e-mail transmission to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to Franchisor:
BPM Franchise Corp.
1715 Cortland Court, Unit 4
Addison, Illinois 60101
Attn: Manuel Favela
Vice President
Manny@burritopm.com

Notice to Franchisee:

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____
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All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be addressed to the party to be notified at its most current principal business address or e-mail address of which the notifying party has been notified and shall be deemed so delivered (i) at the time delivered by hand; (ii) one (1) business day after deposit within commercial overnight courier, (iii) three (3) business days after placement in the U.S. Mail by Certified Mail, Return Receipt Requested, postage prepaid and addressed, or (iv) on the date of transmission if an e-mail is sent on business days during business hours and there is confirmation of transmission (and if not sent during business hours, as of the next business day).

XXII. SEVERABILITY AND CONSTRUCTION

22.1 Severability. Except as expressly provided to the contrary in this Agreement, each article, section, paragraph, part, term, and provision of this Agreement shall be considered severable. If, for any reason, any article, section, part, term, or provision of this Agreement is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation, or have any other effect upon, such other portions, articles, sections, parts, terms, or provisions of this Agreement as may remain otherwise enforceable, and the latter shall continue to be given full force and effect to bind the parties hereto, the invalid portions, articles, sections, parts, terms or provisions being deemed not to be part of this Agreement.

22.2 Construction.

(a) Except as has been expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, members, managers and employees, and Franchisee's and Franchisor's permitted respective successors and assigns, any rights or remedies under or by reason of this Agreement.

(b) All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

(c) All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all Franchisee parties hereto on behalf of Franchisee.

(d) This Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

(e) This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by electronic mail or other functionally equivalent means of transmission constitutes valid and effective delivery.

XXIII. ENTIRE AGREEMENT; SURVIVAL

23.1 Entire Agreement. This Agreement, the documents referred to herein and the exhibits hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, modification or variance of this Agreement shall be binding on either party unless in writing and executed by Franchisor and Franchisee. Representations by either party, whether oral, in writing, electronic or otherwise, that are not set forth in this Agreement shall not be binding upon the party alleged to have made such representations and shall be of no force or effect. Nothing in this Franchise Agreement is intended to disclaim any representations made by Franchisor in the franchise disclosure document provided to Franchisee. Franchisee understands and agrees that Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement and that no modifications of this Agreement shall be effective except those in writing and signed by both parties. Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided by Franchisor or its representatives. Franchisee further acknowledges and agrees that no representations have been made to it by Franchisor regarding projected sales volumes, market potential, revenues, or profits of Franchisee's BPM Business, other than as stated in this Agreement or in the most recent franchise disclosure document provided by Franchisor or its representatives.

23.2 Survival. Notwithstanding anything herein to the contrary, upon the termination of this Agreement for any reason whatsoever (including the execution of a subsequent franchise agreement pursuant to the provisions of Section 2.2(b)), or upon the expiration of the Term of this Agreement, all provisions of this Agreement which, by their nature, are intended to extend beyond the expiration or termination of this Agreement, shall survive termination or expiration and be fully binding and enforceable as though such termination or expiration had not occurred.

XXIV. DISPUTE RESOLUTION; APPLICABLE LAW; VENUE

24.1 Mediation. Except as otherwise specifically provided herein, prior to the initiation of litigation by either party pursuant to this Agreement, the parties must make a good faith effort to resolve any controversies between them by non-binding mediation either through a mutually acceptable mediator or through an established mediation service selected by Franchisor (in either case, "Mediator"). Mediation shall take place in DuPage County, Illinois. Prior to mediation, each party involved in mediation shall sign the standard confidentiality agreement reasonably required by Mediator or a confidentiality agreement reasonably required by Franchisor if the Mediator does not have a standard confidentiality agreement. No litigation proceeding may be commenced until the earlier of thirty (30) days from the selection of the Mediator, or the mutual agreement by both parties that mediation has been unsuccessful, or if the notified party fails to respond to the requesting party within thirty (30) days of the delivery of notice requesting mediation. The parties will share equally all fees and expenses of the mediator, and each part shall bear its own costs otherwise. Each party hereby agrees that all statements made in the course of mediation shall be strictly confidential and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith negotiations and/or mediation shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings.

Notwithstanding the foregoing, Franchisor shall have no obligation to mediate before commencing litigation in the following circumstances: (i) In the event Franchisor seeks the entry of temporary and permanent injunctions and orders of specific performance in a court of competent jurisdiction to: (a) enforce the provisions of this Agreement relating to Franchisee's use of the Marks and/or your non-disclosure and non-competition obligations under this Agreement; (b) prohibit any act or omission by Franchisee or Franchisee's employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or cause irreparable harm to Franchise, the System, the Marks and/or other BPM franchises. agree to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly; (ii) in the event Franchisor is filing suit to enforce Franchisee's obligations to pay Franchisor under this Agreement and to seek collection of such fees due and owing to Franchisor; and (iii) in the event Franchisee has abandoned the Franchised Business or has lost its right to possess the premises of the Franchised Business so that the Franchised Business is no longer operating.

24.2 Arbitration. Except for controversies, disputes or claims related to or based on Franchisee's use of the Marks or Confidential Information, Franchisee's compliance with its non-competition obligations and any rights Franchisor may have to possession of the premises of the BPM Business under any sublease, lease or collateral assignments, all controversies, disputes or claims between Franchisor, its affiliates, and their respective owners, officers, directors, agents, employees and attorneys, and Franchisee (its affiliates and owners and guarantors, if applicable), arising out of or related to this Agreement or any other agreement between the parties; the parties' rights and obligations under this Agreement; Franchisor's relationship with Franchisee or the obligations by and between the parties; or the validity of this Agreement or any other agreement between Franchisor and Franchisee or any provision of such agreements, will be submitted to binding Arbitration administered by the American Arbitration Association ("AAA") in accordance with the AAA's then-current Commercial Arbitration Rules. The arbitration hearing shall take place in DuPage County, Illinois, before a single arbitrator. Any party who fails or refuses to submit any dispute to binding arbitration following a lawful demand by the opposing party shall bear all costs and expenses incurred by the opposing party in compelling arbitration. The parties shall have thirty days after the service of a Statement of Claim and demand for arbitration to agree on a single arbitrator. If the parties cannot agree on a single arbitrator, the matter will be filed with and administered by the AAA, or if AAA is not available, any comparable arbitration body.

24.3 Scope of Arbitration. The arbitrator shall have the right to award or include in the award any relief which he or she deems proper in the circumstances including but not limited to money damages (with interest on unpaid amounts from the date due), specific performance and attorneys' fees and costs, in accordance with this Agreement. THE FOREGOING TO THE CONTRARY NOTWITHSTANDING, THE ARBITRATOR MUST NOT AWARD CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES. THE PARTIES (AND THEIR OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT IN A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT. The award and decision of the arbitrator shall be conclusive and binding upon all parties to this Agreement and judgment upon the award may be entered in any court of competent jurisdiction. Franchisor and Franchisee agree that, in connection with any arbitration proceeding, each shall file any compulsory counterclaim (as defined by the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates.

24.4 Limitations on Proceedings.

(a) Franchisor and Franchisee agree that arbitration will be conducted on an individual basis only, and not on a joint, collective or class-wide basis, and that an arbitration proceeding between Franchisor and its Affiliates, and Franchisee and its shareholders, officers, directors, members, managers, employees and agents, may not be consolidated or joined with any other arbitration proceeding between Franchisor and any other person or entity. Neither party shall commence any arbitration with a third party against the other, or join with any third party in any arbitration involving Franchisor and Franchisee. Further, neither Franchisor nor Franchisee shall attempt to consolidate or otherwise combine in any manner, an arbitration proceeding involving Franchisor and Franchisee with another arbitration of any kind, nor shall Franchisor or Franchisee attempt to certify a class or participate as a party in a class action against the other.

(b) The foregoing notwithstanding, in the event Franchisee controls, is controlled by, or is in active concert with another franchisee of Franchisor, or there is a guarantor of some or all of Franchisee's obligations to Franchisor, then the joinder of those parties to any arbitration between Franchisor and Franchisee shall be permitted, and in all events, the joinder of an owner, director, officer, member, manager, partner or other representative or agent of Franchisor or Franchisee shall be permitted.

24.5 Governing Law/Consent to Venue and Jurisdiction. All arbitration proceedings between Franchisor and Franchisee shall be governed by the Federal Arbitration Act ("FAA") and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law. Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051, *et seq*.) or other federal law, this Agreement shall be interpreted and governed under the laws of the State of Illinois and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Illinois, which laws shall prevail if there is any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee and/or any affiliate of Franchisee and Franchisor, its Affiliates and their respective officers, directors, members, managers, and employees, the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of DuPage County, Illinois or in arbitration in DuPage County, Illinois pursuant to this Article XXIV, and each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of DuPage County, Illinois or to arbitration in DuPage County, Illinois pursuant to this Article XXIV. Franchisor, Franchisor's Affiliates, Franchisee and Franchisee's Affiliates each waive their rights to a trial by jury.

24.6 Cumulative Remedies. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein, or by law or equity provided or permitted; but each shall be cumulative of any other right or remedy provided in this Agreement.

24.7 Injunctive Relief. Notwithstanding the above arbitration provisions, Franchisor and Franchisee will each have the right in a proper case to seek injunctive relief and any damages incidental thereto from a court of competent jurisdiction. Franchisee agrees that Franchisor may obtain this injunctive relief, without posting a bond or bonds in excess of a total of One Thousand Dollars ($1,000.00), but upon due notice, and Franchisee's sole remedy in the event of the entry of any injunctive relief will be the dissolution of the injunctive relief, if warranted, upon hearing duly had; however, all claims for damages by reason of the wrongful issuance of any such injunction are expressly waived by Franchisee. Any such action will be brought as provided in this Article and the prevailing party shall be entitled to its costs and attorneys' fees.

24.8 Waiver of Jury Trial. Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

24.9 Limitations on Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any and all claims and actions arising out of or relating to this Agreement (including, but not limited to, the offer and sale of this franchise), the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by Franchisee must be commenced within one (1) year from the occurrence of the events giving rise to such claims or action, or such claim or action shall be barred.

24.10 DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY

CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES AGAINST THE OTHER, AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

24.11 Costs and Attorney's Fees. If a claim for amounts owed by Franchisee to Franchisor or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisee or Franchisor is required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees, expert witness fees, court costs and other expenses of litigation, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

XXV. MISCELLANEOUS

25.1 Modifications. No modification of any provision of this Agreement shall be valid unless made in writing and executed by both Franchisor and Franchisee; however, the Manual may be modified by Franchisor from time to time and is fully enforceable against Franchisee.

25.2 Beneficiaries. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties shall have any right or claims, benefit, or right as a third party beneficiary under this Agreement or any provision hereof. Similarly, Franchisee is not entitled to claim any rights or benefits including those of a third party beneficiary, under any contract, understanding or agreement between Franchisor and any other person or entities, unless that contract, understanding or agreement specifically refers to Franchisee by name or to a class which Franchisee belongs and specifically grants rights or benefits to Franchisee or to the concerned class.

25.3 Entity Authority. The person or persons signing this Agreement for Franchisee warrant to Franchisor that he, she or they have the requisite authority to sign this Agreement. At the request of Franchisor, the concerned Entity signatory agrees to promptly provide Franchisor with a certified copy of the resolution or other document authorizing the execution of this Agreement and naming the officers or other positions of the Entity that are authorized to sign this Agreement for the Entity.

25.4 Set Off. Franchisee shall not be allowed to set off amounts owed to Franchisor or other amounts due hereunder, against any monies owed to Franchisee, nor shall Franchisee in any event withhold any amounts due to any alleged nonperformance by Franchisor hereunder, which right of set off is expressly waived by Franchisee. Franchisor shall be allowed to set off amounts owed to Franchisee against monies owed to Franchisor by Franchisee.

25.5 Joint and Several Liability. If two or more persons, corporations, partnerships, or other entities or any combination thereof, sign this Agreement, the liability of each shall be joint and several. All Principals are jointly and severally liable for the performance of Franchisee hereunder.

25.6 Successors in Interest. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties to this Agreement.

25.7 Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise its rights reasonably, in good faith or as it deems necessary or advisable, Franchisor will satisfy its obligations whenever Franchisor exercises reasonable business judgment in making its decision or exercising its rights. Franchisor's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System and BPM Businesses generally, even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit all BPM Businesses and the System include but are not limited to enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

25.8 Modification of the System. Franchisee understands and agrees that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of Franchisor, Franchisee and all other franchisees. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System including but not limited to altering the products, programs, services, methods, standards, forms, policies and procedures of the System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services that the Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes that Franchisee is required to observe under this Agreement; and changing, improving, modifying, or substituting other words or designs for, the Marks. Franchisee expressly agrees to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase Franchisee's obligations hereunder. Franchisee will accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including but not limited to any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

25.9 Force Majeure. Neither Franchisee nor Franchisor will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform their respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

25.10 Executive Order 13224. To enable Franchisor to comply with U.S. Executive Order 13224, Franchisee hereby represents and warrants to Franchisor that neither Franchisee, nor any of its equity owners, directors, officers, employees, representatives, and agents (collectively, the "Included People"): (a) is, or is owned or controlled by, a suspected terrorist or foreign terrorist, as those terms are used, contemplated, and/or implied in Executive Order 13224, and (b) to the best of Franchisee's knowledge, has any of the Included People been designated a suspected terrorist or foreign terrorist as those terms are used, contemplated, and/or implied in Executive Order 13224.

25.11 Acknowledgements.

(a) FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETED COPY OF THIS AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND THE AGREEMENTS RELATING THERETO, IF ANY, PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" AT LEAST FOURTEEN (14) DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED, APPLICABLE BY STATE.

(b) FRANCHISEE RECOGNIZES AND UNDERSTANDS THAT IT MAY INCUR OTHER EXPENSES AND/OR OBLIGATIONS AS PART OF THE INITIAL INVESTMENT IN THE FRANCHISED BUSINESS WHICH THE TERMS OF THIS AGREEMENT MAY NOT ADDRESS, AND WHICH INCLUDE WITHOUT LIMITATION: OPENING ADVERTISING, EQUIPMENT, FIXTURES, OTHER FIXED ASSETS, CONSTRUCTION, LEASEHOLD IMPROVEMENTS AND DECORATING COSTS AS WELL AS WORKING CAPITAL NECESSARY TO COMMENCE OPERATIONS.

(c) 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.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed, and delivered this Agreement on the date below each signature.

FRANCHISOR:

BPM Franchise Corp.

By: ______________________________
Name:______________________________
Title: ______________________________
Date: ______________________________

FRANCHISEE:

[______________________]

____
Date:______________________________

OR, if a corporation, limited liability company or other business entity:

____
Company Name

By: ______________________________
Name:______________________________
Title: ______________________________
Date: ______________________________

EXECUTION BY DESIGNATED MANAGER

The Designated Manager joins in the execution of the Franchise Agreement to acknowledge and evidence his/her personal undertaking to observe and be bound by the confidentiality covenants contained in Article VII of this Agreement.

Name of
Manager: ______________________________

Address: _
____

By: ______________________________

Dated: ______________________________

EXHIBIT A
<u>APPROVED LOCATION AND PROTECTED AREA</u>

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement.

<u>Approved Location:</u> The location approved by the Franchisor for operation of the Franchised Business is ____ **("Approved Location").**

<u>Description of the Protected Area:</u>

The boundaries of the Protected Area are described as follows: [*INSERT DESCRIPTION]*

If a map is attached hereto, the boundaries of the Protected Area as shown on the map shall control.

FRANCHISOR:	**FRANCHISEE:**
BPM Franchise Corp.	______________________________
An Illinois corporation	
By:_____________________________	By: _____________________________
Name: _________________________	Name: ___________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

EXHIBIT B

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

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 E-mail Address

Bank Account Information:

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

Authorization:

Franchisee hereby authorizes BPM Franchise Corp., an Illinois corporation ("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.

EXHIBIT C

STATEMENT OF OWNERSHIP

Name of Entity and, if applicable, Trade Name: ____

____

Form of Ownership (Check One)

_ Corporation _____ Limited Liability Company _____ Partnership

Or ______ Other: ________________________________

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

State and Date of Formation: ____

Management: Managers, officers, board of directors, etc.

Name	Title

Owners: Members, Stockholders, Partners

Name	Address	Percentage Owned

Operating Owner (as defined in Section 6.1(c)) designated by Franchisee: __________________________

Franchisee acknowledges this Statement of Ownership applies to BPM Business authorized under the Franchise Agreement. Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

FRANCHISEE: ____________________________

By: _______________________________________

Title: _____________________________________

Date: _____________________________________

EXHIBIT D

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS ("**Guaranty**") is made as of ______________________, 20__, in consideration of, and as an inducement to, the execution of the Franchise Agreement by BPM Franchise Corp., an Illinois corporation ("Franchisor"). In consideration thereof, each of the undersigned hereby jointly and severally, personally and unconditionally agrees as follows:

1. **Guaranty**. Guarantor(s) hereby unconditionally and absolutely warrants and guarantees to Franchisor that _____________ ("Franchisee") shall punctually pay and perform in full each and every undertaking, agreement and covenant set forth in the Franchise Agreement;

2. **Obligations of Guarantor Upon Event of Default**. Should a Default (as defined in the Franchise Agreement) occur, Guarantor(s) shall diligently proceed to cure such Default at Guarantor's sole cost and expense;

3. **Nature of Guaranty**. This Guaranty is an original and independent obligation of Guarantor(s), separate and distinct from Franchisee's obligations to Franchisor under the Franchise Agreement. The obligations of Guarantor to Franchisor under this Guaranty are direct and primary, regardless of the validity or enforceability of the Franchise Agreement. This Guaranty is for the benefit of Franchisor and is not for the benefit of any third party. This Guaranty shall continue until all obligations of Guarantor to Franchisor under this Guaranty have been performed in full.

4. **Guarantor's Authorization to Franchisor**. Guarantor(s) authorizes Franchisor, without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time: (a) to make or approve changes to the Franchise Agreement; (b) to repeatedly compromise, renew, extend, accelerate, or otherwise change the time for payment or other terms of the Franchise Agreement; (c) to take and hold security for the payment of amounts due under the Franchise Agreement or this Guaranty, and exchange, enforce, waive, and release any such security, with or without the substitution of new collateral; (d) to determine how, when, and what application of payments and credits shall be made on amounts due under the Franchise Agreement; and (j) to assign or transfer this Guaranty, in whole or in part.

5. **Guarantor's Representations and Warranties**. Guarantor(s) represents and warrants to Franchisor that: (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) this Guaranty is executed at Franchisee's request and Franchisor would not execute the Franchise Agreement were it not for the execution and delivery of this Guaranty; (c) Guarantor has not and will not, without the prior written consent of Franchisor, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all, or substantially all, of Guarantor's assets, or any interest therein if any such event would have a material negative effect on Guarantor's ability to perform its obligations under this Guarantor or the Franchise Agreement; (d) neither the execution nor the delivery of this Guaranty, nor compliance with the terms hereof, will conflict with or result in the breach of any law or statute, will constitute a breach or default under any agreement or instrument to which Guarantor may be a party, or will result in the creation or imposition of any charge or lien upon any property or assets of Guarantor; (e) Franchisor has made no representation to Guarantor as to the creditworthiness of Guarantor; and (f) Guarantor has established adequate means of obtaining from Franchisee, on a continuing basis, information regarding Franchisee's financial condition. Guarantor agrees to keep adequately informed of any facts, events or circumstances which might in any

way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information from Guarantor, Franchisor shall have no obligation to disclose to Guarantor any information or documents acquired by Franchisor in the course of its relationship with Franchisee.

6. **Guarantor's Waivers**. Except as prohibited by applicable law, Guarantor waives any right to require Franchisor: (a) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of any amount due to Franchisor under the Franchise Agreement or related to any security agreement; (b) to resort for payment or to proceed direction or at once against any person, including Guarantor or any other guarantor; (c) to proceed directly against or exhaust any collateral held by Franchisor against Franchisee, any other guarantor or any other person; (d) to give notice of the terms, time and place of any public or private sale of personal property security held by Franchisor from Franchisee, except as required under applicable provisions of the Uniform Commercial Code; or (e) to pursue any other remedy within Franchisor's power.

Guarantor also waives any and all rights or defenses arising by reason of (a) any "one action" or "anti-deficiency" law or any other law which may prevent Franchisor from bringing any action, including a claim for deficiency, against Guarantor, before or after Franchisor's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (b) any election of remedies by Franchisor which, until Franchisee's indebtedness is paid in full, destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Franchisee for reimbursement, including, without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging any payments due to Franchisor under the Franchise Agreement; (c) any disability or other defense of Guarantor, or any other guarantor, or of any other person, or by reason of the cessation of Guarantor's liability from any cause whatsoever, other than payment in full in legal tender of any amount due from Franchisee to Franchisor; (d) any failure or invalidity of, or any defect in, the Franchise Agreement or Area Development Agreement; (e) any right to claim discharge of any amounts due to Franchisor on the basis of unjustified impairment of any collateral for any payments due; or (f) any statute of limitations, if at any time any action or suit brought by Franchisor against Guarantor is commenced there is outstanding payment due to Franchisor by Franchisee which is not barred by any application statute of limitations.

Until all amounts due and owing to Franchisor by Franchisee are paid in full, Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment, or similar right, whether such claim, demand, or right, may be asserted by Franchisee, Guarantor, or both.

7. **Guarantor's Understanding with Respect to Waivers**. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of the significance and consequences thereof, and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law.

8. **Rights and Remedies**. If Guarantor shall fail to perform promptly as provided in this Guaranty, Franchisor shall have the following rights and remedies:

(a) Perform Work. Franchisor may, at its option, proceed to perform on behalf of Guarantor any and all work related to the Franchised Business (as that term is described in the Franchise Agreement) and to pay any costs incurred in connection with the work. Guarantor, upon Franchisor's demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.

(b) Cure Defaults. Franchisor may, but without any obligation to do so, cure any defaults, including without limitation, paying any unpaid bills and liens, including without limitation those for construction, labor, and materials. Guarantor, upon Franchisor's demand, shall promptly pay to Franchisor all such sums expended together with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.

(c) Specific Performance. From time to time and without first requiring performance on the part of Franchisee and without being required to exhaust any security held by Franchisor, to require Guarantor specifically to perform Guarantor's obligations under this Guaranty, by action at law or in equity or both, and further, to collect in any such action, compensation for all loss, cost, damage, injury and expense sustained or incurred by Franchisor as a direct or indirect consequence of Guarantor's failure to perform, with interest thereon at the lesser of the rate of 1.5% per month or the highest rate of interest allowable under applicable law.

(d) Other Rights and Remedies. In addition, Franchisor shall have and may exercise any or all of the rights and remedies it may have available at law, in equity, or otherwise.

9. **Subordination of Franchisee's Debt to Guarantor**. Guarantor agrees that, until full payment of the amounts due to Franchisor from Franchisee under the Franchise Agreement, these amounts, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Franchisee, whether or not Franchisee becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Franchisee, upon any account whatsoever, to any claim that Franchisor may now or hereafter have against Franchisee. In the event of insolvency and consequent liquidation of the assets of Franchisee through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Franchisee applicable to the payment of the claims of both Franchisor and Guarantor shall be paid to Franchisor and shall be first applied by Franchisor to the amounts due to Franchisor from Franchisee. Guarantor does hereby assign to Franchisor all claims which they may have or acquire against Franchisee or against any assignee or trustee in bankruptcy of Franchisee; provided however, that such assignment shall be effective only for the purpose of assuring to Franchisor full payment of all amounts due under the Franchise Agreement. Guarantor agrees, and Franchisor is hereby authorized, in the name of Guarantor and from time to time, to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Franchisor deems reasonably necessary or appropriate under applicable law to perfect, preserve and enforce its rights under this Guaranty.

10. **Miscellaneous Provisions**. The following miscellaneous provisions are a part of this Guaranty:

(a) Amendments. This Guaranty, together with any related documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of, or amendment to, this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound with the alteration or amendment.

(b) Attorneys' Fees; Expenses. Guarantor agrees to pay, upon demand, all of Franchisor's costs and expenses, including Franchisor's reasonable attorneys' fees and Franchisor's legal expenses, incurred in connection with the enforcement of this Guaranty. Franchisor may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Franchisor's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

(c) Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

(d) Governing Law. This Guaranty will be governed by, construed and enforced in accordance with, federal law and the laws of the State of Illinois. This Guaranty has been accepted by Franchisor in the State of Illinois.

(e) Choice of Venue. If there is a lawsuit, Guarantor agrees, upon Franchisor's request, to submit to the jurisdiction of the courts of the State of Illinois.

(f) No Waiver by Franchisor. Franchisor shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Franchisor. No delay or omission on the part of Franchisor in exercising any right shall operate as a waiver of such right or any other right. A waiver by Franchisor of a provision of this Guaranty shall not prejudice or constitute a waiver of Franchisor's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Franchisor, nor any course of dealing between Franchisor and Guarantor, shall constitute a waiver of any of Franchisor's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Franchisor is required under this Guaranty, the granting of such consent by Franchisor in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Franchisor.

(g) Notices. Any notice required to be given under this Guaranty shall be given in writing, and shall be effective when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified mail, postage prepaid, and addressed as prescribed in the Franchise Agreement and as disclosed in the Statement of Ownership attached thereto.

Any party may change its address for notices under this Guaranty by giving formal written notice in accordance herewith, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Franchisor informed at all times of Guarantor's current address.

(h) Severability. If a court of competent jurisdiction finds any provision of this Guaranty to be illegal, invalid or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid or unenforceable as to any other circumstances. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Guaranty. Unless otherwise required by law, the illegality, invalidity or unenforceability of any provision of this Guaranty shall not affect the legality validity or enforceability of any other provision of this Guaranty.

(i) Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interests, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Guarantor, Franchisor, without notice to Guarantor, may deal with Guarantor's successors with reference to this Guaranty and the Loan by way of forbearance or extension without releasing Guarantor from the obligations of this Guaranty or liability for payments due under the Franchise Agreement.

11. **Definitions**. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code.

(a) Franchisee. The word "**Franchisee**" means ______________, and all other persons and entities signing the Franchise Agreement in whatever capacity.

(b) Guarantor. The word "**Guarantor**" means each and every person or entity signing this Guaranty.

(c) Franchisor. The word "**Franchisor**" means BPM Franchise Corp., its successors and assigns.

[remainder of page intentionally left blank]

THE UNDERSIGNED GUARANTOR(S) ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO FRANCHISOR. NO FORMAL ACCEPTANCE BY FRANCHISOR IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AS OF ________________, 20__.

____

__________________________, an _______

Print Name: ______________________________
Title, as applicable: ________________________

Percentage ownership
in Franchisee: ____%

____

__________________________, an _______

Print Name: ______________________________
Title, as applicable: ________________________

Percentage ownership
in Franchisee: ____%

Percentage ownership must equal 100

EXHIBIT E

SECURITY AGREEMENT

BPM Franchise Corp., an Illinois corporation ("Secured Party"), and _________________________, a(n) ________________________________ ("Debtor"), agree as follows:

1. Background.

Secured party, as franchisor, and Debtor, as franchisee, are parties to a Franchise Agreement of even date (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms defined in the Franchise Agreement shall have the same meaning herein as therein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities collectively, "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement and all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the Franchised Business operated by Debtor ("BPM Business"), and all equipment, fixtures, furnishings and improvements located at the BPM Business, whether now owned or hereafter acquired by Debtor (the "Collateral").

3. Default.

3.1. Definitions. The term "Event of Default" means the occurrence and continuation of any one (1) or more of the following events:

(a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of the Obligations;

(b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the BPM Business, or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the BPM Business for thirty (30) days, unless the attachment or lien is being duly contested in good faith by Debtor and Secured Party is advised in writing

(c) if Debtor loses possession or the right of possession of all or a significant part of the BPM Business through condemnation or casualty and the BPM Business is not relocated or reopened as required by the Franchise Agreement;

(d) if Debtor abandons, surrenders or transfers control of the operation of the Franchised Business without Secured Party's prior written consent; or

(e) if Debtor is a corporation, limited liability company, partnership, joint venture or other legal entity, any action is taken which purports to merge, consolidate, dissolve or liquidate Debtor without the prior written consent of Secured Party.

3.2. Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including, but not limited to, the right to enter upon the BPM Business peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all or any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address first above written not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Illinois Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Illinois Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices. Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is (i) actually received or (ii) three (3) days after being mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses first set forth below. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of Illinois, without regard to the principles of conflict of laws thereof.

6. Miscellaneous.

6.1. This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns, and legal representatives of the parties hereto.

6.2. The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

6.3. Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor.

SECURED PARTY: **BPM Franchise Corp.**	**DEBTOR:**
By:___________________________	By: _________________________________
Name:_________________________	Name:________________________________
Title: ________________________________	Title: ________________________________
Dated: _________________________	Dated: ______________________________

EXHIBIT C
FINANCIAL STATEMENTS

BPM FRANCHISE CORP

Independent Auditor's Report and Financial Statement
December 31, 2025

AUDIT REPORT

LOPEZ & CO
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of BPM Franchise Corp

Opinion

We have audited the accompanying financial statements of BPM Franchise Corp (an S-Corporation, "the Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve 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 the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Lopez & Co. CPAs Ltd

Chicago, IL
April 24, 2026

BPM FRANCHISE CORP
BALANCE SHEET
AS OF DECEMBER 31, 2025

ASSETS:		
Cash and Cash Equivalents	$	25,000
Total Assets		25,000
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities		
Total Liabilities		-
Shareholders' Equity		
Additional Paid in Capital		50,000
Retained Earnings		(25,000)
Total Shareholders' Equity		25,000
Total Liabilities and Shareholders' Equity	$	25,000

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

BPM FRANCHISE CORP
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

REVENUE	
Sales	$ -
Total Revenue	**-**
EXPENSES	
Legal	25,000
Total Expenses	25,000
NET INCOME (LOSS)	**(25,000)**
RETAINED EARNINGS	
Retained Earnings, Beginning of Year	-
Shareholder Distributions	-
Retained Earnings, End of Year	$ (25,000)

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

BPM FRANCHISE CORP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Loss	$ (25,000)
Adjustments to Reconcile Change in Net Income to	
Cash Provided (Used) by Operating Activities:	
Net Cash Provided (Used) by Operating Activities	(25,000)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Cash Provided (Used) by Investing Activities	-
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net Cash Provided (Used) by Financing Activities	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(25,000)
Cash and Cash Equivalents - Beginning of Year	50,000
Cash and Cash Equivalents - End of Year	$ 25,000

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

(1) History and Nature of Company

BPM Franchise Corp (an S-Corporation, "the Company") was incorporated in the state of Illinois in November of 2025. BPM Franchise Corp offers interested individuals the opportunity to own and operate a Burrito Parrilla Mexicana restaurant business, which offers products to the general public, with a menu featuring authentic and fresh Mexican food, including burritos, tacos, tortas, salads, fajitas, parrilla grill, enchiladas, appetizers, breakfast, desserts and drinks at the restaurant premises or by delivery or catering service under certain trademarks, trade names, service marks and logos (a "Burrito Parrilla Mexicana Business" or "Burrito Parrilla Mexicana Businesses").

(2) Summary of Significant Accounting Policies

Basis of Presentation and Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company recognizes revenue in accordance with the Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), issued by the Financial Accounting Standards Board (FASB). The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitles in exchange for those goods or services.

Liquidity and Availability of Financial Assets

The Company has $25,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash and cash equivalents of $25,000.

As a part of liquidity management, the Company has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Company will seek external financing sources as needed.

Income Taxes

The Company has elected to be taxed as an S-corporation under the Internal Revenue Code. Income taxes on S-corporations' income is levied on the shareholders at the member level. Accordingly, all profits and losses of the S-corporation are recognized by each shareholder on their respective tax return. Management believes that the S-corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Tax returns for the tax year ending December 31, 2025, are still subject to examination by federal and state tax authorities. Any interest or penalties assessed to the S-corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

(3) Certain Vulnerabilities and Concentrations

The Company maintained certain a bank account insured by the Federal Deposit Insurance Corporation up to an aggregate amount of $250,000 for each depositor in each depository institution. On December 31, 2025, the depository institution did not have a balance exceeding the insured amount.

(4) Subsequent Events

The Company has evaluated subsequent events through April 24, 2026, the date the financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Alejandro Hurtado
CERTIFIED PUBLIC ACCOUNTANT
1800 West 18th Street
Chicago, Illinois 60608
Telephone (312) 666-1819

Accountant's Compilation Report

To the Board of Directors and Management

BPM Franchise Corp

Management is responsible for the accompanying financial statements of BPM Franchise Corp, which comprise of the balance sheet as of November 6th, 2025, and the related statement of income for the period then ended. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Respectfully submitted,

Alejandro Hurtado, CPA

Alejandro Hurtado CPA
November 13, 2025

BPM Franchise Corp.
Balance Sheet
As of November 6th, 2025

	2025
ASSETS	
Current Assets	
Cash and Cash Equivalents	25,000
Total Current Assets	25,000
Other Assets	
	-
	-
Total Other Assets	-
TOTAL ASSETS	**25,000**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	-
Total Current Liabilities	-
Long Term Liabilities	-
Total Long Term Liabilities	-
Total Liabilities	
Equity	
Member's Equity	50,000
Net Income	(25,000)
Total Equity	25,000
TOTAL LIABILITIES & EQUITY	**25,000**

BPM Franchise Corp.
Income Statement
As of November 6th,2025

	2025
Income	
Franchise Royalty Income	-
Operating Expenses	
Legal Expenses	25,000
Professional Fees	-
Total Operating Expenses	25,000
Net Ordinary Income Other Income/Expense	
Other Income Expense	-
Net Other Income	-
Net Income	**(25,000)**

EXHIBIT D
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Burrito Parrilla Mexicana
Operations Manual & Handbook
2025

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144 pages total

EXHIBIT E
LIST OF FRANCHISEES

LIST OF CURRENT FRANCHISEES

As of December 31, 2025

None

LIST OF FORMER FRANCHISEES

As of December 31, 2025

None

EXHIBIT F

STATE ADDENDA

Some administrators of franchise registration states may require us to enter into an addendum to the Disclosure Document and Franchise Agreement describing certain state laws or regulations which may supersede the Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will follow this page.

BPM Franchise Corp.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

The Franchise Disclosure Document of BPM Franchise Corp. for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

The Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

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.

BPM Franchise Corp.
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

This Addendum is to a Franchise Agreement between BPM Franchise Corp. and ____ (Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

1. Illinois law shall apply to and govern the Franchise Agreement.

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

3. Franchisee's 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 Office of the Illinois Attorney General requires the Franchisor or affiliates to defer all initial franchise fees until such time as the Franchisor or affiliates have completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Franchisor's financial condition.

6. 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.

[*Signature Page Follows*.]

In witness whereof, each of the undersigned hereby acknowledges having read this Addendum and understands and agrees to be bound by all of its terms as of the dates below.

FRANCHISOR:
BPM FRANCHISE CORP.
An Illinois corporation

By:____________________________
Title:__________________________

Date: __________________________

FRANCHISEE:

____
Franchisee

Date: ________________________________

____
Franchisee

Date: __________________________________

OR if Franchisee is an entity:

____
A _______________________

By:__________________________________

Its:__________________________________
Date: ______________________________

EXHIBIT G
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
Illinois	April 29, 2026

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 H
RECEIPTS
(Franchisee Copy)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If BPM Franchise Corp. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BPM Franchise Corp. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

BPM Franchise Corp. authorizes the parties identified on Exhibit A to receive service of process for BPM Franchise Corp. in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise is: ***(Check as applicable)***

☐ Manuel Favela 1715 Cortland Court, Unit 4, Addison, IL 60101 630-400-1009	☐ Martin Hernandez 1715 Cortland Court, Unit 4 Addison, IL 60101 630-400-1009
☐ Valeria Mayorga 1715 Cortland Court, Unit 4, Addison, IL 60101 630-400-1009	☐ Jose G. "David" Perez 1715 Cortland Court, Unit 4 Addison, IL 60101 630-400-1009
☐ Name of Franchise Seller: ____________ Principal Business Address: _____________ ____________________________________ Telephone Number: ____________________	☐ Name of Franchise Seller: _________________ Principal Business Address: ________________ ____ Telephone Number: ________________________

Issuance Date: April 29, 2026

I received a Franchise Disclosure Document dated April 29, 2026 that included the following Exhibits:

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Table of Contents for Operations Manual
E. List of Franchisees
F. State Addenda
G. State Effective Dates
H. Receipts

Date	Signature	Printed Name	On behalf of

Date	Signature	Printed Name	On behalf of

Please retain this copy of the receipt for your records.

RECEIPT
(Our Copy)

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If BPM Franchise Corp. offers you a franchise, it must provide this Franchise Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, or an affiliate, in connection with the proposed franchise sale or grant.

Michigan requires us to give you this Franchise Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BPM Franchise Corp. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

BPM Franchise Corp. authorizes the parties identified on Exhibit A to receive service of process for BPM Franchise Corp. in the particular state.

The name, principal business address and telephone number of each franchise seller offering the franchise is: ***(Check as applicable)***

☐ Manuel Favela 1715 Cortland Court, Unit 4, Addison, IL 60101 630-400-1009	☐ Martin Hernandez 1715 Cortland Court, Unit 4 Addison, IL 60101 630-400-1009
☐ Valeria Mayorga 1715 Cortland Court, Unit 4, Addison, IL 60101 630-400-1009	☐ Jose G. "David" Perez 1715 Cortland Court, Unit 4 Addison, IL 60101 630-400-1009

☐ Name of Franchise Seller: ____________ Principal Business Address: _____________ ___________________________________ Telephone Number: ____________________	☐ Name of Franchise Seller: _________________ Principal Business Address: ________________ ____ Telephone Number: ________________________

Issuance Date: April 29, 2026

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F. State Addenda
G. State Effective Dates
H. Receipts

____
Date Signature Printed Name On behalf of

____
Date Signature Printed Name On behalf of

Important: Please sign and then return this page by mail to Manuel Favela at 1715 Cortland Court, Unit 4, Addison, Illinois 60101, (630) 400-1009.